

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

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

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Ninth Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
ALLAN, Nancy, Hon.	St. Vital	N.D.P.
ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
BLADY, Sharon	Kirkfield Park	N.D.P.
BOROTSIK, Rick	Brandon West	P.C.
BRAUN, Erna	Rossmere	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
BRIESE, Stuart	Ste. Rose	P.C.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CULLEN, Cliff	Turtle Mountain	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
GRAYDON, Cliff	Emerson	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
HOWARD, Jennifer	Fort Rouge	N.D.P.
IRVIN-ROSS, Kerri, Hon.	Fort Garry	N.D.P.
JENNISSON, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARCELINO, Flor	Wellington	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
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MELNICK, Christine, Hon.	Riel	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa, Hon.	Seine River	N.D.P.
PEDERSEN, Blaine	Carman	P.C.
REID, Daryl	Transcona	N.D.P.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
RONDEAU, Jim, Hon.	Assiniboia	N.D.P.
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SCHULER, Ron	Springfield	P.C.
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STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

## LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, October 10, 2007

The House met at 1:30 p.m.

## PRAYER

## ROUTINE PROCEEDINGS

## INTRODUCTION OF BILLS

**Bill 11—The Children's Advocate's Enhanced Mandate Act (Various Acts Amended)**

**Hon. Gord Mackintosh (Minister of Family Services and Housing):** I move, seconded by the Minister of Finance (Mr. Selinger), that Bill 11, The Children's Advocate's Enhanced Mandate Act (Various Acts Amended), be now read a first time.

*Motion presented.*

**Mr. Mackintosh:** Mr. Speaker, this bill transfers responsibility for reviews of child deaths where the parent received services under The Child and Family Services Act in the previous year from the Chief Medical Examiner to the Children's Advocate's office and expands the scope of the review to include the standards and quality of other social services provided in addition to the services of child welfare agencies.

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

**Bill 21—The Housing and Renewal Corporation Amendment Act (Fund for Housing Revitalization)**

**Hon. Gord Mackintosh (Minister of Family Services and Housing):** I move, seconded by the Minister of Finance (Mr. Selinger), that Bill 21, The Housing and Renewal Corporation Amendment Act (Fund for Housing Revitalization), be now read a first time.

*Motion presented.*

**Mr. Mackintosh:** Mr. Speaker, this legislation establishes a new fund for improving housing in areas of need, requires the Manitoba Housing Renewal Corporation to contribute its profits from suburban land development to this fund.

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

**Bill 210—The Workplace Safety and Health Amendment Act (Harassment in the Workplace)**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, I move, seconded by the MLA for Inkster (Mr. Lamoureux), that Bill 210, The Workplace Safety and Health Amendment Act (Harassment in the Workplace); Loi modifiant la Loi sur la sécurité et l'hygiène du travail (harcèlement dans le lieu de travail), be now read a first time.

*Motion presented.*

**Mr. Gerrard:** Mr. Speaker, this bill would provide a win-win situation for employers and for workers to provide a better environment for people in the workplace.

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

## PETITIONS

**Cree Nation Child and Family Caring Agency**

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

These are the reasons for this petition:

Cree Nation Child and Family Caring Agency is a provincially mandated First Nation child protection and welfare agency. Operated under authority of the Provincial Ministry of Family Services and Housing, the mission is to help keep children, families and communities safe and secure and promote healthy citizen development and well-being.

Lynn Lake is located 321 kilometres northwest of Thompson, Manitoba, on PR 391. There is no social worker living and working in the community. The goals of the ministry are implemented from a distance and supplemented with infrequent and short visits from a social worker located in Thompson.

The Lynn Lake Friendship Centre is a designated safe house and receiving home providing accommodations, services and care to children and families experiencing difficulties in a safe environment. The designated safe house and receiving home are forced closed at this time due to outstanding accounts payable due from Cree Nation Child and Family Caring Agency.

Failure to have a social worker based in Lynn Lake providing immediate and sustained services and forcing the receiving home and designated safe house to close, children and families experiencing difficulties in Lynn Lake and area have their health and safety placed in great jeopardy.

We petition the Legislative Assembly of Manitoba as follows:

To request the Minister of Family Services and Housing (Mr. Mackintosh) to consider re-staffing the social worker position(s) in Lynn Lake in order to provide the needed services to northwestern Manitoba in a timely manner.

To request the Minister of Family Services and Housing to consider mediating outstanding accounts payable due to the Lynn Lake Friendship Centre by Cree Nation Child and Family Caring Agency in order to allow the designated safe house and receiving home to resume regular operations and services and continued utilization of these operations and services.

Signed by Claudette Joseyouner, Ken Hrechka, S. Shortt and many others.

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

#### **Crocus Investment Fund**

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

The background to this petition is as follows:

The 2007 provincial election did not clear the NDP government of any negligence with regard to the Crocus Fund fiasco.

The government needs to uncover the whole truth as to what ultimately led to over 33,000 Crocus shareholders to lose tens of millions of dollars.

The provincial auditor's report, the Manitoba Securities Commission's investigation, the RCMP investigation and the involvement of revenue Canada and our courts, collectively, will not answer the questions that must be answered in regard to the Crocus Fund fiasco.

Manitobans need to know why the government ignored the many warnings that could have saved the Crocus Investment Fund.

We petition the Legislative Assembly of Manitoba as follows:

To urge the Premier (Mr. Doer) and his NDP government to co-operate in uncovering the truth in why the government did not act on what it knew and to consider calling a public inquiry on the Crocus Fund fiasco.

Signed by Evelyn Teano, L. Ordinez, Joselito Javier and many, many other fine Manitobans.

\* (13:40)

#### **Retired Teachers' Cost of Living Adjustment**

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

These are the reasons for this petition:

Since 1977, Manitoba teachers have made contributions to the Teachers' Retirement Allowances Fund Pension Adjustment Account (PAA) to finance a Cost of Living Adjustment (COLA) to their base pension once they retire.

Despite this significant funding, 11,000 retired teachers and 15,000 active teachers currently find themselves facing the future with little hope of a meaningful COLA.

For 2007, a COLA of only .63 percent was paid to retired teachers.

The COLA paid in recent years has eroded the purchasing power of teachers' pension dollars.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to consider adequate funding for the PAA on a long-term basis to ensure that the current retired teachers, as well as all future retirees, receive a fair COLA.

Signed by Laurena Leskiw, Leota Nelson, Jean Young and many, many Manitobans. *[interjection]*

**Mr. Speaker:** Order. For the guests in the gallery, there is to be no participation with the proceedings of this House and that also includes applauding.

#### **TABLING OF REPORTS**

**Hon. Steve Ashton (Minister of Intergovernmental Affairs):** Mr. Speaker, I'm pleased to table the Intergovernmental Affairs Annual Report 2006-2007, as well as the Supplementary Information for Estimates 2007-2008.

**Hon. Kerri Irvin-Ross (Minister of Healthy Living):** Mr. Speaker, I'm pleased to table the following 2007-2008 Expenditure Estimates for Manitoba Seniors and Healthy Aging Secretariat and for Healthy Child Manitoba.

**Hon. Greg Selinger (Minister of Finance):** Mr. Speaker, I would like to table the following reports: Supplementary Information for Legislative Review, 2007-2008 Departmental Expenditure Estimates for the Civil Service Commission, the Manitoba Employee Pensions and Other Costs and Manitoba Enabling Appropriations and Other Appropriations.

**Hon. Eric Robinson (Minister of Culture, Heritage and Tourism):** Mr. Speaker, I'm pleased to table the 2007-2008 Expenditure Estimates for the Department of Culture, Heritage, Tourism and Sport.

I'm also pleased to table the 2006-2007 Annual Report for Manitoba Sport.

Lastly, I'm pleased to table the 2006-2007 Annual Report for Manitoba Culture, Heritage and Tourism.

#### Introduction of Guests

**Mr. Speaker:** Prior to Oral Questions, I would like to draw the attention of honourable members to the public gallery where we have with us Bill and Corinne Gamble from Selkirk who are the guests of the honourable Member for Minnedosa (Mrs. Rowat).

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

I'd also like to draw the attention of honourable members to the public gallery where we have with us today a group of retired teachers.

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

#### ORAL QUESTIONS

##### Location of Hydro Power Line Reasons for West Side

**Mr. Hugh McFadyen (Leader of the Official Opposition):** Mr. Speaker, I, too, would like to acknowledge Mr. and Mrs. Gamble for the role they played working with my colleague, the Member for Minnedosa (Mrs. Rowat), on grandparents' rights legislation.

I would also like to acknowledge and thank those retired teachers who are with us today in the

gallery. I am a proud product of our public school system from St. James-Assiniboia. I know that I and other of my colleagues here and other members of this House are grateful for the commitment that Manitoba teachers have made to what is arguably the most important job in our society which is educating our young people.

I know that the government has taken the position that they can't afford to get teachers to COLA in terms of their pension arrangements but somehow are able to afford beer and wine for the Premier's Economic Advisory Committee. They are able to afford millions of dollars on the failed Spirited Energy campaign and, perhaps most shockingly, are able to throw away half a billion dollars building a power line on the western route as opposed to the eastern route which makes far more sense.

Now, Mr. Speaker, we know that the Premier's decision to throw away half a billion dollars on the west-side power line is going to add debt for future generations of Manitobans. It's going to take away from the government's ability to fund other priorities, it's going to result in the loss of precious clean energy, and it's going to contribute to dirtier air for the citizens of the world.

So what I am hearing from regular Manitobans, the question over and over again: Why would a premier allow himself to be bullied into making such a bad decision, such a strange and bizarre decision, for all Manitobans? I want to ask the Premier again, because he has provided a shifting buffet of reasons over the past couple of weeks for why he's made this very bad decision for all Manitobans.

It's a shifting buffet, and I wonder if the Premier can once more today, for the benefit of all Manitobans, provide clearly an explanation for this very bad decision.

**Hon. Gary Doer (Premier):** Mr. Speaker, the members opposite may or may not know this, but the debt ratio at Hydro was some 86 percent, which did not include the unfunded purchase of Centra Gas that had to be put into the books of Manitoba Hydro and the Manitoba government. It's now been lowered by six percentage points since we have been in office.

We also would point out that there have been many factors that we talked about from the Question Period on in terms of the rationales for making certain judgments. We also took the similar position in the election campaign. We were very clear about

our views in the election campaign. We stated those views well before the campaign in terms of what we believed was doable and what wasn't doable. I would point out that this line, the transmission line, has not been built since it was recommended in the early 1990s. This option for us, it's not the do nothing option that we saw with the Conservative government for over nine years, Mr. Speaker, and we believe that there are many factors to arrive at this decision which we have articulated in previous Question Periods.

The member opposite raised other issues, such as the issue of teachers' retirement pension fund. I would point out the unfunded liability for teachers and civil servants were not contained on the books when we came into office. Those funds are now on the books. We also dealt with the unfunded liability in the teachers' pension fund of 1.5 billion.

We have had ongoing discussions with the teachers' retired society, Mr. Speaker, but I would point out that the number—*[interjection]*

**Mr. Speaker:** Order. The honourable First Minister has the floor.

**Mr. Doer:** I would point out that the number that the member used during the election campaign on the teachers' retirement fund was incorrect, inaccurate and therefore not sustainable.

**Mr. McFadyen:** Mr. Speaker, the Premier has exercised his right to not answer the question, and so we've got another non-answer to the question as to why he is throwing away half a billion dollars. What I was able to get out of the response was that I think what he is saying is that he favours privatizing Centra Gas and he's opposed to COLA for teachers. Those were the only two things that I was able to get out of the response, but we've got a very important decision—

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

**Mr. Speaker:** Order.

\* (13:50)

**Mr. McFadyen:** Thank you, Mr. Speaker. We've got a very important decision by government overriding the advice of the experts at Manitoba Hydro, and it is going to cost future generations of Manitobans a minimum of half a billion dollars. It's going to contribute to more burning of coal, thereby damaging our environment, and it's going to result in the cutting of more trees. We haven't been able to get a satisfactory response from the Premier.

Yesterday he said that he was worried that we could have a situation the same as the Great Whale situation in Québec. I wonder if the Premier is aware that the Great Whale proposal was to dam and divert five rivers and flood an area equivalent to the state of Rhode Island—massive change, fundamental change to the ecosystem, flooding an area the size of Rhode Island, damming and diverting five rivers.

I wonder if he's comparing his decision to run a line through the woods on the west side rather than a line through the woods on the east side to Great Whale and if he wants to reconsider that phony excuse for this outrageous decision.

**Mr. Doer:** I would point out, Mr. Speaker, that we were very clear in the election campaign that the other options were more expensive, but they were more doable. The one option the member opposite talks about is a line that is longer and therefore more expensive, but it's also a line where more right of way is already in existence for the provincial government and for the Crown. It's an area that has clearly been developed over the last 90 to 100 years that has mining adjacent to it, has forestry operations adjacent to it, has roads. It has existing rights of way for transmission as opposed to the east side which has a considerable amount of undisturbed boreal forest.

I know the member opposite wants the shrink. You know, I shrunk the boreal forest. He wants to shrink the proposal from 42,000 square kilometres to 8,000 square kilometres, but that will not therefore protect places like Poplar River. We've had discussions on this for a number of months with people living in the area. I would also point out, Mr. Speaker, the issue of dealing with customers, and this is something that members opposite don't know anything about—

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

**Mr. Speaker:** Order.

**Mr. Doer:** The only thing members opposite know about Hydro is mothball, oppose, mothball, oppose, mothball. They mothballed Conawapa; we built it. We negotiated Conawapa; they mothballed it. They're the mothball party, and they wouldn't know anything about customers because they never sold a megawatt in the last 30 years to places like Minnesota which contributes \$600 million a year to the revenue of Hydro that allows us to keep Hydro rates the lowest in North America under our government.

**Mr. McFadyen:** We're used to the Premier flip-flopping from one day to the next. I've never actually heard him flip-flop within a single response to a question. On the one hand, he's saying that power sales to Minnesota will be jeopardized as a result of this decision. On the other hand, he says that he just concluded a power sale to Minnesota and there were no issues with Manitoba Hydro or the decision.

He was already out on the record on the issue of the hydro line. They announced in November a \$2.2 billion sale to Xcel, Mr. Speaker, and then in the course of the election campaign—speaking of potential markets, there was a great story in the *Winnipeg Free Press* announcing that the Premier was committed to putting a down payment on a power corridor through Ontario so that we could sell power to Ontario, to that energy-hungry province, so they could close down their coal plants.

Now, Mr. Speaker, the last time I looked at the map, Ontario was to the east of Manitoba. I want the Premier to explain: If the market is to the east, why is he running the power line to the west?

**Mr. Doer:** Well, I'm surprised—

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

**Mr. Speaker:** Order.

**Mr. Doer:** Yes, Mr. Speaker, I would point out to the members opposite that, yes, we do have agreements to sell power to Ontario that is east of us. We also have an agreement on the proposal for the UNESCO World Heritage site. We actually have an agreement with the Province of Ontario that actually is to the east of us. He's right, on the world UNESCO World Heritage site on the eastern border of Manitoba and on the western border of Ontario.

At the announcement I made, and I've made it over and over again on the issue of sales: We are negotiating for additional sales south of us, we're negotiating for additional sales—and the last one we negotiated—east of us, and we're negotiating for additional sales and an east-west grid that's already been agreed to by every western province.

I note today, in a letter to the editor, the member opposite continues to put false information and misleading the public. I want to table a memorandum from the Deputy Minister of Conservation pointing out that this agreement that he has been misleading Manitobans on does not create any veto for land use

planning in Manitoba. Would he stop writing letters to the editor that are false?

**Mr. Speaker:** The honourable Leader of the Official Opposition, on a new question.

**Mr. McFadyen:** Mr. Speaker, if Manitobans want to know what's in the agreement, they're certainly welcome to read section 3.8 of the agreement that he signed on April the 3rd which very clearly requires a unanimous agreement for any regulation dealing with planning on the east side of Lake Winnipeg.

He can direct his deputy ministers to write memos, and that's fine, Mr. Speaker, but the fact is that Manitobans can read the agreement for themselves. They can go to [www.pcmnitoba.com](http://www.pcmnitoba.com). A copy of the agreement is posted on the Web and they can arrive at their own conclusions.

I think that, given the fact that the Premier doesn't seem to have a reason for running the power line to the west at the extra cost of half a billion dollars, the lack of reason would suggest that perhaps he can't get permission to run it down the east. And the reason perhaps he can't get permission is because somebody has a veto on the east side, and that's very clear from the agreement.

Now, the Premier has abandoned the Great Whale excuse. He has abandoned the threat to future energy sales excuse, Mr. Speaker, by talking about the fact that he's got deals in the works. He has ignored the fact that the leading constitutional expert in the province is saying that a UNESCO designation is consistent with a power line. In fact, just to correct some misinformation he put on the record, it was his government that put the proposal to UNESCO for an 8,500 square kilometre UNESCO park. That's on the Web site. They did it in 2003 when he was Premier, so he can go back and check and know that it was his government that shrank the forest back in 2003 and have failed to take any leadership role in determining whether both a power line and a UNESCO site might be compatible.

Mr. Speaker, I want to ask the Premier then: If, given that he doesn't seem to have any reason for this irrational decision other than he's afraid of phantom protestors, why is he putting phantom protestors, protests which haven't yet materialized, in the way of the right decision for future generations of Manitobans?

\* (14:00)

**Mr. Doer:** Well, Mr. Speaker, I would—  
[interjection]

**Mr. Speaker:** Order. I just cautioned our visitors in the public gallery about participating. Also, there is to be no participation of any member in the debates and that also includes applauding. This is the second time that I've cautioned our guests in the gallery, so I would ask the co-operation of all guests.

**Mr. Doer:** Thank you, Mr. Speaker. There are many factors that lead one to make a judgment about the best options going forward. One of the obvious factors is what is most doable in the long run. We have been up front with the people of Manitoba. We—

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

**Mr. Doer:** The member opposite was up front with the people of Manitoba. He basically said he was going to build the east-side transmission line even though it was recommended to his predecessor, the former premier, who never went ahead with the east-side transmission line. After being recommended in 1990, dealing with reliability for Manitoba, the member opposite made that announcement. He made it in two places. He made it prior to the election; he made it during the election.

We clearly stated before the election campaign our preference to not build the line on the east side. We said the other options, not the Interlake option, by the way, which the member opposite uses falsely again in terms of his statements. Inaccurately, I mean. I know inaccurate is not a point for members opposite; it happens all the time. But we made our position very clear. All those issues were on the table.

The member's judgment was before the people of Manitoba during the election campaign. His judgment on the east side was before the people of Manitoba. His judgment on guaranteeing the return of the Jets was on the table. His judgment on building a marina in Point Douglas was on the table.

Our judgment was on the table. The people of Manitoba judged on May 22, Mr. Speaker.

**Mr. McFadyen:** The Premier believes that winning an election entitles him to do whatever he chooses after that election, regardless of the impact on future generations of Manitobans. I would suggest to the Premier that Manitobans, the many Manitobans I've been speaking to are tired of that kind of arrogance. They don't believe that they voted to leave their

children a half-billion-dollar debt. That was not explained to them in the course of the election campaign, Mr. Speaker. I think that the Premier should demonstrate just a little bit of humility when it comes to the mandate that he perceives himself to have.

Now, I want to ask the Premier: Given that the reasons he's provided seem to revolve around fear of protests, and that was dealt with this morning in the *Free Press*: The Premier, it's not so much about what he wants to do, it's about what he wants to avoid, I think was the line in Dan Lett's column today in the *Free Press*.

What he wants to avoid are protests even though no such protests have materialized. So we've got the spectre of a phantom protest which has led the Premier to throw away half a billion dollars, cut more trees and contribute to air pollution in our province, Mr. Speaker.

He likes to compare himself to other leaders. Duff Roblin, could you imagine that if he backed down in the face of what were actually real protests, not phantom protests, real protests against the floodway project; Mr. Giuliani, who he has praised, who has stared down protesters; Arnold Schwarzenegger; Ed Schreyer and other leaders who have faced down actual, real-life protesters.

Why is the Premier so timid and weak that he can't even stand up to phantom protesters, Mr. Speaker?

**Mr. Doer:** Well, Mr. Speaker, the timid and weak position is to do nothing. That's what the Conservatives did. The wimpy Conservatives cancelled Limestone. That's the wimpy Conservative Party. The wimpy Conservatives cancelled Conawapa. That's the do nothing party. That is the party that doesn't do anything for building Manitoba. We were honest with the people of Manitoba, and in speaking with honesty, I'd like to ask the Leader of the Opposition, in light of the fact—

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

**Mr. Speaker:** Order. I need to be able to hear the questions and the answers.

The honourable First Minister has the floor.

**Mr. Doer:** Yes. Mr. Speaker, there have been newspaper articles back to 2005 indicating that one route may be more—it's a straighter line, and the other route is more expensive. There's been all kinds of

analysis on this. That's why we were up front in the election campaign.

We weren't timid like Conservatives when they said they weren't going to sell the telephone system and then went and broke their word a week later. That's arrogance, Mr. Leader of the Opposition. That's the arrogance of the Conservative Party. We had the courage of our convictions. We put it out in front, out in the open, and I would suggest to the Leader of the Opposition he should correct the record.

If he's any kind of lawyer at all, he would know that the agreement that was signed with the WNO chiefs, which we had legal advice on prior to the signing of that, did not provide a veto and he should correct the record and do the right thing and have some integrity.

**Mr. Speaker:** Order. I ask the co-operation of all members, when putting a question or answering a question, to put it through the Chair, please.

**Mr. McFadyen:** If the signatories to the agreement don't have a veto, then why did the Premier cave?

**Mr. Doer:** Mr. Speaker, we said long before the agreement, we said in 2004 or 2005 that we would not build a transmission line down the east side of Lake Winnipeg. We were very honest with the people of Manitoba. And when the member opposite mentions Duff Roblin, he was criticized for not building a dam at Ste. Agathe for \$12 million, but rather building a floodway that was called Duff's Ditch and ridiculed for \$65 million, five times more. Mr. Brennan has already stated that the transmission line is required for extra sales and for additional reliability. The extra sales will pay, in Mr. Brennan's opinion, for the additional costs.

Mr. Speaker, I'd also point out that \$300 million for an additional cost for albeit longer transmission line is half as much as the sales to Minnesota are per year. The member opposite could put words in about phantom protesters. We care about customers.

If members opposite don't care about \$600 million in sales per year, that's why they never sold a megawatt. We did sell power. We do have a good relationship with our customers. We are aware of what they feel. Members opposite haven't sold a megawatt. That's why we're the builders, and that's why they are on that side of the House.

### **Retired Teachers' Pensions Cost of Living Allowance**

**Mr. Ron Schuler (Springfield):** Mr. Speaker, many retired teachers, their spouses and other supporters were outside braving the weather, and I can attest how cold it was, to rally for a fair cost-of-living adjustment. Manitoba teachers have since 1977 been paying into the Pension Adjustment Account over the course of their careers with the belief that when they retired they would receive a fair COLA. That point was made very clear again today.

I would like to ask this Minister of Education: When can retired teachers expect to receive the fair COLA which they deserve and which they have a right to?

**Hon. Peter Bjornson (Minister of Education, Citizenship and Youth):** And I see the more things change the more they stay the same. I might have a new critic, but he's wearing the same mask as my critic last year, masquerading as a teacher advocate, Mr. Speaker.

It is our government that has increased the contribution rates by 1.1 percent for the first time in 25 years. It is our government that started to fund on a go-forward basis the new entries into the teachers' pension fund. It is our government that has funded \$1.5 billion of the unfunded pension liability, 75 percent of the unfunded pension liability, Mr. Speaker. It is our government that continues to work with teachers to find a solution for the sustainability of COLA. Members opposite, Halloween isn't for three weeks, but they keep masquerading.

\* (14:10)

**Mr. Schuler:** Mr. Speaker, I would like to point out to the minister that it's during the dark Doer government years that COLA was slashed. The '90s were full COLA days. In fact, for the year 2007, retired teachers are receiving a COLA of 0.63 percent. This is only three-tenths of the CPI decrease. For nearly a decade this NDP government has sat by and allowed the purchasing power of teachers' pension dollars to become further and further eroded.

I would like to ask the Minister of Education: When will this NDP government ensure that teachers' pensions are better protected against inflation?

**Mr. Bjornson:** Mr. Speaker, I can assure the member opposite that it is this side of the House that will ensure that that will happen. During the election, the members opposite proposed a two-thirds COLA solution. They also proposed that this would cost \$21.6 million, which, when we've done the math, is actually one-fifth of what it would take. I might point out that that might be half the salary for a Winnipeg Jets team if they were to bring that back, but \$21.6 million is what they committed to, and that would simply not deliver on two-thirds COLA as the members proposed during the election and as RTAM endorsed that proposal during the election. We are committed, and we continue to work with teachers to address this issue. We always have been open to teachers meeting. We have the Teachers' Pension Task Force meeting to address this issue, and we've got a teacher on the TRAF board as well.

**Mr. Schuler:** Well, Mr. Speaker, it seems to be that when teachers no longer pay dues, this government drops them like a hot potato, and retired teachers are concerned. They are frustrated, and they're going to continue to raise their voices on this issue until this NDP government takes meaningful steps to ensure that retired teachers receive a fair COLA on a long-term basis. Retired teachers have made meaningful contributions to the Pension Adjustment Account. Not only that, they have made countless contributions to our communities. They deserve to be treated with fairness and respect.

When will this NDP government finally acknowledge that retired teachers deserve to be treated fairly?

**Mr. Bjornson:** Mr. Speaker, they do deserve that, and that is what we are doing. Once again, members pretend; they're the great pretending party as far as being teacher advocates are concerned. I have to applaud the retired teachers for their advocacy on this issue. We had a lot of practice during the 1990s when they introduced legislation stripping teachers of their collective bargaining rights, when 242 teachers were given a pink slip because of their pathetic funding announcements, when many teachers took early retirement incentive plans in the best years of their pensionable service, which had an impact on the pension.

They had eight actuarial warnings, eight warnings that what they were doing with the Pension Adjustment Account was not sustainable. What did they do? Their action on pensions? They got rid of the actuary.

We're the government committed to working with teachers. We will fix this, Mr. Speaker.

### **North End Housing Project Line of Credit**

**Mrs. Bonnie Mitchelson (River East):** Mr. Speaker, we have more questions than answers when it comes to the incompetence and the mismanagement of the government when it comes to managing the Housing portfolio. Continued chaos and continued scandal.

Will the minister tell us today how much the taxpayer-guaranteed line of credit is with the North End Housing Project?

**Hon. Gord Mackintosh (Minister of Family Services and Housing):** The challenges that arise from time to time with community affordable housing agencies are not challenges that we saw under the former government. Why, Mr. Speaker? Because they didn't do any affordable housing. They didn't know what that was.

No, Mr. Speaker, this was a government that saw property values bottom out. Parts of the inner city were literally on fire, and they sat and did nothing. This government is partnering with community agencies. We're supporting the agencies, and with \$100 million, working with the federal and city governments, we have now renovated or constructed 5,000 affordable homes over the course of our mandate. We'll continue to partner.

### **Operational Review**

**Mrs. Bonnie Mitchelson (River East):** Well, Mr. Speaker, that's about the most bizarre answer I've ever heard from a minister across the way.

Mr. Speaker, these are really serious questions about serious issues that impact low-income Manitobans that need housing services from this province.

Mr. Speaker, I'm asking some very direct questions, and I would like some simple, direct answers from the minister. Will the minister table today the Ernst & Young Orenda operational review of the North End Housing Project that was completed in February of 2005? Will he table that today?

**Hon. Gord Mackintosh (Minister of Family Services and Housing):** Mr. Speaker, the member raises the North End Housing Project. One of the pioneers of affordable housing, it's a

community-based organization that has constructed or renovated, I understand, 148 units in the North End.

Mr. Speaker, it's interesting, perhaps the member should have consulted with the Leader of the Opposition (Mr. McFadyen) when he was a senior adviser to the City of Winnipeg. I understand that the City of Winnipeg funded that operational review because they, too, saw the value of the North End Housing Project along with the federal government. I don't recall any information coming forward. She might want to put it on the record that the Leader of the Opposition gave advice or took part in any way in shutting North End Housing down because it is a vital part of our Affordable Housing Initiative and the City, the Province, the federal government have been working to strengthen the North End Housing Project. It will continue to do so.

#### Accountability

**Mrs. Bonnie Mitchelson (River East):** Mr. Speaker, I don't know how the minister can stand up with any credibility and say that they're strengthening the North End Housing Project when in fact half of the board has resigned. They're in a dysfunctional mode right now. They can't meet their bills. They're not providing the financial information that's been requested by this government, and he says they're supporting them. They've done that organization a disservice by letting them continue to run the way they have been running without putting the supports in place to build the organization up, not tear it down.

Mr. Speaker, will the minister tell us today whether the North End Housing Project is accountable and has been accountable for the agreement they signed with them?

**Hon. Gord Mackintosh (Minister of Family Services and Housing):** Mr. Speaker, it's certainly an odd question coming from the member of this House, the actual one member who shut down the Agency Accountability Unit as a cost-cutting measure in 1995.

Mr. Speaker, over the last several years, the Province, the City, federal government have been working to provide supports to make sure that the North End Housing Project can continue to provide affordable housing. The North End Housing Project with 148 units has been facing challenges because of its success in strengthening the North End of Winnipeg.

I don't know if the member opposite knows this, but housing values have increased, doubled in parts of the North End. Construction costs are on the rise. Winnipeg is in the middle of a housing boom. The member should read the papers today, Mr. Speaker, and North End Housing is part of that success. That has been also a challenge that we're working with them on.

**Mr. Speaker:** Order.

#### Health Care Specialist Wait Times

**Mr. Stuart Briese (Ste. Rose):** Mr. Speaker, Manitobans are frustrated by the NDP government's total mismanagement of our health-care system. Mr. Justin Pollack of Neepawa needs orthopedic surgery. In April he was referred to a specialist in Brandon. To see that specialist he's facing a wait time of more than 20 months, nearly two years. After that, who knows how long he'll have to wait for the actual surgery.

Will the Minister of Health explain to Justin Pollack why she has failed to make sure that he can get access to health care when he needs it?

**Hon. Theresa Oswald (Minister of Health):** Mr. Speaker, as I spoke to the member during Estimates about specific case concerns, if he has a specific concern that he's not already made known to us, we certainly do invite him to let us know of a specific case as, of course, we have employed within the system at the Brandon Regional Health Authority and in the Winnipeg Regional Health Authority wait-time co-ordinators to assist us.

I can also tell the member, the member of the same party that was bragging about \$800 million of irresponsible tax cuts during the election while we promised to build our health-care system and invest that money and we've been working since 1999, since 2003 we've brought our orthopedic wait times down by over 50 percent and we're not finished yet.

\*(14:20)

**Mr. Briese:** Mr. Speaker, the minister's words are cold comfort to the many, many Manitobans who are suffering because of her total mismanagement of the health-care system.

Mrs. Elizabeth Goudie, also of Neepawa, is waiting until February 2009 for an appointment with a specialist. That's 21 months from the time she was referred, Mr. Speaker. No one should have to wait in

pain that long. The NDP has had eight years to address the shortage of specialists.

When will the minister stop looking backwards and start doing her job?

**Ms. Oswald:** Members opposite, of course, are always cautioning against looking backwards because they don't want Manitobans to remember that it was the Conservative government that made the ill-headed decision to cut the spaces in our medical school because they thought that would be a good cost-saving measure. They also thought that it would be a good idea, Mr. Speaker, as a cost-saving measure, to perhaps fire a thousand nurses and drive another 500 out of the system.

I can tell you, Mr. Speaker, that, during the election campaign, we made clear that, despite the fact that we brought down our orthopedic wait times by 50 percent, despite the fact that we have brought our wait times for the life-saving services like cancer and cardiac to be the best in the country, despite that, we're committed to add a hundred more doctors to Manitoba. How many doctors did they promise, Mr. Speaker?

**Mr. Briese:** Mr. Speaker, how can the minister claim to be reducing wait times when my constituents are waiting almost two years just to see a specialist. Yet another constituent, Lynn Byram, is waiting until April 2009 for her appointment. Just like Mrs. Goudie, she is also waiting 21 months to see a specialist. My constituents want answers, Mr. Speaker.

When will this minister admit that she has failed, and when will she take responsibility for the fact that Manitobans are waiting in pain?

**Ms. Oswald:** I say again to the member, if he has not already made known to our office the specifics of an individual case, we certainly do want him to do that. We want to work together. The wait times that the member is citing do not match the information that we have for wait times and efficiency with surgery, and we want to ensure that we investigate so we can assist those individuals.

Again, Mr. Speaker, I want to say very clearly that it was our party during the campaign that committed to adding a hundred doctors to the system. It was our party during the campaign that committed to adding 700 nurses.

The members opposite made one trip out of Winnipeg. I think it might have been to

Portage la Prairie to make a rural announcement on health care, disregarded rural Manitoba entirely after that. They can talk, but they don't act.

### **Health Care Orthopedic Specialist Wait Times**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, I, too, have heard concerns about very long waiting lists for some people for orthopedic procedures. The fact of the matter is this is not just about the number of physicians, it's about the organization and the co-ordination. Clearly, the minister should be looking at what's happening in Alberta where they've got a province-wide network, the Alberta Bone and Joint Health.

Why is the minister not putting in place a co-ordinated, province-wide system for orthopedics and bone and joint health like is present in Alberta?

**Hon. Theresa Oswald (Minister of Health):** As the member opposite knows, as we've had correspondence on this issue and had conversations on this issue, certainly we do look at other jurisdictions for their ideas that can be working, but we also know that there are some significant limitations to the example that he cites.

I believe that the member is also very well acquainted with our wait-times task force and the absolutely expert guidance of Dr. Luis Oppenheimer, and the work that Dr. Oppenheimer has done, particularly with Concordia Hospital and the Centre of Excellence, in being able to work and change the culture of wait times and doctors, bring them to come together to centralize those lists, bring the lists down by over 50 percent. We want all doctors to get on board, and we know that Dr. Oppenheimer can help us do that.

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

**Mr. Gerrard:** Mr. Speaker, I ask for leave to ask the two supplementary questions I would normally have.

**Mr. Speaker:** Does the honourable member have leave to finish off his two supplementary questions?  
*[Agreed]*

**Mr. Gerrard:** Thank you, Mr. Speaker. You know, the problem at the moment is one of real lack of co-ordination on a province-wide basis in bone and joint health. There may be some improvements in knee and hips, but when it comes to shoulders, wrists and all sorts of other things, there continue to be major problems.

I had an example of a health-care provider who had to make 27 phone calls for somebody who had an orthopedic emergency because it wasn't a co-ordinated system.

When will the Minister of Health make sure that there is a co-ordinated network for bone and joint health care throughout Manitoba, just like there is in Alberta?

**Ms. Oswald:** If the member opposite again has a specific situation he wants to share with us so that we can work together to improve the system, he knows that we're open to do that.

Again, I would say to him that the evidence is quite clear that the efforts of the wait-times task force and the efforts in particular of Dr. Luis Oppenheimer, who is getting national and international attention for his achievements with the doctors and health-care professionals in our province—the evidence is clear. Since 2005, the wait time for orthopedics has come down by 50 percent or over. We've seen diagnostic times come down substantially as well.

We know that in 1998, the wait time, for example, Mr. Speaker, for an MRI was 28 weeks, and today for that same MRI, it's 6 to 8 weeks. We've got more work to do, but we're working on it.

**Mr. Gerrard:** Mr. Speaker, it is very clear that the minister is running a dysfunctional, poorly organized system. That's why you've got these incredible long wait times. That's why people have to make far too many calls to get some action.

Let me give you one more example. Right now, from Thompson, for somebody who needs a fairly simple orthopedic procedure, they're now having to, on a routine basis, make four trips to Winnipeg instead of one. There's an example of poor organization.

When will the minister get her act in order and start having a provincial network for orthopedic care for bone and joint health in this province like there is in Alberta?

**Ms. Oswald:** Again, I'll repeat for the member if he wasn't listening earlier that, of course, the wait-times task force is working diligently not only with our professionals in the lifesaving areas like, for example, cardiac and cancer, where CIHI consistently ranks us with wait times that are No. 1 in the country, but we're also working diligently with the wait-times task force and with our surgeons to

ensure that we can move closer, not only in diagnostics but the surgeries themselves by centralizing those wait lists.

It's true, Mr. Speaker, that there are some physicians that are reluctant to release their wait lists into a centralized list, but Dr. Oppenheimer and his crew are having incredible success in that. We're going to keep working on that, and one of the best ways we can do that is by increasing our complement of doctors and our complement of nurses, and that's what we committed to do.

**Mr. Speaker:** As previously agreed, that's two supplementary questions put forward by the honourable Member for River Heights.

Now we'll move on to Members' Statements.

## MEMBERS' STATEMENTS

### Retired Teachers' Pensions

**Mr. Leonard Derkach (Russell):** Mr. Speaker, once again today, retired teachers have been forced to rally their membership on the steps of the Legislature in an attempt to get justice, fairness and equity for their COLA.

As part of a government, Mr. Speaker, in the 1990s, I was pleased to be able to extend full COLA to teachers during the 1990s, something that has completely vanished since this government has taken office.

Mr. Speaker, the teachers were promised a fair and reasonable cost-of-living adjustment to cope with increased costs of living. Instead, the value of their pensions today continues to deteriorate. There must be a long-term solution and sustainable plan in place that is both fair for working and retired teachers. This government cannot ignore the problems forever. It will not simply go away. Retired teachers are asking the government to ensure long-term funding for their Pension Adjustment Account to secure a fair and sustainable COLA. This government's mismanagement of this situation has reached a critical point.

Mr. Speaker, today on the steps of the Legislature, it was also evident that the Manitoba Teachers' Society has abandoned these retired teachers as well. The Retired Teachers' Association of Manitoba has been asking for a say in the management of the Teachers' Retirement Allowance Fund and they deserve it.

Mr. Speaker, a retired teacher should have a guaranteed appointment to the board. This can be secured as the NDP government support the Member for Springfield's (Mr. Schuler) forthcoming bill. The NDP government has continually ignored or dismissed the many valid concerns of retired teachers regarding the COLA. This cannot and should not continue, Mr. Speaker. Retired teachers deserve better. They have given to this province. They have given to our society, and this government owes them the COLA that they have worked so hard for.

Thank you, Mr. Speaker.

\* (14:30)

### **St. Barnabas Anglican Church Centennial**

**Mr. Doug Martindale (Burrows):** Mr. Speaker, I am pleased to inform the House that this year marks the centennial of the St. Barnabas Anglican Church. This church is found on the corner of McPhillips Street and Magnus Avenue and has been an invaluable pillar of the North End for generations. Over its 100 years, the church has occupied three different buildings, but the willingness of its membership to reach out and become involved in the community has never changed. As an example, its Girl Guides troop, the first in Winnipeg, recently celebrated its 90th anniversary. In addition, the St. Barnabas Church has run one of the biggest food banks in the North End for Winnipeg Harvest for the past 20 years. The membership of the church also has an inspiring history of reaching out to newcomers to the country. They recently welcomed a refugee from Sudan and helped him furnish his home and get established in the city. He now sings in the St. Barnabas choir every Sunday. In addition, three years ago, the church sponsored a family of 13 Liberian refugees and brought them to Canada. Once more, the church membership banded together to get them a home, furniture, food and clothing.

The altruistic character of the St. Barnabas congregation shines through, even in celebrating its centennial. They have marked this special year with a baby food drive for Winnipeg Harvest and a bursary for a local high school graduate. They also plan on reaching out to their parish partner in Uganda to possibly help furnish it with new windows. A banquet celebrating the centennial of St. Barnabas will be held on October 13. The following day's liturgy will be attended by the Bishop of the Diocese of Rupertsland in commemoration of this auspicious occasion.

Mr. Speaker, after 100 years, the membership of St. Barnabas continues to tirelessly serve its community. Its membership is relatively small, but its heart and dedication are boundless.

Thank you, Mr. Speaker.

### **26th Annual Aggie Bed Push**

**Mr. Cliff Cullen (Turtle Mountain):** Mr. Speaker, approximately 40 students from the University of Manitoba continued a long-standing tradition of putting their time and efforts towards a worthy charitable cause. During the weekend of September 29 to October 1, 2007, the Faculty of Agriculture and Food Science students completed the 26th Annual Aggie Bed Push from Brandon to Winnipeg to raise money for KidSport. Starting Saturday morning in Brandon, and accompanied by a motor home and other support vehicles, the students rode on and pushed a souped-up bed as they travelled to MacGregor in one day. After an evening of rest, they continued their journey to Headingley on Sunday, before completing the trip Monday morning to the Fort Garry Campus. With each bed pushed, a different charity is the focus of the students' efforts. Previous charities benefiting from the cause include Ronald McDonald House, CancerCare Manitoba, Children's Hospital Foundation of Manitoba, the Manitoba Farm and Rural Stress Line.

This year the students are aiming to raise \$3,000 for KidSport. Administered by Manitoba Sport, KidSport is a national charity that aims to assist less fortunate children to participate in sport. As their motto goes, they are trying to create an accessible environment "so all kids can play."

Sport and physical activity are increasingly important for raising children who are physically, psychologically and socially healthy. Unfortunately, there continue to be barriers, such as the rising costs of registration fees and the price of sports equipment that limit the chances for families to place their children in organized sport. This noble charity can provide assistance to pay registration costs and a new and used recycling equipment program that ensures children have the sports gear they need to fully participate in the activity.

Mr. Speaker, I was fortunate to catch up to the Aggies on the final leg of their journey and, as a former Aggie, I was happy to provide a donation to this very worthwhile cause. I extend my congratulations to all the University of Manitoba

Aggies who spent their weekend participating in the 26th Annual Bed Push.

Thank you, Mr. Speaker.

### **Meghan Montgomery**

**Ms. Marilyn Brick (St. Norbert):** Mr. Speaker, I rise before the House today to recognize the achievements of a young athlete in my constituency. Meghan Montgomery is a member of the National Adaptive Rowing Team. She began her rowing career on the Red River a mere seven years ago and immediately fell in love with the sport. By 2001, one year after she started rowing, she had already gained a spot on Manitoba's provincial team, winning medals in that year's Canada Summer Games and in the Canada Cup in 2003, both in the women's eight event.

This success, noteworthy and of itself, is all the more so when one realizes that Meghan was born with an underdeveloped right hand which does not allow her to grip the oar with her right hand alone. While this disadvantage might have stopped other less determined athletes, Meghan adapted her rowing style to fit her capacities, sweep rowing rather than sculling. She joined the National Adaptive Rowing Team in 2005 and added yet another medal to her collection at the world championship in England in 2006.

For the future, Meghan has her sights set on Beijing where adaptive rowing is set to make its Paralympic debut as part of the 2008 Paralympic Games. After the games, Meghan will be considering an invitation to train with the national women's team, a move which could, as she says, make her the first Paralympic athlete to cross the boundary into able-bodied competition.

Mr. Speaker, Meghan's achievements speak to the incredible strength and drive of Manitoba amateur athletes generally but also to the determination of our Paralympics specifically. On behalf of all members of this House, I congratulate Meghan on her past accomplishments and wish her all the best in training for the Beijing Games next summer.

Mr. Speaker, as someone who has a rower in her family, I want to really congratulate Meghan for all her hard work. Thank you.

### **Orthopedic Specialist Wait Times**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, the NDP government has fallen sadly short when it

comes to bone and joint health. It is ludicrous when it takes 20 months or more to see an orthopedic specialist in Manitoba. The Minister of Health makes a laughing stock of herself when in Question Period today she tried to defend the indefensible.

As we Liberals have recommended in our report on the regional health authority system in Manitoba, we need to have a province-wide network for bone and joint health in our province similar to Alberta Bone and Joint Health in Alberta. Indeed, I talked recently with Dr. Henry Friesen, the former head of the Medical Research Council, and a renowned and knowledgeable Manitoban. He indicated he had recently had discussions with an individual involved with Alberta Bone and Joint Health, and he was persuaded that Manitoba badly needs to organize bone and joint health in our province in a similar fashion to what's happened in Alberta.

Only in this way can we overcome the various fiefdoms which exist today in bone and joint health in Manitoba and create an effective well co-ordinated, truly province-wide network to ensure that Manitobans get the bone and joint health care that they need and that we have prevention, research, education integrated well with the care that is delivered.

## **ORDERS OF THE DAY GOVERNMENT BUSINESS**

**Hon. Gord Mackintosh (Minister of Family Services and Housing):** Would you please call Supply?

**Mr. Speaker:** The House will now resolve into Committee of Supply. Madam Deputy Speaker and the Chairs, please proceed to the respective rooms that you'll be chairing.

## **COMMITTEE OF SUPPLY (Concurrent Sections)**

### **FAMILY SERVICES AND HOUSING**

\* (15:00)

**Madam Chairperson (Marilyn Brick):** Will the Committee of Supply please come to order. This section of the Committee of Supply will now consider the Estimates of the Department of Family Services and Housing.

Does the honourable minister have an opening statement?

**Hon. Gord Mackintosh (Minister of Family Services and Housing):** I'm pleased, Madam Chair, to be here for the '07-08 expenditure Estimates.

Recently, our government outlined its funding commitments for this fiscal year, of course, in the provincial budget. In this budget, what we called the Building Budget, members will see our commitment and progress in fighting poverty and in building healthier, safer and stronger communities. The budget this year provides over \$1.1 billion for the Department of Family Services and Housing. That's an overall increase of \$88.8 million, or 8.6 percent over the '06-07 Adjusted Vote.

There are a number of key areas of investment for the department, including more funding for affordable housing and additional support for low-income families and for persons with disabilities. In recognition of our province's future labour needs, we need to step-up our efforts to improve incomes and employment opportunities for Manitobans, especially groups who have been underrepresented in the work force. Budget 2007 introduces Rewarding Work. It's a four-year strategy for modernizing our income assistance programs to provide better supports for working families and to break down barriers for income assistance recipients seeking employment.

Year one involves a 10-point plan that includes the establishment of a new \$11-million Manitoba child benefit which will enable parents to keep benefits for their children when leaving income assistance. Monthly payments will begin in January '08 and will benefit up to 33,000 children in low-income working families when fully implemented.

Work incentives for people receiving income assistance will be enhanced and will complement the federal government's newly announced Working Income Tax Benefit program. Rewarding Work will also provide improved employment and educational assessments, the opportunity to take longer skills training and academic programs and employment supports, such as a work clothing and transportation allowance.

For persons with disabilities on income assistance, initiatives include mental health supports, enhanced vocational rehab services, an annual \$300 increase per person in the income assistance for persons with a disability benefit and the doubling of the allowable exempted cash assets.

In subsequent years we will see further enhancements such as drug, optical and dental coverage for low-income workers, better opportunities for persons with disabilities and more training assistance.

The budget builds on our strong commitment to early learning and child care and, despite the significant loss of federal funding, we have continued to stabilize and strengthen our child-care system. Nearly 26 million has been allocated for our early learning and child-care system for '07-08. Over 14 million has been provided to ensure that all initiatives launched with federal dollars under the cancelled agreement with Ottawa will continue. This includes funding for spaces and operations begun since 2005 as well as funding for training initiatives and supports to recruit and retain early childhood educators.

At a cost of 2.9 million, we are improving subsidy levels so more low- and middle-income families can qualify and reducing child-care fees by decreasing the 2.40 per day unsubsidized fee to \$2.00 per child for subsidized families. That's \$104 per year, per child. We have included additional funding for 500 more child-care spaces, bringing the total number of funded spaces to 23,600.

Additional funding has been provided to continue with the construction, renovation and revitalization of child-care centres in Manitoba with an additional 2.8 million for the capital fund.

Approximately 2.9 million will support a 2 percent funding increase to further raise wages for early childhood educators, effective April 1, 2007. Funding to support wages has increased by 11 percent since 2005. Now, since 1999, child-care funding has more than doubled and we have allotted funding for 7,160 more child-care spaces province-wide.

We have fulfilled our commitments in Manitoba's five-year plan for child care and will soon be launching a new multiyear plan for early learning and child care.

We have also increased resources in our Child and Family Services system, allocating an additional 49.1 million in '07-08. This represents a 25 percent increase over the '06-07 Adjusted Vote. This includes more funding for salaries and a 2 percent increase in funding for community programs and

supports earlier commitments outlined in our Changes for Children initiative.

We've also increased support for the Family Violence Prevention Program by more than \$375,000. Manitoba's program, I understand, is one of the most comprehensive in the country and supports 34 community organizations across the province.

Services for persons with disabilities remains a major focus. In '07-08 we've allocated an additional 17.8 million for the Supported Living Program. That provides a 2 percent increase in the per diem rates for agencies and includes funds to transition 20 residents of the Manitoba Developmental Centre into the community.

As well, the department will be proceeding with the fourth phase of what's called the Staffing Stabilization Initiative to continue to address the issues of recruitment and retention of staff in this area.

It's worth noting that since 1999 the budget for Supported Living has increased 111.6 million or 184.2 percent. With an average annual increase of 13.5 percent, it's one of the largest rates of growth for any government program.

We have also provided additional funding to support more children with disabilities, including additional funds for respite training and a 2 percent increase to fund external agencies.

The department's strong focus on improving circumstances for low-income citizens has included aggressive action in the area of affordable housing. In '07-08 we will build on our efforts to improve the supply of affordable housing in Manitoba. Recently, we announced more than 188 million, including 61.5 million in federal contributions to a new multi-year housing strategy. This new fund will enable community driven construction or renovation of affordable homes for lower-income Manitobans, while other investments will enhance public housing, homeless shelters and basic home repair.

\*(15:10)

The first pillar is called HOMEworks! and will commence this year and provide 104.5 million over three years for affordable housing. Priority will be given to inner-city revitalization, with a focus on refugees and immigrants, seniors, urban Aboriginals, northern Manitobans and homelessness.

In '07-08, approximately 25 million will be allocated to these important areas under the HOMEworks! pillar. Under the Affordable Housing Initiative, we have allocated over 6.1 million for affordable and northern remote housing initiatives in '07-08. We've entered into an agreement extending federal-provincial renovation and repair programs to '09, under which 2 million has been allocated in this year for renovation and repair programs.

The department is committed to improving the quality of life for Manitobans through furthering the social, economic and labour market inclusion of all citizens. We strive to ensure that diversity is respected, that people feel accepted and valued and live with dignity and security. We work with the communities, support Manitoba children, families and individuals to achieve their fullest potential.

Madam Chair, we will continue through our mission to enhance our services, recognizing the very significant increases in funding this year. I look forward to the discussion here in Estimates.

**Madam Chairperson:** We thank the minister for those comments. Does the official opposition critic have any opening comments?

**Mrs. Bonnie Mitchelson (River East):** I thank the minister for his opening statement and wish him well in his new responsibilities. I have the Housing side, and I think we, as an opposition party, recognize and realize the onerous task of managing both the Family Services issues and the Housing issues.

I can speak from experience when I say that just being the Minister of Family Services for several years, I found that it was a full-time job plus. It was very busy, lots of issues affecting a lot of vulnerable people, and to add Housing issues on top of Family Services issues, I know must be a very onerous undertaking for any minister.

So I know that this minister by himself certainly hasn't created the chaos in the Housing side of the department. I think he inherited a lot of the issues that he is having to deal with today. So I know that it won't be an easy task. I will have lots of very specific questions that I'll want to ask on the Housing portfolio.

I'm not going to say too much more in my opening statement. I know it's going to be a little confusing, hopping back and forth. Maybe we'll get into the process and we'll try to keep maybe some of the overall organizational questions. Basically, it would probably be the minister and deputy that could

answer the organizational questions for the whole department, and then we'll try to ensure, for staff's sake, that we keep our questions a little focussed so that we're not hopping back and forth.

I would just like to ask the minister if he might respond, after my colleague has a chance to make a bit of an opening statement, on whether or not he had a chance to look at the letter that I sent him in preparation for the Estimates process to see whether that information might be available as we start Estimates that are specifically on the Housing side.

So I'll leave it at that and let my colleague say a few words, and then maybe the minister might respond to that.

**Madam Chairperson:** We thank the critic from the official opposition for those remarks.

Does the official opposition critic for Family Services and Persons with Disabilities have any opening comments?

**Mr. Stuart Briese (Ste. Rose):** Madam Chair, I do concur with what my colleague has said about wishing you well in this portfolio. I know you have not been in it for that long, but you certainly have a little more experience than I have as a very newly elected member and just appointed as critic for this department.

Staff did present me with just a huge amount of stuff that I've been trying to work my way through and make some head nor tail of it and trying to get my head around it. I would ask that you bear with me a little bit on some of my questions because some of it is from lack of familiarity, but I hope I'm not double-tracking in some of this.

Being from a very rural constituency, I take maybe a little different bent on some of the issues in the department because of the spaces and the areas that are out there. We do have housing issues in my constituency, and we do have child and family services and all the other issues out there.

It's a learning experience for me right at the moment, but my bottom line is probably the same as your bottom line. I want the best for the people in my constituency and in this province, and I will be trying to ask questions that will give us directions to proceed from here.

Once again, I concur with what my colleague said here. What we'll probably do first is some of the standard Estimates questions, and then I think our

plan here is to do some Housing issues first and then go to some of the Family Services issues. Thank you.

**Madam Chairperson:** We thank the critic from the official opposition for those remarks.

Under Manitoba practice, debate on the Minister's Salary is the last item considered for a department in the Committee of Supply. Accordingly, we shall now defer consideration of line item 9.1.(a) and proceed with consideration of the remaining items referenced in resolution 9.1.

At this time, we invite the minister's staff to join us at the table, and we ask that the minister introduce the staff in attendance.

**Mr. Mackintosh:** Here at the table is Martin Billinkoff, the deputy minister, along with Sheila Lebrecht, who is the acting ADM for Administration and Finance, as well as Joy Cramer, the assistant deputy minister for Housing.

**Madam Chairperson:** Does the committee wish to proceed through the Estimates of this department chronologically or have a global discussion?

**Mrs. Mitchelson:** If we could go global, recognizing that there are two critics and there are two very distinct pieces of the department, and we will try to keep our questions pertinent to the area where staff is available. Although on the organizational structure, as I indicated earlier, I think there might be the ability for us to have general discussion on all of the staffing issues, if that works for the minister.

**Mr. Mackintosh:** That's fine.

**Madam Chairperson:** It is agreed that questioning for this department will follow in a global manner with all resolutions to be passed once the questioning has completed. Agreed? *[Agreed]*

The floor is now open for questions.

**Mrs. Mitchelson:** I had just in my opening comments asked whether the minister had an opportunity to look at my letter that I sent on September 25, and whether the information that I had asked for is available now, and whether that might be able to be tabled?

**Mr. Mackintosh:** Yes, I've been advised that that information, I understand is—the compilation of that is near completion. So, we'll make best efforts if it's not available today, that we will make it available for the next sitting of the Estimates.

\* (15:20)

**Mrs. Mitchelson:** Okay. I thank the minister for that. I'm just going to ask one question on the Estimates book. I have to admit that I haven't gone back in previous Estimates and looked at this issue, but I see that there's no staffing for MHRC or Housing in the Estimates book, unless I'm missing it or I haven't read it as thoroughly as I should have. So maybe the minister could just indicate to me—and I know it is a corporation, MHRC is a corporation and that might be the reason—but if it's not in the book anywhere, can I ask him to provide me with the information on staffing and organizational structure in Housing under MHRC.

**Mr. Mackintosh:** I believe there'll be recognition of the ADM's position. There may be some support around that in the Estimates, but the Housing and Renewal Corporation is a Crown corporation and won't be represented in the Estimates in the way that the line departmental divisions are.

**Mrs. Mitchelson:** So, could the minister then provide for me the number of staff in the MHRC and the Housing Authority and the organizational charts for those with staff members? Maybe that's part of the information that's being compiled and will be available tomorrow morning. Maybe the minister could just confirm that.

**Mr. Mackintosh:** It's my understanding that the charts and staffing complements were included in the list of questions and that'll be provided as soon as we can conclude that compilation.

**Mr. Briese:** I don't know whether it was included in that letter, but I'm curious to know how many staff openings there are in your department at the present time.

**Mr. Mackintosh:** The department advises that the vacancy rate is usually in the range of 5 percent, which of course is, we're talking hundreds here, but it's my understanding that we could reduce that number. I don't know how quickly we can do that, but human resources personnel can attend to that and provide an answer to the member.

**Mr. Briese:** Have there been any positions that have been reclassified in your department in the last year?

**Mr. Mackintosh:** The positions are reclassified on an ongoing basis. I anticipate that we could reduce the number of reclassified positions at a certain point in time and provide that to the member.

**Mr. Briese:** Thank you, Madam Chair, I'll get going here yet.

Are there contracts awarded out of your department for various services?

**Mr. Mackintosh:** I guess the question is best answered by defining what the member wants to include in the term "contract." The department has arrangements, whether by service purchase agreements, by contracts, by other forms of contract, if you will, or agreement. Arrangements concluded, for example, in the Family Violence Prevention program, supported living, children's services, there are almost 200 agencies there that help to provide services for vulnerable Manitobans.

In the area of Housing, I'm advised that there are about 444 agencies or community organizations that we have working arrangements with. In Child Care there's 583, I understand, that would be child-care centres for the most part. Under Child and Family Services there are agencies there. There are over 20 of them. When you look as well at the licensed foster facilities, there are 2,736 licensed facilities.

As well, in terms of the narrow definition of contracts for services, I understand that there could be as many as in the range of 200 there. If the member would like a specific number of contracts for, like, the provision of—well, I guess he has to define what services because services is what we do. Family Services, right? If he's meaning the more traditional notion of contracts with, say, construction companies and that, then perhaps he can give us some advice as to what he would like further.

But I think that the point I'm making here is that the department has arrangements with thousands of agencies and individuals across Manitoba for the provision of services and goods.

**Mr. Briese:** I'm thinking more in terms of services that you might actually develop a contract with, some specific outside agency where it might be awarded directly or it might be tendered, that type of contract where you might be setting up a specific case.

**Mr. Mackintosh:** Is the member after consulting contracts or is it contracts for, say, plumbing and heating and those kinds of things or both?

**Mr. Briese:** I'd be most interested in consulting-type contracts.

\* (15:30)

**Mr. Mackintosh:** We can arrange for that number to be provided. I believe that the department can get that number relatively quickly.

**Mr. Briese:** Can that be provided with details like as to who got the contracts, how they were awarded, were they a tender system, and what specifically they were for?

**Mr. Mackintosh:** I am advised that that is information that can be made public.

**Mr. Briese:** Thank you, Madam Chair.

I'll shift back a little bit here. I would like to know how many, a list of the political staff that is in the minister's office and what are part time and what are full time.

**Mr. Mackintosh:** They're all overtime.

Did the member ask for the names or just the number and description?

**Mr. Briese:** I would like name, position and whether they are full time.

**Mr. Mackintosh:** My special assistant, Karen Lawlor, full time, at least; executive assistant is Jessica Irvine. That's for the constituency relations side of it and that's full time. Felix Meza is a policy adviser. He's part of the policy group. Jenny Opazo is the intake case co-ordinator. That's full time. Maeghan Dewar is project co-ordinator and she is full time as well.

There's clerical staff, but I think you were asking for the political positions and that would comprise the list.

**Mrs. Mitchelson:** Are those positions all in the minister's office, or I think you indicated one was in the policy area, so would that be working out of the minister's office or out of the policy branch?

**Mr. Mackintosh:** Felix is in the policy group, but it's fair to say he has a dual reporting to both the minister and to the head of policy who would be Rory Henry. So there's a link there with the policy group.

**Mrs. Mitchelson:** The intake case co-ordinator, what is her role?

**Mr. Mackintosh:** Jenny and Karen split responsibilities for case intake, but Jenny takes most of them because Karen has other responsibilities in terms of liaison with the department and external communications. So Jenny's full-time job is dealing with concerns that are brought to the attention of the government that fall within the ambit of the department, so she would review intakes in whatever form.

If they are requiring ongoing review or monitoring usually, because the role of everyone in the office who has a telephone near them is to deal with intake and make appropriate referrals, but Jenny would deal with those that usually require more ongoing interventions and referrals. So those kinds of decisions are made on a case-by-case basis in terms of whether they go to Jenny or not or whether they go to Karen. I think that fairly describes what her role is. I think Jenny has direct relations with contacts in the department, then, to get timely answers to questions. But I do know that she often meets with individuals and when people come in, it's usually Jenny that will deal with people who come to this building and have concerns or issues, questions about Family Services and Housing programs.

**Mrs. Mitchelson:** Just if you could clarify for me, Maeghan Dewar was project—I can't remember, I didn't write it down—did you say project co-ordinator? What does that entail?

**Mr. Mackintosh:** Maeghan Dewar was assigned responsibility to deal with longer term projects. One example has been the Changes for Children initiative in child welfare and just to provide a liaison with the different offices that are involved in that initiative and other—like, for example, the Grand Relations initiative; she was helping there; other issues as they arise from time to time that are longer term projects, doing follow-up. I think that's a fair description of what she's been doing. She's been there for about a year, I think.

**Mrs. Mitchelson:** Has there been an increase in political staff positions in the department in the last—or over the years, I guess?

**Mr. Mackintosh:** I just rely on the deputy for historical analysis but it's my understanding that Maeghan Dewar, the policy co-ordinator position, is relatively new. It was initially brought on because of the unique challenges and the need for co-ordinated action with the Child and Family Service reviews, but since then she's also been involved in other projects.

**Mrs. Mitchelson:** Are there any other positions in any other areas of the department that are exempt from the civil service because they would have been direct hire and they would have been contracts through the, you know, the Orders-in-Council that exempt them and they develop a contract with the Clerk, I guess, of the Executive Council? Are there any other positions?

**Mr. Mackintosh:** I think the member is asking are there other sort of political appointments, if you will, political attachés, in other areas of the department, and it's my understanding that there are none. It's my knowledge that there are none.

\* (15:40)

**Mr. Briese:** Still dealing with staff, how many positions have been relocated in 2007-08, like relocated from rural and northern Manitoba into Winnipeg or relocated around the province and why?

**Mr. Mackintosh:** I think the best way to answer is to first of all say that there has been no directed effort to relocate staff either to rural or northern Manitoba or to Winnipeg, vice versa. There have been increases to staff across the province, and there may be consolidation of offices in certain regions and so on, but there hasn't been any identified pattern, I'm advised, of relocations, if that is where the member's going. I know he's keen on Neepawa, the beautiful Neepawa area. If he has any advice, we'll certainly entertain that.

**Mr. Briese:** It's not only Neepawa. We do have a fear that there are being a lot of relocations that are kind of a recentralization in some of the departments. That's always a concern for all of us in rural Manitoba.

I'll move on to travel. How many out-of-the-province trips has the minister taken in the past year? I'd like some pertinent details. I don't expect you'd probably have them right at your fingertips, but I'd like to know location, purpose, dates, costs, and who all went. You may have them at your fingertips.

**Mr. Mackintosh:** Did you say out of province?

There are three out-of-province travels for myself, not for my predecessor, that I could share at this point. As I recall, I was appointed in late September of '06. It was a sunny day.

In January, there was the conference on child maltreatment at San Diego involving the Chadwick Centre, well, actually, it's a renowned international conference on child maltreatment. It was my introduction to the world best practices. That was followed in February with travel to Ottawa. There were meetings with the federal minister and the Caledon Institute, at that time dealing with welfare reform, low-income supports, and with the federal minister on a number of topics, but I can say publicly, I think this is fair to both he and I, that

child care was emphasized and the need for enhanced federal funding for child care. That was followed by, in March, Huntsville, Alabama, which is the National Children's Advocacy Center and the 23rd National Symposium on Child Abuse.

That's all we have. If the member thinks I should travel more, I'm not certain I can find the time.

By the way, in the area of Justice, and hopefully, in this area, I have found those travels to be tremendous investments, and I've encouraged staff to focus on those conferences where we can learn more about best practices. I focussed more on child abuse in my first year in terms of my ability to gather best practices and get to know the players out there, understand the language and programming that's working in other places.

It's extraordinary, actually, to see in the area of child abuse how widespread the challenges are and how similar Manitoba's experience is reflected in other jurisdictions, which I find concerning. But I also recognize that we can learn some lessons from other jurisdictions that have made valiant efforts to strengthen child and family services, child protection systems.

There's a conference coming up that I'm unfortunately not able to go to on affordable housing in Canada. So, actually, I asked one of the staff today to please come back and tell me everything because I did look forward to that.

But with the session on and other demands here, I have to forgo that in the coming week. That's unfortunate, but I hope I'll have other opportunities to learn more from those experiences in areas in addition to child and family services. I have a lot more to learn there.

From worldwide experiences, certainly the Internet has helped, I think, to know what has been developing, but the areas of child care and disabilities are also areas that I hope to be able to learn from others abroad on, but we'll see how time permits.

**Mr. Briese:** There was one other part to the question, Madam Chairperson, and that was who accompanied you on those three trips you just talked about.

**Mr. Mackintosh:** The international conference on child maltreatment, for that conference there was a representative of Child Find Manitoba there in addition to myself. There may have been other

Manitobans there; this was a very large conference, but Child Find funded their own travel.

In Ottawa, I went on my own to see the federal minister in Caledon. I also visited with the NDP caucus on child care at the time. I remember they had a bill that was before the House, and I was providing them some information on Manitoba's child-care system. So I had a lunch there with Judy and some other representatives. I knew there was something else.

In Huntsville, there was a representation from the Child Protection branch. There were two from the Child Protection branch, including the director of child welfare, the CEO of the Southern Authority, a representative of children's mental health services, MATC. That's the best my memory serves me.

**Mr. Briese:** On the Huntsville one that you're referring to, I would ask, Madam Chairperson, if the expenses on all those ones were paid for by the department.

**Mr. Mackintosh:** Well, all of the travel would have been funded through the Province, but in terms of the department, I'm certain that we paid for three people. But I'll have to ask the department whether we covered the cost of the representative of the Authority and the MATC.

\* (15:50)

**Mr. Briese:** Was there any time in the past year where any travel by the Premier (Mr. Doer) was paid for by your department, and, if so, what are the pertinent details?

**Mr. Mackintosh:** My understanding is that we're not aware of any such expenses from Family Services and Housing, but we can let the member know if other information comes to light.

**Mrs. Mitchelson:** If we could just move on to a few housing issues, then. Which of the political staff in the minister's office would deal mostly with housing issues? Is it a combination of both the intake worker and the special assistant, or is there someone specifically that deals with housing issues?

**Mr. Mackintosh:** Jenny would deal with most of the tenant issues, tenants' questions and concerns, but Karen may deal with them from time to time. So there is a sharing.

**Mrs. Mitchelson:** I'd just like to get into then a few more detailed questions around some of the activity in Housing. Specifically, I know there was a briefing

note with certainly some allegations around the North End Housing Project and the way the department has handled that issue.

I asked the minister some pretty direct questions in the House today, and I don't think I got answers from him on them. One of them was over and above the publicly announced funding for the North End Housing Project. There is some other funding that has been approved and forwarded to North End Housing.

One of the areas that wouldn't have been publicly announced but would have been provided to North End Housing was the line of credit that was negotiated and guaranteed by the Province, and I'm wondering if the minister could indicate to me how much that line of credit was for.

**Mr. Mackintosh:** As a result of a cash crunch that North End Housing was experiencing in the years '03-04, in that range, there were some concerns from the City—well, the funding partners in government, the City, Province and federal government in terms of the ability of North End Housing to respond to rapidly increasing market prices for older homes and the rapidly increasing construction costs.

Of course, we've continued to see that change in the market over the last number of years with a very hot housing market and an increasing demand for homes in older neighbourhoods. Indeed, in the North End where I live, it's my understanding that there are neighbourhoods where property values have doubled over the last number of years, which represents an increase greater than the increase in average housing prices across Winnipeg as a whole.

So it was following those concerns and the higher project capital costs that there was additional provincial funding provided. Again, that was to focus on covering higher project capital costs and supporting some of the corresponding administration expenses that was provided through Urban Development Initiative and as well through the Affordable Housing Initiative. It was conditional, on an operational review that the City was prepared to fund, and the focus that was sought was a revised business plan.

I think the best way to describe what occurred was there was a vision concluded by the board of North End Housing by 2000 on what role it could have in providing affordable housing in the North End, and that included infill housing and, you know, rent-to-own options by way of purchasing relatively

low-cost houses in the North End, renovating them, and then making them available for low-income families. What happened over the coming years then was a remarkable change in market conditions, and I think that observers would conclude in hindsight, in particular, that the business plan did not change as quickly as could have better accommodated then the changing market conditions.

The line of credit, then, of course, depends on approved projects. My understanding is though a lot of credit now is at about \$300,000 as there are still three ongoing projects. The other projects, from my understanding, is that they have been concluded. More recently then there was recognition of the need to provide up to \$98,000 in addition, which leads us to the \$300,000 line of credit in order to cover additional project management and administration fees for the completion of current projects. That was again to reflect the changing market and the increased costs of project capital costs. My understanding is that all that has not been used, that there has been a draw on some of that, \$65,000, and my understanding is that that is secured against properties that North End Housing has in its portfolio.

**Mrs. Mitchelson:** So the minister is saying then that everything that's outstanding on the line of credit, the only amount outstanding is the \$65,000 which they've drawn down in the line of credit, and the line of credit was never more than \$300,000?

**Mr. Mackintosh:** No. I'm told that the line of credit has been higher in the past, but the number we gave is what the current amount is that could be available based on the number of projects that are outstanding.

\* (16:00)

**Mrs. Mitchelson:** I may come back to some more questions around that once I get a chance to look at those answers in writing.

Can the minister indicate whether there are lines of credit that have been negotiated and guaranteed by government for any other housing projects?

**Madam Chairperson:** Honourable Minister of Family Services and Housing, and also to introduce the staff person who has joined us at the table.

**Mr. Mackintosh:** Terry Wotton is the acting executive director of Housing Programs for MHA, and he joins us at the table.

I'm advised that Lazarus Housing also had a line of credit. Lazarus Housing has wound down now.

Again, changing market conditions I understand are at play there and I think, not unlike North End Housing, these organizations have been impacted and their niche has been impacted by the rapidly changing market conditions in Winnipeg, in the North End in particular, and for Lazarus it's in the West End.

The other one, Spence Neighbourhood Association, has a line of credit and that is still active.

**Mrs. Mitchelson:** I wonder if the—so, obviously, there is no line of credit with Lazarus Housing right now, because they're wound down in their operations. And Spence Neighbourhood, did the minister indicate what that end—has that been guaranteed by the Province? Is that one that the Province is negotiating and guaranteed for Spence Neighbourhood and where it's at right now?

**Mr. Mackintosh:** We don't have the numbers with us right now at the table, but I am advised, though, that that line of credit is guaranteed against properties as well.

**Mrs. Mitchelson:** Thanks, and none out in rural and northern Manitoba?

**Mr. Mackintosh:** I'm advised there are none.

**Mrs. Mitchelson:** I did also ask the minister today in the House whether he would be prepared to table the operational review that was done by Ernst & Young, Ernst & Young Orenda, I think it was, back in 2005. That was completed in 2005. Would he be prepared to table that today?

**Mr. Mackintosh:** I'm advised that that report is actually owned by—it's the City of Winnipeg's report. We could undertake to ask the City if we could make that available and I don't know what to expect there, but they have proprietary rights and there may be a contractual piece to that, but that's the best advice I have.

**Mrs. Mitchelson:** Is the minister indicating then that the City of Winnipeg paid for the operational review?

**Mr. Mackintosh:** That's my information.

**Mrs. Mitchelson:** Thanks for that. Was the Department of Housing the one, or the lead on, implementing and working with North End Housing Project to implement the recommendations of that review and is there any monitoring requirement by the department?

**Mr. Mackintosh:** The information I have is that it was a joint initiative with the City of Winnipeg and, as well, not just Manitoba Housing, but Intergovernmental Affairs through the UDI program. But the City was a partner with the Province on meeting with the group and developing an action plan, but the operational review, I understand, was an investment by the City of Winnipeg.

**Mrs. Mitchelson:** So, then, I guess the minister can't answer for the Department of Intergovernmental Affairs, but there was no cost sharing of that operational review then, maybe by the Department of Intergovernmental Affairs rather than by Housing.

**Mr. Mackintosh:** No. I'm advised that the City was the sole funder of their operational review.

*Mr. Daryl Reid, Acting Chairperson, in the Chair*

**Mrs. Mitchelson:** So, then, Intergovernmental Affairs and Housing would have both been sort of a part of the process, although it wasn't paid for by the Government of Manitoba. They would've been a part of the process of helping to develop the terms of reference in working with the City of Winnipeg and the North End Housing Project to try to come to an understanding of what might need to be done, and then making recommendations on implementation?

**Mr. Mackintosh:** There was a recognition of the need by City and Intergovernmental, as well as Manitoba Housing and, I understand, the federal government as well—though they weren't as active on this operational review—of the need to work with North End Housing to enhance its business plan, to adjust it considering the market changes and, as well, the need to work toward sustainability. I'm advised that the City invited Manitoba Housing, for one, and Intergovernmental for input into the terms of reference and then follow-up work.

**Mrs. Mitchelson:** So, then, is the minister indicating that the City of Winnipeg is the lead in working with North End Housing Project or is the Province the lead on working with them to try to resolve the business plan and the outstanding issues?

**Mr. Mackintosh:** Yes, the department's taken on the lead in terms of working with them on the longer term.

**Mrs. Mitchelson:** Is there any City of Winnipeg money presently in the North End Housing Project projects?

**Mr. Mackintosh:** To the best of our knowledge, there is not any pending funding commitment on a

go-forward basis, but we understand that there is city money that has been forwarded for some yet uncompleted projects or project.

**Mrs. Mitchelson:** Maybe the minister could help me understand a little bit what the process is, because some of the projects that have been funded over the years are tri-level agreements, some are bilateral agreements. I don't know whether the City and the Province have any agreements with housing organizations without federal involvement. I think there are some that are just federal-provincial, but maybe he could explain to me, I guess, the different programs and how they're shared. Who is responsible for implementing the agreements, or is there a level of government that takes the lead on monitoring and implementation? How does it work? Because I am not really clear on when an announcement is made. I guess what I'm trying to get at is, when an announcement is made that there are X number of dollars that are going to a community organization to undertake a project, how does the money flow?

\* (16:10)

I guess I'm just trying to figure that all out, because the announcement is made, but, actually, does all of the money flow? How much of it is up front, and how much of it is paid, sort of, as pieces of the project are complete? Does that make sense?

**Mr. Mackintosh:** Well, we'll start with the most current development and that is the new HOMEWorks! initiative. That initiative is based on funding from the federal and provincial governments; about \$61.5 million, I think, of that fund is out of \$104 million. It's federal dollars that is flowed to the provinces.

In fact, just as a little sidebar, there had been no discussions of this earlier in terms of recognizing the role of the federal government and the provision of that fund. Each province is rolling it out separately and differently, but they have now asked for our good will in recognizing the role of the federal government in that fund. Some people call it the Jack Layton fund, actually. It was some arrangement that was made in Parliament to provide for affordable housing, and it was divided into two trust funds: one for off-reserve Aboriginal Canadians and the other for general affordable housing.

But I've had a recent discussion with Minister Solberg on this one, and I think it's important ethically to recognize the federal government. So we'll be working out how we do that in terms of

logos and announcements and so on because, I can tell you, it's always quite a rigmarole every time there's an announcement of an affordable housing initiative.

Of course, we never know who's going to be there but it's always great to see our counterparts at the federal caucus and City Hall, but it's quite a procedure in terms of setting the timing up and that. So we're going to try and streamline that but recognize the federal government. So HOMEWorks! has the federal component but HOMEWorks! as well invites municipal governments to partner on specific projects for certain communities, and there are discussions ongoing with some municipalities in Manitoba in that regard.

The Winnipeg Housing and Homelessness Initiative that began in 2000 is tripartite in its nature, and so Canada, Manitoba and the City work together on that one. There are staff that co-locate to break down accessibility challenges but the funding will flow by way of agreements from each government. In other words, each government would have agreements in place with the proponent that it will be responsible for, and it will vary in proportion depending on the nature of the project. There are always ongoing discussions among the staff as to what proportion of the needed funding should be borne by the respective levels of government.

**Mrs. Mitchelson:** Thanks, and I wonder if I might go back. I guess one of the questions that I did ask—and we can get into that maybe as we go through project by project because there have been an awful lot of announcements over the last number of years and a lot of activity. So I've gone through some of the news releases and looked at what the North End Housing Project, what has been announced.

I guess maybe it might help if I could go through some of these and if I could get a bit of detail on how much government money through which programs—sometimes it says—maybe let me just give you an example. We'll go back to 2000 then, when we talked about the first housing and homelessness projects that were announced. I think the minister indicated they were three levels of government; there was participation from all three levels.

The North End Housing Project back at that time received money from the Winnipeg Housing and Homelessness Initiative, \$29,000. It said the total project cost would have been \$152,500. So, if \$29,000 came from the WHHI and the total project was \$152,500, where would the rest of the money

come from? Were there other grants from other departments or was this private money? What would make up the balance of the amount that was announced? I'm using this one as an example but I guess.

**Mr. Mackintosh:** My sense after listening to the description of how the funding was made that it may be useful, and more important, to deal with project by project because there may be different arrangements, but I have that caveat. But the advice I have is that there was interim financing that was obtained by, in this case, North End Housing. It may be that any or all of the levels of government may have contributed to enhance the affordability of the construction or renovation.

**Mrs. Mitchelson:** If I heard the minister correctly, the difference between the \$152,500 and the \$29,000 might be significant other government money from one level or another, or did I hear that wrong?

\*(16:20)

**Mr. Mackintosh:** Again, with the caveat that this isn't specific information on the project, but it's most likely that these were borrowed funds against the property. But there may well have been in addition to any government contributions, contributions from foundations or other funding sources, which I understand North End Housing Project has relied on from time to time. I don't know if it's Winnipeg Foundation, for example, or—I recall that North End Housing also got money from a particular foundation and the name doesn't come to my mind right now.

So there would be a variety of sources and whether they went to a bank or credit union, too, I can't speak to that. But perhaps it might be best if we could do an examination of a particular project and then the member would see project by project how financing has happened, recognizing, though, my understanding is 148 units were constructed or renovated by North End Housing. I think that includes the current three that are not completed yet.

**Mrs. Mitchelson:** I would ask maybe whether, for tomorrow, because I know it's getting late in the day and I know we're back at this tomorrow, if we might go through all the public announcements that have been made. I have most of the news releases and there's significant numbers that have a component for North End Housing Project.

I would ask whether the department might be able to endeavour to provide for me tomorrow, either morning or afternoon—I know it's late in the day now,

and you might have difficulty getting it for 10 o'clock tomorrow morning, but maybe even sometime in the afternoon, if we went through the projects to help me get an understanding.

I mean, there were a certain number of units that were either to be built or to be renovated under each project. One question we may be able to answer right now, and I don't want to lose this question, so how does the money flow? I guess that's another thing. When there's an agreement under Manitoba Housing and Homelessness Initiative, does that money flow up front? Does it flow at different stages throughout the project? Does it flow upon completion?

But what I would like is information if we can get it, the number of units with the amount of money that came from the department or other provincial government departments for each project and whether that project is completed or not. I heard the minister say in his last answer that there are a couple of projects that weren't completed, and we can get into that, too.

But if we could just go through that. So maybe the minister could explain to me how the money flows from different programs within his department, and it might be different for certain programs. There was the Winnipeg Housing and Homelessness Initiative. There's the Affordable Housing Initiative, and under that I believe there's the RRAP program and other programs. The money might flow differently for different programs, and I'm just trying to understand all of this, when money is provided up front and when it's provided partway through or at the end of the project.

**Mr. Mackintosh:** I wonder if it would serve the member's information needs if we did some illustrative examples of North End Housing Project funding arrangements. That might be more manageable in terms of getting a timely turnaround on the request, because there may be, as I suspect, some basic models that were used over the last number of years. It may be manageable, for example, to do five or six projects and that might exemplify how the monies flow.

**Mrs. Mitchelson:** I thank the minister and his staff for that, too. It would just help me to understand, too, how the programs work, because I don't have a clear understanding. It's hard to be constructive when I don't know the details of the funding and how it flows. So I thank them for undertaking that.

I wonder if the minister could indicate to me where North End Housing is at the present time. I just know, or I understand from the briefing note, that several members of the board have resigned. Have they got a project manager or a general manager in place, and what is happening? Have they got money to continue operating, or what is the status today?

**Mr. Mackintosh:** Well, it's my understanding that the board has currently seven members; that was information from earlier this month. As well, they have brought in a Mr. Ken Murdoch to provide management; that was done in mid-September.

**Mrs. Mitchelson:** Would Ken Murdoch be there on a full-time basis or is he there part-time?

**Mr. Mackintosh:** I'm advised he's there on a part-time basis.

**Mrs. Mitchelson:** Does the minister believe that a part-time manager at this point in time is sufficient to deal with the outstanding issues? Are we getting information on the financial situation that we need to continue to support this organization?

*Madam Chairperson in the Chair*

**Mr. Mackintosh:** It's clear that there has to be a revised approach presented if there's to be continued new funding and approval for new projects. It's my understanding that there's actually a meeting scheduled for later this week with the idea that the plan would be presented. The vision of the volume of units has not unfolded due to the market conditions, and we will await what North End Housing Project sees as its continued role.

Clearly, any plan that is presented, there will have to be due diligence to determine that it's a doable work plan, that accountability measures are part of that. Hopefully, we can continue to see the role for North End Housing that we have seen in the past where they have actually been pioneers in providing affordable housing for North End low-income families. I know that they are interested in continuing with the role, but clearly there have been some concerns and some shortcomings identified. Those will have to be addressed if there is to be any more funding for new proposals from the Province of Manitoba.

\* (16:30)

I'm sure that all levels of government will be keen to see a continued role for North End; they've all been supportive of that project. So we will see

what the North End Housing Project has to say and to offer and what assurances they will bring to the table. But I say, though, that the department will continue to pursue options with North End Housing. We recognize there have been challenges. It's not just in the non-profit sector; it's not just with North End, but with other affordable housing initiatives and, indeed, in the profit sector. But there's a rapidly changing market, and it's important, though, that there be a recognition of what can be accomplished. We will then await their plans.

**Mrs. Mitchelson:** Can the minister indicate, I know he did indicate that there's \$65,000, I believe, outstanding on the line of credit. Did the \$98,000 that MHRC agreed to provide to North End Housing, was it forwarded to North End Housing?

**Mr. Mackintosh:** It's my understanding that the line of credit is \$300,000 which comprises a \$98,000 addition to the maximum line of credit this summer, but on the \$98,000, there's only been a draw of about \$64,000, something in that range, to date.

I might add for the record that, while there are overages on the operating side, if North End Housing Project decided to wind down—and I hope that will not be the result—but if it did, it's my understanding that, based on the information available, the sale of their properties would cover that outstanding amount, so there would be no net loss. That's the best information we have now, but I anticipate that the department will have a hard look at any proposal that is provided. In the meantime, because of the ongoing concerns, Manitoba Housing will be approving any disbursements under the line of credit.

**Mrs. Mitchelson:** The minister's confused me. He originally told me the line of credit was \$300,000. Then he is indicating that \$98,000 is the line of credit, or that was added to the line of credit. So then, are we saying that the line of credit is \$398,000? I'm kind of not following this.

**Mr. Mackintosh:** If they drew down all the \$98,000, the line of credit would be at \$334,000.

**Mrs. Mitchelson:** I'm having a little difficulty with this. The line of credit, at one point in time, was \$800,000. Is that the highest amount that government guaranteed the North End Housing Project? Did they ever have on their line of credit any more than \$800,000?

**Mr. Mackintosh:** We'll confirm that for the member.

**Mrs. Mitchelson:** I'm extremely confused. If it was \$800,000, the guaranteed—because the Province has guaranteed a line of credit. It has been negotiated through Assiniboine Credit Union, but the Province helped to negotiate with Assiniboine Credit Union and guaranteed that so that if the corporation, North End Housing Project, couldn't pay back the money on their line of credit, the government would be on the hook; the taxpayers would be on the hook for that.

**Mr. Mackintosh:** The draw on the line of credit would depend on the projects, the approved projects. So there's been a range of anywhere from around \$800,000 down to perhaps around \$200,000, I'm advised, but that will fluctuate depending on the projects that are ongoing and have been approved.

**Mrs. Mitchelson:** Right, so then is the line still at 800? But if they drew down the whole \$98,000 on the line of credit, you were saying that it would be 334,000, I think I heard that number. But can they still draw up to \$800,000? Is that the upper limit or has that been decreased as a result of some measures that have been put in place?

**Mr. Mackintosh:** I'm advised it's been decreased to 334,000.

**Mrs. Mitchelson:** I'm not a financial expert, so I'm asking these questions to try to understand. So then the line of credit is at 334,000. They have drawn down 65,000 of the 98,000 that has been approved. The rest of the line of credit is there then to complete projects that haven't been completed. Am I making a proper assumption or is there something else?

**Mr. Mackintosh:** The amount is available for drawing down for projects that have been approved.

**Mrs. Mitchelson:** The projects that have been approved but not completed. Is the department or the minister then saying that that is all the outstanding work from all of the projects that North End Housing has been awarded, that's outstanding? Are those the only projects that are outstanding? Has everything else been completed and completed to the satisfaction of the agreements that they were signed under?

**Mr. Mackintosh:** The projects have either been occupied or sold, in other words, completed, although, we'll check. But there may be some audited documents still, because that's part of the understanding, on some of those projects. We'll just double-check on that one. But, as well, though, there are three projects that have yet to be completed.

**Mrs. Mitchelson:** Thanks. Could the minister indicate what projects those are?

\* (16:40)

**Mr. Mackintosh:** I'm advised there are three houses. *[interjection]* Three units in a project that had 14 units. So, in other words, 14 units were the total. There are three left to complete, and then there is some minor seasonal work to complete on two.

**Mrs. Mitchelson:** Are these, then—and maybe when the department is taking some samples from the projects that have been funded for northeast housing, whether these three might be included, so that I have an understanding of what happens when things are completed and what happens when they're still in progress and how much money would have flowed for those?

Can the minister indicate whether audited financial statements have been submitted on the projects that have been contracted with North End Housing?

**Mr. Mackintosh:** Our understanding, but we will just confirm this, is that the audits are outstanding for the three uncompleted units and for the two others that have some seasonal adjustments—two others that have been finished. My understanding is as well that for the first few projects there may not have been that requirement; in 2000, that changed.

**Mrs. Mitchelson:** The minister indicated that presently there are still seven board members out of the 11 that are a part of the North End Housing board. Could he indicate to me who those seven members are?

**Mr. Mackintosh:** I have a list: Robert Neufeld, Sharon Allard, Julio Rivas, Darlene Klyne, Larry Morrisette, Lawrence Deane and Jim Silver.

**Mrs. Mitchelson:** Can the minister indicate when was the last time the board met and how often they meet?

**Mr. Mackintosh:** I'm advised that they've been relatively active, but we had better just nail down those dates and provide that to the member.

**Mrs. Mitchelson:** When an organization is in a difficult situation, difficult financial situation, does the government receive board minutes and resolutions and activities? Can I ask whether there's two-way communication? What communication goes from the minister or the department to an organization like North End Housing when there are

outstanding financial issues? What is put in writing, and how is the resolution to the concern that's raised by the department dealt with in response to the department? Do they write back? Is there correspondence back and forth? Is it verbal? How do we deal with these issues?

**Mr. Mackintosh:** My understanding is that, over the last couple of months or so, there have been regular meetings at least every two weeks or so. My understanding is that staff have also attended at board meetings and there have been meetings with the department and board representatives.

**Mrs. Mitchelson:** Is there anything communicated to an organization when they're in some difficulty like this, anything communicated in writing? And is there expectation that there would be a written response back from the organization?

**Mr. Mackintosh:** I'm advised that there's been a variety of communications, both in terms of meetings and of course, ongoing oral discussions, but as well there's been an exchange of correspondence.

**Mrs. Mitchelson:** Are any of the board members new members that have just recently been appointed? What's the process for appointing board members and are any of them, are most of them long-time, or are there any that have just recently become board members?

**Mr. Mackintosh:** We can provide, we'll get that information as best we can and provide it to the member.

**Mrs. Mitchelson:** Does the minister know—and he must know because there would be some financial documents based on how much is spent operating—whether, or how much board members are paid, the per diems for board members?

**Mr. Mackintosh:** We can make inquiries of North End Housing.

\* (16:50)

**Mrs. Mitchelson:** I know that it indicates, in the briefing note, that all of the financial information that's been requested from the department hasn't necessarily been forthcoming from the North End Housing Project. So, I'm wondering whether those kinds of questions, or that kind of information is available within the department. How many meetings the board has had—and I think the minister's answer to that, partially, was every couple of weeks; what the per diems are for the board members; what's the

salary for the project, or the general manager; and what other administrative costs.

Can the minister indicate where the North End Housing Project is located? I just don't know, but where is their office?

**Mr. Mackintosh:** I think the answer on the meetings was, the meetings with the representatives of the board were every couple of weeks, but whether those were meetings of the board, I would have to confirm that. But we can ask them about the number of meetings of the board and provide that information if they'll give us that.

The North End Housing is located on Selkirk Avenue.

**Mrs. Mitchelson:** Would the minister also have financial information on what the overhead costs are of running the office? That should be part of the financial record that's provided to the department. It would have to be.

**Mr. Mackintosh:** We have that information from their last financial statements, but it's my understanding that there have been reductions in staff this summer, I think, in July, so we'll see if we can provide current information for the member.

**Mrs. Mitchelson:** So then the minister is indicating he can provide the financial information, the financial statements from last year, not this current year?

**Mr. Mackintosh:** I just want to make sure I had that question. Is the member asking for copies of the financial statements?

**Mrs. Mitchelson:** Yes.

**Mr. Mackintosh:** We'll just do our due diligence just to ensure that we're not breaching some protocols or any confidentiality or privacy rules, but it certainly would be my wont to make all efforts to produce that. So I don't want to give a blanket okay to that one without just checking on that. I'm sure the member understands that there may be some issues there, but I'm not aware of any right now, but maybe we'll need permission from North End. If that's the case, then we'll seek it.

**Mrs. Mitchelson:** I guess I just want to be assured that, you know, the financial information that's missing isn't information that might have the department questioning whether there's gross mismanagement, whether money is being spent appropriately on certain things, and I would want the

minister's assurance that he's satisfied that every dollar that's been spent has been spent in an appropriate fashion at North End Housing. If the financial statements can be made public, I would appreciate that, and if not, I would want the assurance from the minister that he's satisfied with the documentation and that there's nothing inappropriate in the spending. Can the minister give me that commitment?

**Mr. Mackintosh:** I certainly have not been made aware of any allegations of misappropriation of public funds, but we'll certainly make all diligent efforts to provide a fulsome response to the question, recognizing the only caveats I provided in my answer.

**Mrs. Mavis Taillieu (Morris):** I just want to say that, with the Aiyawin scandal of a few years ago, we were requesting information at the time, and we were continually stalled under the guise of privacy and protection of information, and eventually the minister was forced to release the information that we requested.

So I think that that has already been addressed in another housing situation with Aiyawin Corporation where the information was eventually provided, so I don't see any reason why financial statements from an organization that's fully funded by the government should not be available. If there's anything to hide in there, I can understand why they would want not to give it to us, but certainly if it's an organization that's being funded by government, I think the public has a right to know what financial statements—where the money is going.

I'd like to ask just in regard to—and I may be repeating questions asked by the Member for River East (Mrs. Mitchelson) because I wasn't here earlier, but in terms of the overall schedule for maintenance for North End Housing, can the minister say how frequently the units were inspected and what maintenance has been provided?

**Mr. Mackintosh:** The assumption, though, that North End Housing Project is funded entirely by the Province isn't my understanding. It is my understanding that the funding has been tripartite, indeed I think in terms of government but, as well, from other sources as well. So that is something we have to take into consideration.

In terms of the inspection, it's my understanding that the units are sold, so there wouldn't be any ongoing inspection required. In other words, they

bought property and have renovated, or they have constructed units and have put that on the market at some point.

My understanding is that there are some rental units being constructed now and they are inspected when they're completed.

**Mrs. Taillieu:** Can the minister indicate are these new homes, then, that are being built, and who's building them and what is the cost of these homes? What does the builder get paid, and what are they sold for?

**Mr. Mackintosh:** It is my understanding that North End Housing Project doesn't have a single model. It's not just one type of house, but there's a variety of affordable housing that has been upgraded or constructed by North End Housing Project.

So what we had agreed to, recognizing there are, to my understanding, 148 units that have been constructed or are nearing the completion of construction with North End Housing, that we would provide, say, five or six models that hopefully the department would find would be representative of the kind of housing initiatives undertaken by North End Housing. That should give us then an understanding of the funding sources, of how the funding flowed. As well, then, we could look at how the properties were disposed of.

**Mrs. Mitchelson:** I just want to add before my colleague gets back in that when you're doing those numbers, you said there are 148 units. I'd like to know how many of those were built or renovated for rental, how many of those for sale, and have they all been successfully sold, and are the low-income individuals that originally bought the house still living in those houses or has there been any turnover?

**Mr. Mackintosh:** The department advises me that that information is likely available, and so we'll make that available on a timely basis.

**Madam Chairperson:** The time being 5 p.m., committee rise.

#### FINANCE

\*(14:50)

**Mr. Chairperson (Rob Altemeyer):** Will the Committee of Supply please come to order. This section of the Committee of Supply will now resume consideration of the Estimates for the Department of Finance. As has been previously agreed, questioning

for this department will proceed in a global manner, and the floor is now open for questions.

**Mr. Rick Borotsik (Brandon West):** Just as we left off the last session there was some discussion with respect to the leakage of retail sales from the province of Manitoba. We recognize that we're entering into a fairly sensitive period at this time, that being the Christmas season when retail sales are at their highest. We do know, as the minister has identified, the retail sales have been up in the past, which has been duly noted in the budget. The question that was left off was that this next quarter is absolutely vital for retail and certainly, alternatively, it's vital for the generation of retail sales tax for the provincial government.

The question was: Has the minister's staff looked at the leakage issue and, if so, have they adjusted the retail sales tax revenue stream downward for the next quarter?

**Hon. Greg Selinger (Minister of Finance):** I think, first of all, that there's an issue of leakage, I think that's an assumption, that's not a verified reality yet. We're projecting what the Christmas season will bring. There was a news story the other day where the St. Vital Mall said they hadn't seen any reduction in sales as a result of the growth in the value of the dollar vis-à-vis the American dollar.

I'm looking at my officials here to see if there's any current information to suggest there's a softening. So far there is no statistical information showing up that there's a dramatic softening in sales. We look at them quarterly. As of September they were on budget—a little over, actually; 2.5 million over what we had forecast on a cash-flow basis. So we're generally doing not badly right now, and we'll see what the Christmas season brings.

Just because the dollar strengthens, it doesn't necessarily mean Manitobans are going to zip south and spend all their money down there. They may go down south and look around and realize the prices are pretty good up here, and bring back some of those dollars back with them. Of course, they have limits. We all know Manitobans never break the rules. They never wear those cowboy boots back. They just leave them in the box and declare them at the border, right?

It's still too early to tell, but the anecdotal evidence, and I'm not saying that's strong evidence in terms of a broad review of the matter, but the

anecdotal evidence from some of the big shopping malls is that they haven't seen a dramatic softening of sales up to this point.

**Mr. Borotsik:** I'm sure the minister is speaking from experience when he recognizes that Manitobans, certainly, would not ever bring back anything more than what their limits are. I accept that.

If we can, as I mentioned yesterday, switch gears just a little bit. This has to do with the regulatory burden, regulations that have been placed on businesses, particularly, in Manitoba. We recognize that Manitoba has certain regulations in place. Other jurisdictions, particularly that of the jurisdiction of the Province of British Columbia, have put in place a rather aggressive campaign to remove the regulatory burden from business to the point where they've, actually, gone in and reduced the regulations by some 50 percent.

I guess the question I have of the minister at this time is: Does he feel that the regulatory burden on small business is fair? Does he feel that the regulatory burden should be addressed in some other fashion?

**Mr. Selinger:** Removing unnecessary administrative burdens from the business community is always a good thing to do as long as it doesn't compromise our abilities to collect the statutory revenues to which government is entitled. I would say that, generally, we've made moves every year to reduce red tape. B.C. has done a better job advertising it. We actually do a better job doing it. Therein lies the difference. I can give the member several examples of things that we've done to reduce red tape for business.

The one he's probably most familiar of, because it did get some media attention, was the introduction of the online system called TAXcess. You've heard about that? This enables business to file, pay, and view their Manitoba business tax accounts. It's 24/7, reduces tax administration costs, and was identified by some of the so-called spokespersons for business as being one of the No. 1 changes that they would support.

But in every budget—and you'll see this in the budget when you read the documents—there have been things to lower tax administration costs. I'll give another example. It used to be the case, before we came to government, that once you accumulated retail sales tax of \$210, you had to remit them on a monthly basis. We lifted that threshold to a thousand dollars so they don't have to remit as frequently.

Secondly, we changed it from monthly remittances to quarterly and then annual filing options, which is a dramatic reduction of overhead requirements and red tape requirements for small business, and 11,000 small businesses chose to file less frequently through quarterly, semi-annual, or annual tax returns. You know, we didn't hold a press conference to do that. We just put the measure in place and small business, to the tune of 11,000 of them, have taken up that offer to reduce some of their red tape.

The other thing we've done, and this has been in place since '04, is the federal business number as a common business identifier. The federal business number replaces the variety of account numbers for a business under each provincial taxation statute. Every time you had a different tax you had to pay, you had to have a different number. One number for everything. Much more convenient. Much more easy to remember and deal with. That was developed in consultation with the business community to simplify their dealings both with us and with the federal government. So it's the same number for the feds as us. One number for all accounts so that's a huge efficiency gain for business. We've had pretty positive feedback on that from not only the CFOs but some of the accounting firms.

We've consolidated licensing as of May 1, '04. Consolidating the motive fuel, tobacco, and gasoline tax licences is another huge paperwork reducer, and as the single licence is now renewed every three years versus every year for each licence, so instead of three times three times three, nine, once every three years for everything.

These are just practical examples. I can give more, but I want the member to be assured that reducing red tape has been one of the things we work on every year in the budget. We look for measures to make it easier to comply with tax codes, and to do it in a way that's as efficient as possible. I'll give some other examples later if you want to continue the dialogue.

**Mr. Borotsik:** Thank you, and, actually, I wouldn't mind hearing some of the other examples. First of all, I should say that I do believe that there was a press conference held on TAXcess, so I think the minister, perhaps, was a little mistaken on that. He did hold a press conference as per—

**An Honourable Member:** I did say that we did. That was the one we got the profile.

**Mr. Borotsik:** That was the profile.

As I say, British Columbia has identified in their particular jurisdiction, they had over 380,000 regulatory requirements. Does the minister know how many regulations we have in Manitoba?

**Mr. Selinger:** We don't have a total count in the same way B.C. did, but you know what? The B.C. approach was heavy on marketing, heavy on putting a big number out there and then saying they cut it by 40 percent. I had good discussions with them about their approach.

For well over a decade, there have been measures taken in this province to reduce red tape for business as well as for other entities that deal with government. Even the CFIB, when they launched their red tape initiative on a national scale a couple of years ago, identified Manitoba as one of the best provinces in Canada for having the least amount of red tape.

So we started off in a very good position, when they were looking across the country, which is why they came to visit us. You might recall Garth White came to visit us and wanted to do some partnering with us around this. We said we were willing to work on further measures to reduce red tape, and we will. I know there are going to be further measures rolling out in the next few years.

The specifics of how they wanted to do that weren't necessarily how we preferred to approach it because we have the Department of Competitiveness, Training and Trade that has an interest in red tape reduction, and we also look at it every year through the tax statute side.

I'll give you another example. We consolidated administrative enforcement provisions, July 1, '05. Consolidating these provisions for the eight provincially administered taxation statutes makes it easier for business to understand their responsibilities. Instead of being in all these different acts, we put them all in one place in our tax code so you could go to one place, see everything that you have to do, and it's clear and transparent.

Particularly the many businesses registered under more than one tax including sales, payroll, corporation, capital, tobacco, gasoline, motive fuel, mining and revenue taxes, this reduced the size of these statutes by 44 percent. We just took that much paper right out of the system and boiled it down into one place. If the member wants, I can give him other examples as well.

**Mr. Borotsik:** You could table that. I'd be more than interested in reading the improvements that you've made on that, because it was the same CFIB who identified that in Manitoba there was a cost of about \$846 million per year with respect to red tape and regulatory requirement. They also indicated in that same study that it was small business that was being affected the most. Unfortunately, as the minister is most likely aware, it's small business who don't have the same numbers of employees that can be put to a regulatory burden, and they spend an inordinate amount of time trying to put forward the necessary reporting systems that the government insists upon. I do know that the government with its TAXcess system, as with other systems, is looking at and is improving in some cases the reporting system.

I take it from the minister's answer that we do not know in Manitoba exactly how many regulations are out there. There are a lot of statutes on the books, I suspect, and British Columbia did count, did have a handle on those regulatory requirements. The minister had indicated that they gave us a big number and then simply was able to reduce it by 50 percent. I think it was 47 percent actually. Oh, it's a 41.15 percent reduction actually. So if you start with a big number and you come down to a middle number, then it makes sense. I would suspect that with this government, with your government, a similar count would be beneficial, but if you don't know what the number is initially, then it's difficult to reduce or at least say there is a reduction in certain regulations.

I take it from that that your department and your government have not, in fact, counted the number of regulatory requirements that are in your department, in the Department of Finance.

**Mr. Selinger:** I just indicated to the member that we've reduced the size of our regulatory requirements in taxation, in the tax section of our department, by 44 percent. That was 41 percent in B.C. That's 44 percent in Manitoba, just for comparative purposes.

So, you know, these phony counts where they count up everything that moves out there since the time of Confederation and say we're going to cut it by 40 percent, great marketing but it doesn't really speak to the issue of reducing the actual compliance costs of business in doing service. We've reduced it by reducing the paper volume. We've increased their ability to do it electronically over the Internet, and we've reduced the frequency for which they have to do the filing requirements.

The first one I indicated, reducing filing frequency for sales tax, we introduced that in '02. B.C. just introduced that last year. So they lagged us by four years.

**Mr. Borotsik:** The minister also indicated that—I believe he did, and I can read the *Hansard*, but I'm sure he indicated that this is just beginning, that he hasn't stopped in reducing that red tape burden.

I wonder if he's prepared to share with me now in what areas he still feels that there is a burden, that there is more regulatory requirement, and what areas he's identifying as being a further 44 percent reduction going forward.

**Mr. Selinger:** Well, there are a number of other things that I think we can do, but before I get to that I just want to mention a couple of other things we've done.

Point of sale reduced sales tax for residential mobile or ready-to-move homes: Now, this is very specific to a certain sector of the business community that enables purchasers to receive the tax benefit at the time of purchase instead of applying and waiting for a tax refund and reduces tax administration expenses by eliminating 350 refund claims every year.

Another one is removing the sales tax registration and collection requirements for small home-based businesses. That was done April 1, '07. It reduces paperwork and tax administration costs for up to 5,000 home-based businesses with gross annual sales less than \$10,000.

\* (15:00)

Every year we challenge ourselves to find new ways to reduce unnecessary red tape for business and increase the efficiency and effectiveness of our collection methods. It's a two-way thing. It's not about ignoring them, pretending it doesn't matter, not having compliance; it's about finding better ways to have compliance, and the best compliance in any law is voluntary compliance. It doesn't matter what law it is, if people voluntarily agree to follow the law it's so much easier than having to enforce it after the fact.

So that's the kind of method that we try to use and we work—my officials work, and the officials in Finance, whether I'm the minister or not, under any administration, I'm confident would work very cooperatively with business in over 90 percent of the cases to make these things work properly. The TAXcess system, you're absolutely right, it was done

by press conference with the support of the business community because they could see the advantages of it. It was endorsed by the CFIB and it puts us, I think, only one other province is where we are with respect to that. I think B.C. started into this before us, but my officials inform me that the depth and breadth of what we do here goes beyond what B.C.'s done. So we're trying to lead the way on providing user-friendly methods of compliance and we'll continue to do that.

Where will we go in the future, I think was sort of the gist of the member's question. I'd like to see the use of the Internet to get things done more effectively across government and I think we'll see measures to do that. As the member might know, we've actually set up a Department of Science, Technology, Energy and Mines and we've consolidated a lot of our IT functions there under a deputy minister who's knowledgeable about those functions.

Yes, there's this thing called the single window for business initiative. It's being carried out by Competitiveness, Training and Trade with the departments of STEM, Finance, Agriculture, Food and Rural Initiatives, Conservation, Labour and Immigration, Infrastructure, et cetera, Transportation, Education. The idea is that they go to one place to get all the information they need on all the permits and all the requirements they have to have nailed down before they start up a business or proceed to operate in a business environment. So that's a leading initiative. We're going to follow through on that.

So it's a bundling of services making them easily accessible online. That's a major initiative but there will be other initiatives as well and we'll bring them forward and announce them as they come into play, rather than sort of put people on the spot as they're going through the implementation process.

I'd be happy to discuss with the member every year other measures we've taken to reduce red tape. I think it's a good idea as long as it increases compliance and reduces the overhead cost of doing that. So that's, I think, what we want to do with red tape stuff.

**Mr. Borotsik:** I couldn't agree more, and obviously it allows businesses to compete more favourably with other jurisdictions who don't perhaps have the same regulatory burden that we have here in Manitoba. I couldn't agree more, any cost savings for

any small business in Manitoba is advantageous to us.

The Member for Portage la Prairie, I wonder if he would be—

**Mr. Selinger:** Just one final comment. If the member is aware of some other jurisdiction that has an advantage over us in red tape, I'd be happy to receive that information and see whether we can match it, because we actually do think we have one of the better regimes. That's what people tell us. I mean, even the CFIB said that. There were some areas where they wanted us to do some work on. We're going to do that. We're not going to necessarily do it exactly the way they wanted it, but sometimes our folks have some better ideas inside the system.

But if there is a way to do that—and the member might know, I know he's visited other countries; you go to some places in the world where to get a building permit is like a five-year process, with lots of money exchanging hands to get it. Right? And we know that exists in other parts of the world. We know a lot of businesses in other parts of the world can't even get registered legally so they operate in the black market, in effect, to make their living. So, there's no advantage to having unnecessary paper burden for business because it just becomes a discouragement to doing business. They either go offside and don't do it, in which case they're in trouble, or they find a way to do it at the expense of improving their business.

So we're looking for ways to do that, and I'd be happy to receive suggestions because we want business to thrive. We know small businesses, as we've said before, small and medium-size business in Manitoba generates most of the growth and jobs, even though big businesses provide, on a gross scale, a lot of the jobs. We want the burden to be reasonable for them as well, but I'm serious about this. If there are ways that we can improve the ability to get business done in this province, while complying with those laws which make them good, socially responsible corporate citizens, we're willing to look at it.

**Mr. Borotsik:** Thank you for that offer, Mr. Minister, and, yes, I've had the opportunity in my past to travel in a number of jurisdictions and I suggest that, although Manitoba is certainly head and shoulders above a number of other countries that I visited in, there's always room for improvement. I will certainly take under advisement his offer and I

can almost assure him that if I should come forward with—or come across any other opportunity for—a reduction of regulation or regulatory burden, I would make those comments outside of Question Period so that we could deal with this honestly and openly so that the small businesses and small- and medium-sized enterprises can benefit. It's, I think, for the best of all our purposes to see that that's achieved.

I would like to, if I could, turn over to my colleague from Portage la Prairie. He has some questions, Mr. Minister.

**Mr. David Faurshou (Portage la Prairie):** I appreciate the opportunity to participate in the Finance Committee of Estimates. Just as a carry-over from my previous responsibilities as Conservation and Environment minister, which had the Tire Stewardship Board under its guise, I would like to ask the minister whether the department has made any proviso for the unfunded liability of that newly created board that dates back a number of years in respect to all motoring Manitobans have prepaid their environmental levy for the disposition of their tires. It has been estimated that up to \$8 million should be in reserve for that particular responsibility. As you're aware, as a motoring Manitoban yourself, you've prepaid for the tires now on your vehicle for their disposition, and yet the newly created Tire Stewardship Board is effectively starting out afresh, if you will, without any substantive reserves which, as I said at the outset, have been calculated by the number of tires on the roadways of Manitoba now as being in and around \$8 million.

**Mr. Selinger:** All I can say is, I see the responsible minister for your question just fleeing the room right now. I'm not sure if his estimates are concluded or not.

You know, you're asking a level of detail that I'd have to get back to you on because I'm not directly responsible for the Tire Stewardship Board. We do agree that it has been re-launched with a producer-responsibility model and the ability to have some discretionary decision-making and how they put their levies out there, so that, for example, when you're collecting the large tractor tires, you can actually have a levy for that, whereas before, there was no levy, but somebody wanted to collect them, so it was kind of a money-losing proposition to do the right thing.

So I don't want to be difficult for the member but, you know, my staff are looking at me with

glazed eyes saying, you know, we don't really have this information in front of us right now. It's not reasonable for them to be expected to have it because it's not their department. It's not their direct report, but if there's any information, either myself or the Minister of Conservation can get for you, be happy to do it, but I prefer to do it through the minister responsible.

**Mr. Faurschou:** I do appreciate the minister's response and understand that the workings between the department—though in this case, is very necessary to correspond because all the tires that are on the roadways of Manitoba right now that are of the medium truck as well as passenger vehicles have prepaid their recycling costs. That money has to be some place and it's estimated around \$8 million.

I do appreciate, though, the new Tire Stewardship Board is in a position of a go-forward, recognizing that it has to be sustainable in their collection of levies as it pertains to the disposal of tires.

Leaving that thought with the minister, I'd like to move on to Consumer and Corporate Affairs and some of the issues that are facing us. Perhaps the minister did see the local documentary recently about mortgage fraud and the consideration that it is estimated that in our nation, this coming year, we will see mortgage fraud costing those of us that do own properties in Canada about \$600 million. This is extremely distressing that this is taking place.

\* (15:10)

Does the minister consider taking some of the Law Reform Commission recommendations about strengthening our Real Property Act and giving more powers to the Land Titles branch officials to make absolutely certain that the transactions that come before them are indeed above board?

Also to that, I would like to ask the minister that in existence today we do have the Land Titles Assurance Fund that was created to offset perhaps a hoodwinking by some unscrupulous individuals. But it has been drawn to my attention that, even though this branch of government has collected through title transfers \$2.4 million over the course of the last 130-odd years, the fund actually today is only sitting at \$125,000. That is because, as determined by your department, sir, anything over and above \$125,000 in that Assurance Fund is considered in excess. So the difference between \$125,000 and the \$2.4 million collected has indeed—well, less disbursements, which

I understand over the course of these years has been \$211,829.

So, if we do the mathematics, there's a substantive amount of money that has been transferred to the Consolidated Fund that I believe somewhere should be accounted for, just in case we need those funds to satisfy the Assurance Fund responsibilities.

**Mr. Selinger:** I thank the member for the question. The issue of mortgage fraud is one that I've had an interest in as well. First of all, I have to start out by saying there's very little mortgage fraud occurring in Manitoba. We have a very strong land titles system, automated, good, competent staff running it, and they're very vigilant. If they see any untoward behaviour occurring as the transaction's processed through their system, they jump on it. So they've done a pretty good job in that.

It is true that there is that reserve fund, and after a certain limit, \$125,000, it transfers to general revenue. That statute's been in place probably since before you and I were of voting age, to put it bluntly. So—[interjection] Yes, perhaps. It could go back even before the date of our birth which is just very recently in both of our cases. But the bottom line is there is a general transfer.

This is a classic example where prevention is the most important thing you can do. You don't want to really be having to do payouts after the fact. You want to have a good system in place that prevents it as much as possible.

But it is also true that mortgage fraud is increasing in other jurisdictions, and I'm aware of that. I've been reading about that, and I've been asking my officials what measures we might consider to strengthen our system. The Law Reform Commission did report just in the last couple of months. We are studying that report to see what the applicability is to Manitoba, and if there are things that we can do that will strengthen our system, we will consider doing that.

There's another trend out there that the member might be aware of, and that's called mortgage insurance which isn't really a good substitute for strong laws and better administration because mortgage insurance—[interjection] What? Title insurance, sorry. I think that's the proper term, title insurance. There are some firms that are trying to sort of market that as the solution to potential mortgage fraud or title fraud across the country. It's

more expensive than having good law, for the consumer point of view.

So we're looking at how to have good law to protect both mortgages and title on properties in the province. We have a good system now. I would say it's one of the better systems, but we are looking at ways to strengthen it. I'd be happy to brief the member, as we bring forward proposals. If there are any substantive proposals that we think will make a really positive difference, we'll look at them.

This is an ongoing dialogue that I have with the officials all the time. Sometimes they tell me that I don't really need to do all these things, and then I sometimes say, well, maybe there are some things we can do. But we have to look at it always in the context that there's not a lot of this going on. There are very few incidents of it in Manitoba. But I am concerned that we don't create—how could I put it? That we don't sit back on our laurels on this and become a targeted jurisdiction because other jurisdictions are moving ahead of us and then it becomes easier to do it here relative to other jurisdictions. I want to make sure we stay right up there in terms of best practices in protecting and preventing this kind of activity.

So I'd be happy to talk with the member further about this in the future.

**Mr. Faurshou:** I do appreciate the minister is abreast of the issues as much as he is, but I do want to make certain that we, again, look at the level that is afforded the Assurance Fund, the Land Titles Assurance Fund, because I can see the large transfers these days of quite high-priced properties. That \$125,000 is pretty insignificant with some of the land title transfers these days.

I will compliment the Land Titles officials because I personally have had some dealings with the local Land Titles Office in Portage la Prairie, and they are very, very true to the protocols and are very diligent in their responsibilities, but it leads me to another question and that involves Vital Statistics, because Vital Statistics does have the responsibility to provide certification of death.

The death certificates, I will say, having just had that experience, are not only placing individuals' loved ones in duress because of the event, but to have to wait now, as I understand from the department itself, six weeks minimum for a death certificate. As you can appreciate, there isn't anything that gets done without verification of

someone's passing. You need it for insurance purposes; you need it for Land Titles Office; you need it for virtually anything to do with the individual's estate. I think in this day and age of the ability to correspond almost instantaneously from hospital and morgue to Vital Statistics, I think six weeks and potentially eight weeks is far and beyond reasonable.

There is a speedier process but it costs extra money and even through that speedier process, which we did pay for, it still almost exceeded the length of time that we were responsible for paying for the funeral arrangements. You should be able to have the death certificate before you've already had to go to the pension plan and everything else to try and satisfy the funeral arrangement fees. So, I ask the minister to consider a speedier process in that regard.

**Mr. Selinger:** I just want to return to the land, the mortgage issue and the amount in the reserve fund. I don't want the member to have the impression that every time somebody transfers a mortgage on a piece of property that there's a fee that goes into the fund and then it goes into the consolidated. This fee was a fee that transferred from the old land registry system and when they converted it to the new property registry system, which is online, so the actual amount of that revenue has diminished as most properties have moved over to the new system. So, it's not currently a source of large amounts of revenue that every year we pluck out of the fund into the consolidated. It's kind of had a long diminishing tail on that, as the system has become more modernized. So, I just didn't want to leave any misimpressions there.

The amount of the fund—if there is ever a situation where the demand for protection exceeded the amount of the fund, we would deal with that on a specific basis but so far it hasn't; the fund hasn't been needed, even to the modest amount that's been put available because there have been so few incidents that we've had to deal with in the province. But if there was ever a rash of this type of activity, we would be there to protect people. So I just want to make the member aware of that, but there's been no evidence to support needing a larger fund at this stage of the game, and the amount of revenue available has been diminishing as the system has been modernized.

\* (15:20)

On the business of death certificates, the overall challenge has been the passport challenge for the

Vital Statistics office as the huge requirement for getting passports in place, and the American border issue has put a lot of stress on the office to sort of meet all these passport requests and that has put them under some duress with respect to this other matter. As you know, we operate under service standards in these agencies and Vital Statistics has usually been pretty good at meeting their service standard over the years. I think they try very hard to deliver, so, the member's example or experience, if it has been negative, I don't want that to be a general experience in the population. We have to make, we have to take efforts to rectify that. I regret the negative experience the member had if it took too long.

But, generally, to issue certificates and certified copies after a retrieval and verification of the registered events, we have a baseline of, I think, 13.5 statutory days. Sorry, number of days is 9.4 as our baseline. We're running at about 12 in '06-07. We ran at 15-75 percent make it in 12 days. The budgeted amount was 15 days. So we actually beat that by three days in 75 percent of cases. We wanted to have 15 days for 80 percent. We made 12 days for 75 percent of them. So, there are 25 percent where there is some lag time beyond the 12 days. We want to improve on that. So we do set a service standard every year and we try to meet it. But there was that problem with passports and trying to comply with that.

I take the member's concerns as legitimate, and we'll try to improve on that. I'd be happy to report to him. If there's any problem with us not improving that system, I'll let the member know. I'll ask for that to be brought forward to me if there are any problems in getting back to the standard that we want of getting 80 percent of people done within 15 days. We'd like to make sure that most citizens get the service in a timely fashion.

Now the extra fee: it is true that if they want to get super fast service, they can pay an extra \$30 and they'll get super fast service. I've had other complaints about that, but very few. Most people understand that if they want to get queue-jumping special service there's a cost to pay for that. Guaranteed within 24 hours, my staff inform me, which is extraordinary under any circumstances to be able to do that. There are some cases where people need that official document from Vital Statistics extremely quickly for legal or other reasons, and we'll try to accommodate that.

The reason for the fee is so that we don't get a rash of those demands and then we're spending all of our time trying to figure out which ones are legitimate and which ones aren't. Regular people that don't know how to make those extraordinary demands wind up getting worse service. We want good service for every citizen regardless of their social status and their ability to have lawyers available to them. Where people demand a special service for a very a specific reason, in most cases they're prepared to pay the extra \$30 to get it. And that includes the courier costs for it as well. So it's a heck of a deal.

**Mr. Faurshou:** I do appreciate the minister being aware of the situation. None of my comments should be misconstrued in regard to performance of staff members. I'm just wanting to ask the question about making sure that resources are available in order to do this in a timely fashion because, I will say, in the case of my father-in-law, Canada Pension was cut off. They learned of his passing immediately. There was no cheque in the mail. In order to be able to get the supplement and the portion going to the surviving spouse, the death certificate had to be provided. So there was a three-week, almost four-week, type of delay in order to be able to get that. So both sides of the ledger have to be served.

Obviously, Canada Pension does not have to wait for a death certificate to stop payment, yet, in order to transfer, they do need the death certificate. I just want the minister to appreciate that.

**Mr. Selinger:** I think the member makes a point that some agencies have a double standard. When it comes to cutting off resources, they don't require verification. When it comes to giving more resources or transferring them, every i and t has to be dotted.

I don't think we operate that way. Clearly, in a case where there's a surviving spouse or widow who needs the resources, we should get them done as fast as possible. If the member is aware of anybody being caught in that kind of a gap between getting resources and losing them, he should approach me and we'll take a look at how we can do something about that. We might even have to take a look at the agency and ask them to prioritize those kinds of critical issues for people. You know, senior citizens that are losing income shouldn't be left holding the bag because of the way the federal government's CPP plan runs. If we can get out of the middle of that, facilitate that transfer, we'll try to take a look at

doing that, because I can understand why the member would be concerned about that. I wouldn't want anybody I know to be in that situation as well.

**Mr. Faurshou:** I do appreciate the minister's understanding, and from personal experience, it has given me a greater appreciation of some of the delays in how different agencies operate, most certainly.

I would like to ask the minister on the consumer and corporate side of his responsibilities about the Claimant Adviser Office. It is a newly created office. It has seen growth in staff and also, too, it is an entity that I was a very strong proponent of, having engaged individuals that needed guidance and support in their efforts to get fair and just treatment through MPI.

Could the minister give me an idea as to—for the half a million dollars worth of expenditures, or almost half a million last year and expected to be over half a million this year—how many individuals have been assisted with their endeavours to come before the Automobile Injury Compensation Appeals Commission?

**Mr. Selinger:** With respect to the Claimant Adviser Office, which was I think where the member is focussing, how much help have they provided the public. Since May 16, '05, 502 appeal files have been opened. There's 273 active files, 28 are pending, requiring additional information and 201 have been closed for a total of 502.

Of the 273 active files, 225 have been received from the Automobile Injury Compensation Appeals Commission, leaving 48 where the indexes, all the information that has to be compiled, have yet to be prepared. Of the 226 files, 115 have been reviewed, leaving what we would call 111 waiting review. That is a large number, and we are going to get some additional resources to deal with that because, as the member knows, it's a new agency. We want it to function well.

But what we've discovered, as the agency has been getting up and running, is the complexity of these files, like there's been a lot of pent-up demand out there. Some of that pent-up demand is extremely complex demand. Otherwise, it would have been dealt with before. So some of the files that are coming in, like, you're talking literally, like a file box full of material that has to be sorted through and understood, and then work with the client to figure out the best course of action to deal with their concern.

Sometimes these issues are brewing for years. They've been around for quite a while. So, the staff are working under quite a bit of stress to try and sort their way through all that complexity and find a practical way to offer good advice to the people coming in the door. So we are going to put some more staff in there. We had some temporary staff in there to work on the backlogs. We brought in some additional legal expertise to help people sort out the complexities of the cases. But, there will be some additional staff that we're going to ask for and have approved to move on the backlog to make sure this agency can function in the way we originally intended it.

I do know the member, for many years, was a big supporter of getting this up and running. I do remember when we first brought forward the budget, the member was kind of surprised at how much money it takes to run this kind of an agency. All I can tell you is it's going to take even more money to get it running properly.

\* (15:30)

One of the challenges is that it requires quite a bit of skill. You can't just bring in rookies to do this kind of stuff. It requires quite a bit of skill to get your mind around these cases and understand the nuances of it, particularly when you're going up, in some cases, against the very experienced lawyers from MPIC who have spent 20 years defending the corporation. I don't want to go too far down that road, but you get my point. You have to really know what you're talking about before you can challenge some of those individuals at the Autopac corporation that have quite strong views on how right they are and aren't necessarily open to negotiation and reconsideration. You really have to be really well prepared to crack open some of those cases and get reconsideration. I'm trying to put that as diplomatically as possible. It's tough.

**Mr. Faurshou:** Yes, indeed. Having the advocate present is not only for preparation and making certain that fairness through the process comes through but also in speeding up the process. This is a quasi-judicial process, and for lawyers to be bringing forward legal jargon as to the proceedings and an individual that perhaps has never been in a courtroom before and also suffering from injury from an automobile accident, trying to present their case and being run into legal roadblock after legal roadblock, and the commissioners, themselves, trying to offer advice as to how you respond to a

legal motion, it was painful to watch the whole process.

Yes, the advocate's office, I think, is probably the best money spent in this area for certain, to get fairness in the process.

**Mr. Selinger:** I'd just like to give the member some of the experience on the 201 files that were closed; 25 got resolved without having to have a hearing, whereas MPI rendered a decision on 4, and 4 were by settlement. That's usually the best way to get it done, where everybody agrees that there's something that can be done here to improve the situation. That was 25. On 38, the Appeal Commission rendered a decision. Of the 38, 18 were successful in terms of the claimant office's interventions, which isn't bad for a new operation, and as I explained earlier, given what they're up against. Three decisions were partly successful and 17 were unsuccessful. So if they were baseball players, they'd be batting over 500.

A lot of these advocacy efforts are the most difficult cases. They're ones that have been rejected in the past. I know in things like employment insurance, et cetera, if you're lucky on a quarter of the cases, sometimes you're doing pretty well. So this isn't a bad record of success here.

Two decisions are pending. Nine appeal hearings are scheduled to be heard, and one hearing has been adjourned. Hearing dates have been requested for five additional files, so they're grinding their way through this and trying to get results.

As I said earlier, they're going to need some additional resources to bring some of those additional files up in a timely fashion and resolve them in a timely fashion.

**Mr. Faurchou:** I appreciate the minister's response and continued support of this program.

I would like to ask the minister, there was discussion a couple of years ago in regard to the Building Code and liabilities to the original contractor or the original constructing firm. At the time we were looking at condominium life-lease facilities, and the department was working on legislation that would strengthen to make certain that persons that own the condos or life-lease properties had some recourse if deficiencies in construction came to light a number of years after the original occupancy took place. We were fortunate to have the benefits of Mr. Mulder and the construction expertise that they had that pointed out a deficiency way after

the fact but it could have had catastrophic consequences.

There are other situations. I know of an individual that the basement of this lovely home that they bought was of wood construction, and unbeknownst to them, because it's all covered up with earth on one side and drywall on the other, the actual engineering and construction of the foundation was very deficient to a point right now where, in fact, the insurance company has cancelled their household insurance because of the deficiencies of that wood-frame basement. They're finding that they have only civil litigation opportunities to go back on. They're not of great wealth and this is almost prohibitive, and they're left with their most major investment in their life, their home, being worthless and no resources to find their way back to an unscrupulous contractor.

So I'm asking the minister: Have we had progress in this regard toward legislation?

**Mr. Selinger:** There has been a focus discussion with industry as well as consumers around a warranty program for condominiums. The member mentioned a home; not for homes, but for condominiums. There are existing warranty programs in place for both homes and condominiums in Manitoba. They're not perfect programs.

We think we can have potentially a stronger warranty program for condominiums, and there has been good discussion; there has been progress. There are some challenges in making it work. Who will provide the warranty and back it up and investigate and inspect around it? I mean, who will do these? And, you know, the size of the market is somewhat of an issue here, but we are working on that. We're looking at all the experience in other jurisdictions, Ontario, B.C., et cetera, to see how we can do it. I'm hopeful that we'll be able to bring a program forward.

But, you know, I'm not really in a position to do any legislative announcements here, but I can tell you my officials are working on it. We've touched base two or three times, and I've encouraged them to keep going forward to try to find a program that would work in Manitoba and offer greater protection to people with respect to buying new condos, because quite a bit of that is going on. There are a lot of homes going on too, and there are lots of renovations going on too, and consumers have to follow proper due diligence on these things.

There are some things happening with the very, very hot real estate market, particularly on some of the older homes people are buying without necessarily doing all their—you know, getting it inspected a couple of times before they buy because they're afraid they are going to lose the opportunity. Sometimes they're getting stuff that they are a little surprised by in terms of the quality after they get it. I've seen some complaints about that.

It's very hard to have a warranty program on existing homes, like all the mechanics and bureaucracy around that are pretty complex. But we do have to educate consumers to make proper decisions and check it out whether it's buying a car or buying a house. You should always do your safety checks, to be blunt about it. But I think there is a good chance that we can bring a program forward for condo warranties, on new condos.

**Mr. Faurichou:** I very much look forward to that coming forward. It's just very dismaying when some of these deficiencies show up years after the fact, like the concrete, for instance. If it's not cured properly, it'll take a couple of years before you see the flaking off of the surface. So I appreciate the minister and we can talk about the other longer.

The last point that I'd like to bring forward with the diligence of my honourable colleague from Brandon West is the recent news story about many, many pet owners that were extraordinarily dismayed to learn of the handling of their pet remains. It's a concern to every pet owner that wants to show the respect that the pet provided to them over the years and to make certain that their remains are handled in a dignified manner. There was one particular entity that obviously contravened not only a moral obligation but a regulatory obligation as well in the handling of pets, the cremation process.

I want to ask the minister: What steps have been taken to rectify this very terrible situation, and what is he doing to provide these pet owners that sorely need answers about their pet remains?

**Mr. Selinger:** Well, as the member knows, this was kind of a tragic situation, this Misty Gardens situation. We did have consumers or former pet owners contact the Consumers' Bureau, and the Consumers' Bureau has tried to work with all of the people coming in the door. We've worked with the departments of Conservation and Health as well as the Manitoba Veterinary Medical Association and the Winnipeg Humane Society. So there's been kind

of a collaborative effort going on to try and help the people that feel aggrieved.

\* (15:40)

The bureau has tried to provide the Humane Society with information on individual pets to assist with the identification process, because a lot of their concerns are being raised as: Was my pet properly buried? As you know, the situation was one where the remains of some of these pets were not easily identifiable and not stored in a way that was dignified, even for a pet. They were stored in a way that was rather horrendous, and thank God some of that stuff didn't get into the newspapers and some of the photos in the way these things were being looked after.

Most of that's been cleaned up in terms of the actual situation as it existed when it was discovered, but now the trick is to connect pet owners to the remains of the pets that they disposed of through this operator and to try and get them some sense of closure around that. We're working on that in a facilitative kind of way.

Conservation has been kind of a lead on this. We've been trying to sort of help from the consumer protection point of view to help the consumers from that point of view. There are environmental regulations with respect to the operation of the incinerator and the storage of biohazardous materials, and there are public health regulations relating to the unsanitary conditions that are in place. They were promptly enforced when they were discovered. When we looked across the country to see how it's being handled elsewhere, that was pretty much how it's being handled elsewhere through public health and environmental regulations.

Most of the remains have been sorted that were seized on September 1, and the owners will be identified once the process is complete. There's no hundred percent guarantee in the absence of DNA testing. It's difficult and extremely expensive, so we're not going to be able to do that free for everybody, and most of the folks aren't able to pay for it themselves. So the identification process will not be a hundred percent, but they're trying as much as possible to match up the remains with the owners so they know where they stand.

The Consumers' Bureau is available if there are any issues around remedies or repayments. It's mostly a mediated solution on our part. We don't actually have specific legislation where we can force

them to do a repayment or a remedy. So it's a mediated solution at this stage of the game from either the crematorium or the veterinarian clinic. We did participate in that. Our Consumers' Bureau among all the other things they're doing around payday lending and cost of credit disclosure did get involved, and I think the work is going to result in more satisfaction with many of the owners, not a hundred percent satisfaction.

We haven't brought forward legislation at this stage of the game because we were hoping the public health stuff and the Conservation stuff will do the job in most cases. I'm not saying we won't bring forward legislation, but I'd like to not overcomplicate the matter if we can have our existing legislation do the job better. Once again, this is the classic example where we've got to prevent these kinds of things.

We were informed when we looked into it that things were in pretty good order until spring, and really it was a matter of deterioration over the summer months almost, like June, July and August, but up until then the original notes I read—I'm scaring my ADM here because I'm winging this, but the original notes I read showed that things were in pretty good shape until about the end of May and only deteriorated after that, but accumulated very quickly as owners were bringing in their pet remains. I think they ran out of cash is what it came down to.

**Mr. Borotsik:** First of all, I'd like to thank my colleague from Portage la Prairie. As I mentioned earlier at our opening, to the minister, this is a learning experience for me and as I go through all of the process I find out a number of areas that I can keep for later information. One of the things is if you want to run out the clock, just invite your colleague from Portage la Prairie. Not that I have any intention of running out the clock, but I do thank my colleague for putting forward some very pertinent questions and ones that I certainly didn't have.

However, before the staff leaves, going back to the Consumer and Corporate Affairs, one area that I did identify and it was touched on just recently with respect to the claimant advisory office, I did identify a rather substantial increase in salaries, in fact 29 percent which has been identified, was identified for the same number of FTEs. The FTEs is four; however, there is a note with respect to administrative support and the note is for increased workload.

Now, am I to assume from the 29 percent increase that that is part-time employees or is that just an increase to the FTEs' salaries?

**Mr. Selinger:** This office was started with a pretty barebones staff. We put an extra FTE in there, an extra employee in there last year, and I'm informed that that additional claimant adviser—*[interjection]* an extended FTE. This was an arrangement where we can provide an additional FTE to start cleaning up backlogs on a special basis. So there was more money gone in there. It went into the agency to have additional personnel to try to deal with the backlog. Is that correct? *[interjection]* So it was put in there on a temporary basis for up to a year.

Now I think we're going to have to make some of those resources available longer term than that because the cases continue to roll in the door and the complexity increases.

**Mr. Borotsik:** If you could, Mr. Minister, just clarify for me—as I see here there's a comparable number of FTEs from 2006-2007, 2007-2008. There are four. However, the salaries are substantially higher. Are you saying that—*[interjection]*

**Mr. Selinger:** The FTE didn't show as a fully established FTE; it was a temporary position which is why the salaries are higher.

**Mr. Borotsik:** Thank you. That does explain that. It does seem substantially higher from salaries. Well, it is substantially higher from salaries than it was the previous year, when you're looking at the same numbers of people, and it doesn't identify that in the Estimates book. It just shows the same numbers of bodies at a substantially higher salary.

There is a note, and it does talk about the workload. I do appreciate that, as my colleague from Portage la Prairie has identified. It's certainly a very valuable resource that is coming to Consumer and Corporate Affairs. Not necessarily all of his comments are accepted by all members of my caucus, I could assure you. So there may be some—that's a bit facetious, but not all of the comments are going to be taken at full bore.

I wonder if I can switch. We don't have an awful lot of time now, and I do want to go line by line, obviously. We want to deal with the Minister's Salary, too, and that's going to be an experience for me.

**An Honourable Member:** You should pass.

**Mr. Borotsik:** Well, we may well; we may well. You never know. There's always something that sits on the table.

I wonder if I can, very quickly, as I said—now I could use more time, but that's okay.

Results-based spending, and I said in my opening comments that the minister has a very difficult job, obviously. He has a number of requests from a number of departments. He has limited resources, although he has been increasing those resources in a number of areas. Just for my own purposes, my own information, how are departments held accountable for their spending?

**Mr. Selinger:** Well, first of all, in the budget process, they have to propose spending and identify what results they're going to get for that spending and have a strategic plan for that. We ask them to provide what we call a strategic overview. They're accountable for it on the other end in their annual reports, where they're supposed to show in their annual reports what they've accomplished with the money they've got. During the year, just on the actual cash flows, they provide quarterly cash flows that we monitor with them to see how things are going. That gives us an idea of how they're doing with respect to the budget allocation that they've had.

There are times throughout the year when we have to make adjustments and make in-year approvals to allow for certain activities or certain needs to be met. They're dealt with by the department bringing forward a request to do that. So there's an in-year process, there's a budgeting process, and there's a year-end process in terms of reporting through their annual reports. That's before you get to all the Estimates reviews, Question Period, media, stakeholder responsiveness, all of those other processes there that are available in this kind of a community that we live in.

**Mr. Borotsik:** So the minister is suggesting that Question Period is a valuable check and balance on the expenditures of all of the other departments?

**Mr. Selinger:** You must feel that way sometimes, the members of the opposition. Question Period is an indispensable part, not only of the theatre of the Legislature but the accountability of it as well.

**Mr. Borotsik:** Thank you, and I guess my last question with respect to that, and then we'll get into some detail that I have in the actual Estimates document. Based on those priorities—and again, it's such a jigsaw puzzle, as I referred to it earlier, in

putting everything together—there are some issues that I have some concerns with.

\* (15:50)

I know that we spend an extraordinary amount of money out of the annual budgets on health care. I recognize that health is very, very important, and I don't begrudge, certainly, the dollars going into the health-care system. But just recently there was a Conference Board of Canada survey that came out and it did say that Manitoba, in fact, spends on a per-capita basis in health care, they spend the second amount, I believe it was, only second to Newfoundland. However, in that same report the Conference Board of Canada came out and said not only do we spend the second largest amount per capita in health care, but they also did a value-for-dollar and said that the service provided in that health care was the lowest that we had in the country. On one hand the most, on one hand the lowest, and I guess, from the Finance Minister's department, do you look at that type of information when going forward with budget requests coming from that particular department?

**Mr. Selinger:** We take a look at that. We ask those very questions which you've sort of asked to me, indirectly, do we look at value for the money in health care? There are tons of indicators out there. Not all of which we review, a lot of them stay at the RHA level in terms of performance measures that they report to their boards on, but we do look for macro-value indicators in health care and those processes need to be continually refined as we further provide electronic infrastructure for the reporting requirements.

As the member has been here in the Legislature, he'll hear questions to the Health Minister every day. How do you manage wait lists? How do you get a specialist to share his wait list, which may have 20 people on it, with the chap who also does the same kind of orthopedic knee surgery that has three on his? Now, does it make any sense for one to have 20 when one has three? These basic decisions where we have to get a co-ordinator for say, orthopedics, together with the docs and share the wait lists so that they can provide the best service to the public.

The public has choices to make, too. Do they want this doctor with the longer wait list, or are they prepared to accept this doctor with a shorter wait list to get the service provided? These are all the subtleties of the system that need to be managed. We found the same thing in cardiac care and cardiac

surgery that we had to get an overall system of managing wait lists rather than letting each surgeon manage it as if it was his wait list or her wait list, but it's a wait list of them together serving the public of Manitoba and they have an obligation to try to co-ordinate their resources and their activities to do that.

When you look at the Conference Board of Canada material on health-care spending, there are adjustments that are made for age and socio-economic conditions and that tends to work to our advantage in terms of improving our ranking. Newfoundland has challenges as well with their dispersed population, remote population.

When you look at the increase in health-care spending, other provinces are increasing their health-care spending more rapidly than we are. You just have to take a look at the Alberta budget of last year. The overall budget went up 17 percent, 17 percent. I mean, that's sort of a three-year effort on our part to do that.

There are enormous pressures in health care on the provider side. Paying for the specialists, the doctors, the nurses, the technicians when they're in relatively short supply. There's a market reality there that has to be addressed in compensation issues and then there's performance measures required in terms of making sure those people, when you pay for them, get the results, and those are the issues that we work on all the time with the health department. They're primarily responsible for that through their RHAs, but we certainly have that dialogue with them when we talk to them.

**Mr. Borotsik:** I said earlier that it's pretty unfair to make comparisons with Alberta and certainly, with their population growth and with their abilities to pay, they—obviously, the 17 percent is there. They also retired all their debt, just as a passing point. So it's unfair as I say, to compare with Alberta and we've made that comment a number of times.

**Mr. Selinger:** I'll just leave one final awareness that I've had with respect to Alberta. Ralph Klein made a huge deal out of the fact that he retired the debt. He never mentioned the fact he left the teachers' pension liability untouched all his time in office and so, that's part of his—in the new summary budget world, that's a liability equivalent to debt that has to be addressed, and we're addressing it there now.

**Mr. Borotsik:** We can get into a debate on that because I'm sure that Alberta does have some other

advantages that we don't at this point in time in Manitoba. Certainly, there's some talk right now with respect to additional revenues being generated out of the oil sands. If that happens, I'm sure that they could probably cover off their unfunded liability with teachers' pensions. I'm sure they could, but we won't get into Mr. Stelmach's priorities at this time. I'm sure he has others.

If I can please, I do want to get into, very briefly—first of all, I should say the definition of global and line by line was a little confusing to me, so I don't necessarily have to go line by line right now, but I do want to talk about some of the special operating agencies that have been identified in the Estimates book. It was touched on very briefly, by my colleague.

Just for my own purposes, if you look at the Estimates book, Vital Statistics, for example—and we do know that there are revenue streams that come from the different special operating agencies and go back to the government. In this particular case, doing some comparables, some comparisons over the last three years, the net earnings of Vital Statistics was some \$605,000, and, in fact, the revenue share to the province was \$600,000. They're having some issues internally with some cash-flow issues and certainly some retained earnings. Is that a typical policy of this government, is to take every penny that the special operating agencies are earning and take it into general revenue?

**Mr. Selinger:** The short answer is no. We do allow them to have a certain amount of retained earnings. Special operating agencies, like any business, like to retain everything they earn, but they have an obligation to provide some value-added to the province because we provide some supports to them as well in terms of overheads and infrastructure. But the reality is that we allow them to retain—it's analyzed every year. We have a person in Treasury Board that looks after the special operating agencies and reviews their budgets and makes recommendations on what they think is a reasonable amount of retained earnings. Some of them have retained earnings and they have reserve funds in addition to that. We allow them to have a certain amount of that that they keep and then there's a certain amount that they provide to government.

In the case of the Vital Statistics agency, between '06 and '07 their cash and short-term deposits increased from \$749,000 to \$1,152,000, so they're in better shape than they were.

**Mr. Borotsik:** The Manitoba Securities Commission as I find going to revenue share to the Province for the last three years from their net earnings—net earnings—for the Manitoba Securities Commission it was \$18,820,000, yet it's shown by my numbers that the revenue share to the province was some \$21 million. So over the last three years the revenue share was, in fact, larger than what the net earnings were.

**Mr. Selinger:** Usually, that reflects the fact that they have healthy reserves and healthy retained earnings, so they can do a little better on—*[interjection]* Their cash and equivalents at the end of '07 was \$4,594,000 which was up from \$3,244,000 the year before.

So we take a look at what they've socked away for a rainy day for themselves and ask whether they can provide more contribution to the overall government, and in both cases that you've mentioned they're better off even though they've made a larger contribution.

**Mr. Borotsik:** Is it a voluntary—when you say you ask for that contribution, is it voluntary or is—

**Mr. Selinger:** These are decisions ultimately made by Cabinet. The recommendations we get at Treasury Board and move forward to Cabinet for final consideration.

**Mr. Borotsik:** Just as information, the same is true with the other SOAs, too, the Property Registry, the Companies Office. It seems that the revenue generation has been substantially higher over the last while, revenue shares going to the Province than is being retained in retained earnings. Three very quick questions—

**Mr. Selinger:** In those cases, it really reflects the fact that the economy's been generating quite a bit of activity, so there's been more earnings there, and they've been able to contribute more while still having healthy retained earnings.

**Mr. Borotsik:** I'm glad the minister has finally accepted some of my comments with respect to this has, in fact, been a healthy economy, that there's been some substantial growth over the last 10 years and that, in fact, it has been a relatively—never easy, but certainly a relatively easier time in balancing budgets and generating income. So I am glad that the minister has agreed with me.

Three very quick questions: It's a question that's come up just recently with not even my constituents

but other constituents. Has there ever been an opportunity for an exemption on PST with municipalities? One of the municipalities in a surrounding constituency of mine is doing a large capital project with a rec centre. There has been a provincial contribution. That provincial contribution has been around half a million dollars. The total capital of that particular project is going to generate somewhere around \$700,000 to \$750,000 in PST.

Has there ever been an opportunity to waive or exempt the PST from those types of municipal projects?

\*(16:00)

**Mr. Selinger:** It doesn't happen very often and I don't think it happens at all because the amount of requests for PST exemptions could almost be infinite. Every cause is a good cause, and all these projects are good projects. We contributed to them through various infrastructure programs, through the revenue sharing. The member might know we have the Building Manitoba Fund, which is a successor to the Provincial-Municipal Tax-Sharing agreement. Manitoba has the most generous transfer payments to municipal governments of any province in Canada. We share corporate tax revenues, personal tax revenues, gas tax revenues, casino revenues and VLT revenues with municipalities. No other jurisdiction in Canada does that. So we give a lot of up-front money to help them do what they've got to do.

**Mr. Borotsik:** I take it from that particular answer—and I appreciate the answer and I think I knew it before I asked the question—the only alternative there then would be to go back and look at additional contributions, if that in fact is the case from the provincial government for that particular project.

**Mr. Selinger:** Or, as I've heard the member say with respect to our government, they could also re-prioritize. If they think it's that important, they can put more of their own money into it.

**Mr. Borotsik:** Just for the minister's knowledge, and I know he has it, is that—the VLT revenues, by the way, was revenue sharing that came from a previous government, as I do have some experience in that particular area. As for casino revenues, that happens only where those casinos are held, and that's certainly in the city of Winnipeg and there isn't one currently in other major communities in the province of Manitoba.

**Mr. Selinger:** No question the VLTs were ramped up and widely implemented in the province under the previous government, and then they decided after they had that cornucopia of revenue they would share some of it with municipalities. But it's also true that every budget we've passed has found new ways to support municipalities by broadening the revenue base and doing more things with them on infrastructure.

**Mr. Borotsik:** I know from a previous life that municipalities appreciate that. Any types of revenues that they can generate from the Province are most appreciated and any additional types of revenues, because we are—have been, whether we continue or not remains to be seen, but we have been in a fairly buoyant economic atmosphere here in the province of Manitoba, so sharing those revenues when you have them is certainly appreciated from the municipalities.

Mr. Minister, it is past the hour. I would certainly acknowledge, No. 1, my thanks to you for the last numbers of hours that we spent here at this table. It has been a learning process. I look forward—well, maybe I won't go quite that far—but certainly I do know that we're going to be getting into Estimates in the not-too-distant future with the budget and new Estimates, and I guess I do look forward to that opportunity. Having learned something over the past numbers of days, I hope to bring that to the table at that time.

**Mr. Selinger:** I'm ready when you are.

**Mr. Borotsik:** If we can, we'll go line by line.

**Mr. Chairperson:** Seeing no further questions, we will move now to the resolutions.

Resolution 7.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,923,400 for Finance, Treasury, for the fiscal year ending March 31, 2008.

**Resolution agreed to.**

Resolution 7.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$6,179,700 for Finance, Comptroller, for the fiscal year ending March 31, 2008.

**Resolution agreed to.**

Resolution 7.4: RESOLVED that there be granted to Her Majesty a sum not exceeding

\$17,237,400 for Finance, Taxation, for the fiscal year ending March 31, 2008.

**Resolution agreed to.**

Resolution 7.5: RESOLVED that there be granted to Her Majesty a sum not exceeding \$3,443,600 for Finance, Federal-Provincial Relations and Research, for the fiscal year ending March 31, 2008.

**Resolution agreed to.**

Resolution 7.6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$427,200 for Finance, Insurance and Risk Management, for the fiscal year ending March 31, 2008.

**Resolution agreed to.**

Resolution 7.7: RESOLVED that there be granted to Her Majesty a sum not exceeding \$6,322,100 for Finance, Treasury Board Secretariat, for the fiscal year ending March 31, 2008.

**Resolution agreed to.**

Resolution 7.8: RESOLVED that there be granted to Her Majesty a sum not exceeding \$10,570,000 for Finance, Consumer and Corporate Affairs, for the fiscal year ending March 31, 2008.

**Resolution agreed to.**

Resolution 7.9: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,298,200 for Finance, Costs Related to Capital Assets, for the fiscal year ending March 31, 2008.

**Resolution agreed to.**

Resolution 7.10: RESOLVED that there be granted to Her Majesty a sum not exceeding \$48,209,000 for Finance, Net Tax Credit Payments, for the fiscal year ending March 31, 2008.

**Resolution agreed to.**

Consideration of the Minister's Salary. The last item to be considered for the Estimates of this department is item 7.1.(a) Minister's Salary, contained in resolution 7.1. At this point, we would request the minister's staff leave the table for the consideration of this last item.

The floor is open for questions, if any. Seeing no questions, we will put the question.

Resolution 7.1: RESOLVED that there be granted to Her Majesty a sum not exceeding

\$3,952,000 for Finance, Administration and Finance, for the fiscal year ending March 31, 2008.

**Resolution agreed to.**

This completes the Estimates for the Department of Finance.

The next step of Estimates to be considered by this section of the Committee of Supply is for the Department of Water Stewardship.

**Mr. Selinger:** I'd just like to thank the new critic of Finance for his questions. What I would like to say to him is that where we try to break beyond the partisan nature of the process and actually make good questions with good solutions and good problems, he'll find me fully co-operative, and where we're playing the game, he'll find me fully engaged in that as well.

I appreciate many of the questions you've asked, and I think we've actually been able to shed some light on some important topics here today about how we can improve Manitoba. Some of your colleagues also I thought asked some very good questions in the area of Consumer and Corporate Affairs. In all of those areas, I think you'll find that not only at the ministerial level but at the public service level there's a great desire to make things better in Manitoba.

**Mr. Chairperson:** Shall we recess to allow the minister and staff from Water Stewardship to prepare for the commencement of the next department, recess like five minutes or something?

**An Honourable Member:** Sure.

**Mr. Chairperson:** Okay, we will reconvene in five minutes.

*The committee recessed at 4:07 p.m.*

*The committee resumed at 4:12 p.m.*

#### WATER STEWARDSHIP

**Mr. Chairperson (Rob Altemeyer):** Will the Committee of Supply please come to order. This section of the Committee of Supply will now consider the Estimates for the Department of Water Stewardship.

Does the honourable minister have an opening statement?

**Hon. Christine Melnick (Minister of Water Stewardship):** Yes, I do.

**Mr. Chairperson:** Please proceed.

**Ms. Melnick:** I'm very pleased to present the 2007-08 Estimates of Expenditure for the Department of Water Stewardship. The department is only five years old and this budget builds on many of our accomplishments. The budget provides for a \$3.5 million or 12.2 percent increase in spending on water stewardship priorities. These expenditures reflect our government's priority focus on water as an investment in the future of our province.

Funding has been provided for one new conservation district, bringing the total number of these planning districts to 18, which is double the number that existed in 1999. CDs are key partners in integrated watershed management plans. Increased funding to the Manitoba Habitat Heritage Corporation to support additional riparian easements to protect the rivers and lakeshores from nutrient loading has also occurred.

Water protection has also been advanced through an additional \$1 million for the Lake Winnipeg Action Plan and implementation of The Water Protection Act. Our initiatives for Lake Winnipeg include the Lake Winnipeg Stewardship Board, collaborative science research, support to the Lake Winnipeg Research Consortium's *Namao* research ship, E. coli research and the Clean Beaches Program, developing environmentally friendly drainage guidance, and continuing work toward establishing long-term ecologically sensitive nutrient objectives for Lake Winnipeg and its watershed.

The Manitoba Water Council has been established. The council will assist in building a broad-based consensus among Manitobans on sustainable solutions to our province's water protection and management challenges.

I was also honoured to take a lead roll, appearing before the parliamentary Standing Committee on Environment and Sustainable Development this past spring in Ottawa to address the growth of blue-green algae in Canada's waterways, including Lake Winnipeg. Further to this, based on public consultation, we are also pressing for a national ban on phosphates in dishwashing detergent and have recently been joined by the Province of Québec and the Canadian Consumer Specialty Products Association in our efforts. We will be introducing

legislation, this fall, if the federal government does not show leadership on this file.

We continue to be vigilant in protecting our waters in trans-boundary disputes, such as Devils Lake. Increased funding is also provided in this budget to support enhanced drainage licensing and enforcement across the province. Over the past two years a total of 14 FTEs have been added to more than double the size of this unit.

Sustainable fisheries resources are not just a product of healthy water but, also, of collective management. This budget firmly establishes the Fisheries Enhancement Fund, including a \$250,000, or quarter-of-a-million increase, to result in \$600,000 in funding for fisheries research, development, fish-stock assessment and monitoring, fisheries habitat rehabilitation and education that will be developed with input from a broad range of stakeholders. I also had the pleasure of presenting, for the first time, long-service fisher awards to 99 deserving recipients who have worked the waters of this province harvesting fish for over 50 years each.

The 2007-2008 Estimates also enhances our flood forecasting and flood response co-ordination unit, almost doubling its budget. The department also continues efforts to work with municipalities to operate the Amphibex to minimize the potential for local flooding due to ice jams.

In addition, the Office of Drinking Water will see an increase in funding to assist in the continued improvements and assured quality for Manitobans. The drinking water safety regulation and the drinking water standards regulation which came into force on March 1, 2007, will strengthen the department's surveillance of water systems across the province.

As stewards of water, the department is faced with the complex task of protecting aquatic ecosystem health; restoring the community and economic values of our waterways, lakes and wetlands; and managing water and its related resources, such as fisheries, in a sustainable manner for today and for the future. The department is committed to enhancing and maintaining a sustainable economy based on the wise use of our natural resources. Our role is to ensure that none of us take the health and the abundance of our water systems for granted; in short, that we all become stewards of water.

I look forward to the questions on the priorities reflected in the Estimates for the Department of Water Stewardship.

**Mr. Chairperson:** We thank the minister for those comments.

Does the official opposition critic, the honourable Member for Tuxedo, have any opening comments? Please proceed.

**Mrs. Heather Stefanson (Tuxedo):** Thank you very much, Mr. Chair, and I thank the minister for her comments. I would just like to say a few words with respect to this portfolio. I have been charged with being the critic for the environment on behalf of our party, so it takes in the Water Stewardship portfolio as well as Conservation. I've already had the opportunity to go through the Estimates in Conservation. I'm very much looking forward to this Estimates process in Water Stewardship.

This is something that, certainly, the quality of water within our province, our environment in our province, is something that is very dear to me as it is many people across this province, arguably, everybody across this province. Certainly, when it comes to the environment, it's all of our responsibility to ensure that we do whatever it is we can within our power to ensure that we are creating and sustaining a better quality environment for our children, for our grandchildren, for generations and years to come.

\*(16:20)

So I'm looking forward to having the opportunity to question the minister on a few areas. Of course, I think we all have the same goals in mind, and that is to create, obviously, a better environment. Specifically to this portfolio, it's to ensure that our lakes are there to be enjoyed, to be as clean as they possibly can. From an environmental perspective, just so that our children can—quite frankly, this is about our quality of life in future generations. I think many of the goals that we have in mind are to sustain and to improve the quality of our water systems, whether it be for drinking water or for recreational activities or the water that we need for agricultural purposes to produce food on our lands here in this wonderful province.

I do have some concerns with respect to perhaps the direction that has been taken over the last number of years. One thing that I have noticed is that there's been more of a focus on a heavy-hand, regulatory

emphasis, rather than trying to create opportunities and incentives for people to be a part of this process.

So many of my questions may be sort of around that. I think that as we're all part of the problem, we need to be part of the solution. I never believe that by a heavy hand of government forcing people to do things is necessarily the best approach because I always find that people are trying to find ways around rules and regulations and all those types of things, and in doing that we lose sight of what we're trying to achieve. I think people respond better, in general, to a more inclusive approach to finding solutions to problems, and I prefer more incentive-driven programs where people are a part, again, of the solution and not forced to take action, because, quite frankly, I believe that most people have good judgment and want to achieve the betterment of society. I trust people when it comes to that. I guess to me an approach where it's sort of a heavy-hand-of-government approach, I find is maybe contrary to believing that people inherently believe in the betterment of our society.

So I think with those opening remarks, I know that my colleagues and I have a number of questions that will take in various bodies of water all across this wonderful province, various drainage issues and water quality issues in many areas.

So I will leave my opening comments at that and I look forward to the questioning in this Estimates process.

**Mr. Chairperson:** We thank the critic from the official opposition for those remarks.

Under Manitoba practice, debate on the Minister's Salary is the last item considered for a department in the Committee of Supply. Accordingly, we shall now defer to consideration of line item 25.1.(a) and proceed with consideration of the remaining items referenced in resolution 25.1.

At this time, we invite the minister's staff to join us at the table and we ask that when they arrive the minister introduce the staff in attendance.

**Ms. Melnick:** I'd like to introduce the staff that I have at the table here. We start with Don Norquay, acting deputy minister of the department. We have Bruce Gray, assistant deputy minister, Corporate Services. We have Eugene Kozera—not Kostyra—manager, Water Control Systems, Regulatory and Operational Services, and we have Joe O'Connor, director, Fisheries Branch.

I'd like to open my comments by thanking each member of the staff of the Department of Water Stewardship. I am extremely proud to be the Minister of Water Stewardship. As I look back at this department, a department that was created a short five years ago, and I look at the vision, the quality of work that is done, the initiative that is shown and the deep care for the environment, all leading up to the tremendous goals that have already been achieved, the achievements that we've celebrated. We're first in Canada in water protection, water quality. We're first in Canada for water quality management zones. I'm very, very pleased and very happy to be working with the staff of the Department of Water Stewardship.

**Mr. Chairperson:** Does the committee wish to proceed through the Estimates of this department chronologically or have a global discussion?

**Mrs. Stefanson:** A global discussion, Mr. Chair. Would that be acceptable?

**Ms. Melnick:** Sure. Go for it.

**Mr. Chairperson:** It is agreed then that questioning for this department will follow in a global manner with all resolutions to be passed once the questioning has been completed.

The floor is now open for questions.

**Mrs. Stefanson:** I'd like to start off with a line of questioning with something that the minister mentioned in her opening comments with respect to legislation that may be coming forward shortly with a phosphorus ban on dishwashing detergent. Obviously, this is something that, I know the minister mentioned that she will probably be bringing it forward in the event that the feds don't bring it forward prior to their opportunity.

Could the minister just indicate—I'm just interested in a little bit of background with respect to phosphorus in dishwasher detergents. What is the effect on the water system? I know obviously phosphorus creates algae and so on, but what is the effect specifically in Manitoba on our lake systems from dishwashing detergent?

**Ms. Melnick:** I'll start some time ago with the Great Lakes, particularly Lake Erie, about 30 years ago, which was experiencing tremendous problems. It was a lake that was under very serious distress. There was a lot of co-operation between the federal governments, the United States and Canada, as well as the states and the provinces that border Lake Erie,

and there was agreement that there were two main point sources that were contributing to the stress in the lake at that time. One was waste water management sites, and the other was laundry detergent, which at that time contained a very high level of phosphates.

So the agreement was—if we're going to focus specifically on your question relating to the dishwashing soap—that there would be a ban, that there would be a national ban on phosphates. Actually, a North American ban on phosphates in laundry detergent, because they figured this was one of the main source points and, in fact, they were right. Lake Erie has recovered to a great degree. I mean, there's always more work to be done around water, but they found that laundry detergent was a big point. Once that source was removed, it was very good for the lake.

\* (16:30)

They didn't move on dishwasher soaps at that time because very few people had them. So it wasn't really thought to be something they would move on. However, the level of phosphates in dishwasher soap adds approximately 1 percent of the total load into Lake Winnipeg. So what we're looking at is a national strategy, and I've spoken to the federal minister, Minister John Baird, who hasn't said no and hasn't said yes to a national strategy, to national legislation, but I think we need to speak in context here. When we talk about the Lake Winnipeg basin, we talk about approximately a million square kilometres when we look at the basin-wide catchment. So when someone puts dishwashing soap into their dishwasher in Edmonton, it makes its way into Lake Winnipeg, and that's where we're looking at interjurisdictional co-operation. That's where we're looking at a national strategy.

So I was very, very pleased that the province of Québec has also come forward with a plan to work on laundry detergents, and I was very, very pleased that the national professional organization of the companies that actually supply I'd say 99.9 percent of dishwashing detergent have also come on side. They have cited that Manitoba is the leader and that they are very pleased and happy to be joining us in lobbying the federal government.

The federal government goes back into the House on October 16, I believe. Again, I don't know if they're going to be bringing in legislation or not. It would be great if they did. A couple of points to consider in bringing in legislation of this type is

No. 1, industry shock. We want to make sure that industry has the time it needs to comply, but also cost. I'm sure we all, as we go through our local grocery stores or to special stores that deal with environmentally friendly products, we notice that there can be quite an increase in cost for the environmentally friendly products versus the more standard products.

We're a government that would look carefully at the time lines for industry. We would also look carefully at the cost because we don't want to penalize lower-income Manitobans for being environmentally friendly. So there's a lot of thought to go into this but, definitely, this is the right direction. We see, I think it's four states have brought in legislation with I think it's a 2010 time line for implementation. There are three more who are bringing forward legislation.

So we're also working co-operatively with those states, and I think that the best way to really come about this is to have as many partners on side as we can, to have realistic time lines, realistic goals, and slowly but surely continue to work on improvements for our water.

**Mrs. Stefanson:** The minister mentioned that Québec also has come forward and is sort of following—you know, the minister mentioned that with a plan, I guess, Québec is also coming forward with a plan. I'm assuming that means that the minister is saying that there is a plan within her department as to where we're going to go from here so can you let us know what that plan is?

**Ms. Melnick:** The province of Québec has over 100 lakes that regularly have blue-green algae, so they have quite a situation they're contending with there.

Specifically on this issue, we have had a number of activities around this. First of all, understanding that 1 percent of the total load is really worth going after in this area. We had an education campaign through the summer where we had both advertisements on radio and TV, in the press, which was double-pronged. We talked about cosmetic fertilizers, the application of cosmetic fertilizers on private lawns or lawns of public parks, lawns of golf courses, but we also talked about phosphate-free dishwashing materials.

We were wanting to make sure that Manitobans were aware that they could, in fact, be part of the solution. We held, throughout the fall, consultations

throughout the province. There was a very good response. We had over 200 Manitobans physically come out. We've had Manitobans send in their thoughts via e-mail, via written correspondence. The department is currently going through the results of that consultation.

One of the strong, strong messages that was very evident at the preliminary stages of the consultation was the people of Manitoba are understanding that there's something they can do and that they want their provincial government to take action.

So we feel educating individuals is a certain step. Legislation can be very helpful in that as well, and this fall we will be bringing in legislation.

**Mrs. Stefanson:** The legislation that will be coming forward, certainly I know we're waiting for something to maybe come from the federal government, but I don't think we need to wait for them to take action. Obviously, we need a national strategy, but I think the minister obviously has a plan in mind with respect to a strategy here in Manitoba. What's the reason for holding off and waiting for Ottawa?

**Ms. Melnick:** We're not holding off. We are going to be moving forward with legislation regardless of what Ottawa does. It will be best to have a national strategy, as I've spoken to the federal minister about that. We're hopeful that there will be legislation brought in federally. But, either way, we're going to be moving on it this fall.

**Mrs. Stefanson:** What is the minister hoping for from the federal government in terms of a direction when it comes to this issue?

**Ms. Melnick:** Well, we'd like to see national leadership on this. Again, I'll go back to the example of what happened around Lake Erie in the '70s. It was the concerted effort of not only our federal government but the federal government in the States and the provinces and states that touched Lake Erie that, I feel, has brought on the success.

But I also think it's important here in Manitoba that we lead by example and that we take the steps that we agree, as Manitobans, would be effective. So that's what we will be doing.

**Mrs. Stefanson:** Would that include an across-the-board ban on phosphorus in any dishwashing detergent, whether it be used in a household or a restaurant or a hospital?

**Ms. Melnick:** I'm sorry, could you repeat your question? Sorry.

**Mrs. Stefanson:** Is the minister looking at and is part of her plan to include an outright ban across the board with respect to phosphates in any dishwashing detergent at all in terms of whether it be used in a household or commercially in restaurants or hospitals.

Are we looking at an outright ban or is there some sort of a phase-in or what are we maybe looking at as part of the plan?

**Ms. Melnick:** Well, we're looking at a limit of 0.5, when you look at the content. We're also looking at what's happening across the other jurisdictions. Like I was saying, there are four jurisdictions in the States that have tabled legislation, three that I believe will be shortly.

So part of what we're doing right now is taking the time to get our legislation right. We're looking at what's effective, what's working. We're looking at other ways that we can move forward on the agenda of water. So we'll be looking at all the angles.

**Mrs. Stefanson:** With respect to the legislation that's come forward in some of the states with respect to this issue, in that legislation or in those states—I'm not sure if it's a combined effort or if it's individually—do they set a limit on a 0.5 across the board?

\* (16:40)

**Ms. Melnick:** That seems to be the universally accepted configuration. Also, that's the level that the Canadian Consumer Specialty Products Association is also going to, so there seems to be general understanding that this is the effective limit.

**Mrs. Stefanson:** Is that actually the limit right now on laundry soap, or is it just—are there no phosphates at all in laundry soap?

**Ms. Melnick:** I believe laundry soaps for the most part are phosphate-free or contain a limit, equal or less than.

**Mrs. Stefanson:** Just with respect to the legislation in some of the United States, I'm just looking for a little background on this. Are they looking at, again, across the board bans down there as part of their legislation with respect to—will this ban also be—will restaurants and hospitals also be required to use phosphate-free dishwashing detergent?

**Ms. Melnick:** My understanding is—and we're still looking into some of the legislation—that there can be

exceptions, for example, for hospitals. There can be exceptions for restaurants where there is a more heightened need for stronger cleanliness, if I could use that phrase, that hospitals may be exempt, restaurants.

But, if I can give you a little more background information, legislation to reduce phosphorus in dishwashing detergent has been introduced in Minnesota, Michigan, Massachusetts, Illinois and Vermont, but they haven't been passed yet, so the legislation's been tabled. Washington and Maryland state are the only North American jurisdictions where law prohibits the sale and distribution of dishwashing detergents that contain more than 0.5 percent phosphorus by weight, but these restrictions don't come in until at least 2010.

**Mrs. Stefanson:** And are there reasons that they wouldn't be coming in until later? Just because there's not the product there to be able to supply with every stakeholder, I guess, with respect to, you know, obviously following through on this legislation?

**Ms. Melnick:** We're still doing research on that, but I do believe that there is. Again, I talked about industry shock, giving industry enough time to rejig their formulas, whatever they need to do, but also, I believe, pricing could be a concern as well, not wanting to make it prohibitive that you're either environmentally friendly or you have enough food to eat, so when we talk about lower-income people. So, like I say, we're researching this; we're taking the time to get it right.

**Mrs. Stefanson:** With respect to the 1 percent load on Lake Winnipeg that I guess that's what the calculation is coming through, is there a study that that comes from, or where does that—is that a national number, or where does that come from?

**Ms. Melnick:** The 1 percent was a calculation by our staff based on their knowledge. We know that there needs to be a lot more knowledge about what is happening in the lake, what is contributing to what is happening in the lake, so that's where the—a few months ago I made an announcement of approximately a million dollars for pure science research in and around Lake Winnipeg. These are the questions that we still have to ask. We have some pieces of the puzzle but not all of them, and we're not sure how some of them actually fit together, so—a lot more science. These numbers might change as we gain more knowledge about it.

**Mrs. Stefanson:** Sorry, and just in response to that and the study, so one of the issues that you're trying to pinpoint is what percentage of—is where the phosphorus loading is coming from, specifically, and I guess there have been studies that have been done already with respect to that, have there not, in Manitoba?

**Ms. Melnick:** Again, this wasn't an official study per se, but we'd be happy to present you with a table that gives the breakdown of the loading as calculated by our staff, if you'd like to get that.

**Mrs. Stefanson:** Okay, is that just the breakdown from the Lake Winnipeg Stewardship Board, those numbers?

**Ms. Melnick:** I think we're talking about the same information, yes.

**Mrs. Stefanson:** I appreciate that and I'm aware of those numbers.

Now, with respect to this study—I'm intrigued by the study that was announced. When will that be taking place and when should we have results from that study?

**Ms. Melnick:** Could you tell me what study specifically you are referring to?

**Mrs. Stefanson:** Well, the minister mentioned the million-dollar study that was announced earlier.

**Ms. Melnick:** Yes, thanks for the opening. I had announced almost a million dollars for research that will be used in various different ways. It's not a one-million dollar study; it's one million dollars for science research. Some will go to the *Namao* for projects. Some will go to the Lake Winnipeg Research Consortium. *[interjection]* I can give you a specific list if you're—do you want that? *[interjection]* Yes.

Laboratory analysis of water sediment and biological samples, \$120,000; salary and benefits for summer students and full-time staff, \$125,000; operating costs for field support of staff, \$15,000; activities within the Water Stewardship Initiative, Lake Winnipeg Stewardship Board support, \$125,000; support to the *Namao*, \$100,000; Lake Winnipeg collaborative science research, \$150,000; setting long-term water quality objectives for nutrients, \$75,000; multi-stakeholder forum on Lake Winnipeg, \$30,000; preparation of state of Lake Winnipeg report, phase 1, \$75,000; beneficial management practices, research and demonstrations,

\$50,000; E. coli research, \$75,000; and the Clean Beaches Program, \$25,000.

So you'll find that will total, if you haven't been calculating in your head, \$965,000.

**Mrs. Stefanson:** Has there been any monies allocated as yet with respect to any research initiatives on Lake Manitoba?

**Ms. Melnick:** Last summer I had the pleasure of announcing the Lake Manitoba Stewardship Board which is chaired by Gordon Goldsborough, who runs the Delta Marsh Field Station on the southern shores of Lake Manitoba. They have begun meeting and they'll be giving me an annual report. They'll report to me about different issues, different concerns that they have.

We have provided funding for the Delta Marsh research, various activities that they've had, and we also have continual water quality monitoring. This is sort of a basic process within the Department of Water Stewardship.

\* (16:50)

**Mrs. Stefanson:** Getting back to the discussion of phosphorus in Lake Winnipeg, because I have a feeling we may spend a fair amount of time talking about that—and I may jump around from topic to topic depending on some of the answers and what sort of triggers in my mind. There was a study, I think it was done out near Lake of the Woods with respect to phosphorus versus nitrogen. *[interjection]* In Ontario, yeah. They determined, I guess, from that that phosphorus really is the significant contributor or nutrient contributing to the increase in blue algae and blue-green algae in the lake.

So, obviously, from that study we can learn that phosphorus is a very significant issue when it comes to Lake Winnipeg. If we're looking at anything to do with phosphorus reduction, I think that's a very good strategy of this government.

I guess I'd like to just ask a little bit about—and, again, just looking for background here to clarify a few things, what exactly has the Province mandated the City of Winnipeg to do with respect to the wastewater management facility? Does that have to do with both nitrogen and phosphorus, or is there more of a focus, given what we know from other studies, on phosphorus?

**Ms. Melnick:** I think what you're referring to is the experimental lakes in the '70s where there's that

famous shot of the lake, half of which is covered with blue-green algae; the other is relatively free.

The science of that day was that it was only important to attack phosphorus. Clearly, science is a living being and we believe that both need to be dealt with. Our focus, when you're talking particularly about the wastewater treatment plants, north, east and south, in Winnipeg, to get their environmental licence, which is under the Department of Conservation, they will first deal with the phosphorus content, but the long-term plan is to deal with nitrogen as well.

There was an extensive debate at the Clean Environment Commission. They came out with a report that talked about the need to deal with both. In dealing with the City, we wanted to give them a reasonable time frame, so they'll have up to 2014 to deal with both, to have comprehensive treatment for both. What we're looking at is a progressive reduction of contributions by 7 percent by the end of this year by the City overall; 17 percent by the end of 2008; 32 percent by the end of 2011; and 64 percent by the end of 2014 of phosphorus. Those are phosphorus percentages that I just gave you.

**Mrs. Stefanson:** I'm just wondering if the minister can indicate what studies did the Clean Environment Commission base their decision on to tackle both nitrogen and phosphorus, I guess, simultaneously or over a period of time? Were there studies that were done in Manitoba or elsewhere that they based their decision on dealing with both? Similar to, I guess, the study that was maybe done in Ontario in the seventies?

**Ms. Melnick:** I don't have the report here. I can't give you an answer to that. The CEC report. I don't know what cities they used. I don't have it in front of me.

**Mrs. Stefanson:** I mean, obviously, the Province is calling on the City of Winnipeg to spend a very significant amount of money on infrastructure and upgrading infrastructure to tackle what is, you know, a very serious issue with respect to our lakes. I think there is a report out there or a study out there that we've been talking about with respect to Ontario. Is the minister aware of other studies that were done out there with respect to the need to focus on both phosphorus and nitrogen nutrients in the lakes?

**Ms. Melnick:** I can undertake to provide you with a list of studies. Again, I don't have that right here. We do have a member of our department who is

currently working on a paper on this, so I would be happy to provide you with his references if that would be of help to you.

What I would say, is that overall, I think the science has developed from the seventies from the experimental lakes we've been talking about where they felt the main focus should be on phosphorus, or some felt it should only be on phosphorus. We believe in an inclusive approach, and that's the direction that we're moving in on all our water management initiatives.

**Mrs. Stefanson:** Okay. I guess what I'm trying to find out here is, what is the scientific evidence that shows that we should be doing both right now when, I mean, I'm sure it's there somewhere, and I'm not trying to play politics here—heaven forbid—but I'm just trying to get to the bottom of why we would spend significant dollars dealing with both issues when there's a study out there that says we deal with one, we're dealing with a significant problem. Obviously, in the long term, nutrient loading, we need to reduce it all. But, if we're looking at making the most significant impact in the shortest amount of time possible, I'm just trying to figure out what the basis of a decision would be made to deal with both when clearly there's evidence out there, and there are scientists saying that we need to deal with the phosphorus issue first and foremost, let's get that under control, and then we'll look at nitrogen reductions and carbon, et cetera, down the road.

**Ms. Melnick:** Well, again, I'll get your references that we've worked on to make those determinations in the department. Again, we're going on a two-pronged approach, phosphorus first. It is the one milligram per litre as opposed to the 15 for nitrogen. We believe that the way to attack is comprehensively but also strategically with the phosphorus first, then working on the nitrogen, which is where we started this conversation about the waste water treatment plants in Winnipeg. We've—

**Mr. Chairperson:** The hour being 5 o'clock, committee rise.

#### EDUCATION, CITIZENSHIP AND YOUTH

\* (14:40)

**Madam Chairperson (Bonnie Korzeniowski):** This section of the Committee of Supply has been dealing with the Estimates of the Department of Education, Citizenship and Youth.

Would the minister's staff please enter the Chamber?

We are on page 72 of the Estimates book. The floor is now open for questions.

**Mr. Ron Schuler (Springfield):** In light of the, I'd say, fairly difficult day that the minister's had today, I thought maybe he would want to have the opportunity to just bare all here right now and declare before everyone that now, after everything that's transpired, his government is prepared to fund a full and fair COLA. I was wondering if he wanted that opportunity.

**Hon. Peter Bjornson (Minister of Education, Citizenship and Youth):** Thank you for that opportunity. First, I should introduce the staff, though, to the Member for Springfield, as there is different staff at the table today. Of course, there is Claude Fortier, director of finance and administration, acting deputy minister; David Yeo, who's the director of Education Administration Services; and joining us today as well is Lynne Mavins, assistant director of Schools Finance branch.

It's curious that the member would suggest that I was having a difficult day. Actually, I think I've had a great day today. I think back on my career as a teacher, and there were certainly a lot of difficult days when we saw some rather punitive legislation introduced in the 1990s by the government of the members opposite, including a bill that stripped teachers of all their collective bargaining rights, including a bill that gave school divisions the option of locking teachers out and reducing their salaries commensurate with the number of days that they would lock them out, including funding announcements that saw over 250 teachers given pink slips in one year, including a lot of school divisions that were resorting to early retirement incentive programs such that teachers would be retiring early in their best years of their pensionable service, a lot of things that impacted the pension.

Today, I thought, was a fairly good day, actually, and I admire the advocacy of the Retired Teachers of Manitoba. As I said in the Chamber earlier during Question Period, they certainly got a lot of practice advocating during the 1990s when such legislation was being introduced. I, for one, had been in this gallery on a couple of occasions as a teacher advocate. So, contrary to what the Member for Springfield might think, I'm having a fine day.

I thank him for the opportunity to speak to COLA and what we've been doing for pensions because we have gone through very significant steps in this regard. In the year 2000, we started to fund new-entry teachers on a go-forward basis when the fund had previously been unfunded. In the year 2005, we increased the pension contribution by 1.1 percent which is the first time in 25 years that that's been done. Of course, the \$1.5-billion funding of the unfunded liability is looking at 75 percent funding of the unfunded pension liability. As well, several other changes that were quite meaningful to teachers who were on maternity leave, teachers who wanted the opportunity to buy back leave. So we certainly made a lot of significant changes.

We've also appointed a retired teacher to the TRAF board. We have also engaged RTAM on an active level at the Teachers' Pension Task Force. I'm confident that all stakeholders will work together to find a solution that is palatable for each and every stakeholder that's at the table.

\* (14:50)

I perhaps should remind the member that in the 1990s, there were eight actuarial warnings saying that the pension adjustment account is not designed to pay full COLA, and that you're borrowing from the future. The ratio of active to retired teachers was, I believe, 7 to 1 at one point in time when the accounts were enjoying rather significant contributions. However, the current reality is 1.4 active teachers to one retired teacher, and with numbers like that, the advice that had been given by the actuaries repeatedly through the late '80s and throughout much of the '90s should have been heeded or we would not have been in the situation that we find ourselves in today.

So I will certainly tell the member that the Teachers' Pension Task Force is working very hard to find a solution. That solution has to be sustainable; that solution has to be agreed to by all parties at the table; and that solution has to work towards the ultimate goals of the integrity of the account paying for the main pension benefit and the Pension Adjustment Account.

**Mr. Schuler:** It's quite telling, this used to be a teacher, we have a minister who used to be a teacher, who was evidently very good at teaching history, and now we have a minister who's become very good at revisionist history. So, as they would say in the movies, meanwhile back at the ranch, the question was: Is the minister prepared, after eight years of

slashing teachers' pensions, to do the right thing and fund a fair COLA? Is he prepared to make that announcement today?

**Mr. Bjornson:** Well, I can understand that the member opposite wouldn't understand the process of the Teachers' Pension Task Force because I know that members opposite didn't use a Teachers' Pension Task Force in the 1990s, as we have since we've come into office.

There is a process in place, and these decisions are made at a table where positions are bargained and put forward for our consideration and legislative changes that would be necessary to implement these. I mentioned the ratio of active to retired teachers, and that's certainly been an incredible impact on the Pension Adjustment Account. I should also repeat that, had the warnings been taken into consideration in the 1990s, with respect to the ability of the Pension Adjustment Account to be sustainable, we would not find ourselves in this situation today.

I should also point out to the member that during the election, the Leader of the Opposition, the Member for Fort Whyte (Mr. McFadyen), had proposed a two-thirds COLA guarantee, I believe was the language, which RTAM had endorsed, and that two-thirds guarantee was suggested could be funded for \$21.6 million. Now, there's a reason I taught history and not math. But the people who can do the math have advised me that that would only account for one-fifth of what would be necessary to fund two-thirds COLA.

So it's curious that we have this position today that is something that I inherited. I believe I've talked to RTAM about the fact that this problem started when I was three years old. I have accepted responsibility on behalf of our government and previous governments with respect to the state of the Pension Adjustment Account, and the Manitoba Teachers' Society, past executive and current executive, have accepted responsibility for the state of the Pension Adjustment Account. But the bottom line is that it had been borrowing from the future, as the actuaries had suggested, for eight consecutive years, and this is the result of that borrowing from the future. So we will work with all the stakeholders to look at solutions that are sustainable, and that, of course, is the main concern for many of the teachers who are currently contributing to the fund, that it is sustainable and that it is practical, as we move forward to improve the COLA for retired teachers.

**Mr. Schuler:** You know, the minister is right. We didn't need the Pension Task Force to tell us what was right and what was wrong. Our government did the right thing and funded a full COLA, and we didn't have to wait eight, bitter, bitter, long, dark years of slashing retired teachers' pensions as we've seen currently under the Doer government. We just did it—didn't need a board, didn't need a panel, didn't need burnt-out former NDP Cabinet ministers to make more money telling us what he should have told the government when he was in Cabinet. We didn't need all that. He's absolutely right. We knew it was right. We looked at the entire thing. Interestingly enough, during the days of the '90s when Paul Martin went on his slashing binge that he was on at that time, not like the good days of Stephen Harper. Oh, no, no. This was the evil days of the federal Liberal government where our transfer payments were cut mercilessly. Even then, we didn't have to have a royal commission or an advisory body or a burnt-out former Cabinet minister, committee, task force to tell us what was right. We did what was right, did the right thing, stood up to the plate, and funded a full COLA for retired teachers.

I know it was way too cold out there for the minister so he spoke his words and then went back into the comfort of his comfy, big Cabinet office. I, however, stood on the steps and listened to what teachers had to say. In fact, when I had my opportunity, I pointed out to the retired teachers assembled that as a graduate of Elmwood High School—it was a school that had a lot of troubles. They were certainly not the socio-economic base of perhaps a school where the minister used to teach. It's a tough inner city school.

The teachers, some of them who were there: Ms. Monk, I don't know if that name is familiar; Ms. Prendergast, who's the former member of RTAM; Mr. Tom Forrest; I understand Mr. Lenius was in the crowd; Mr. Stevens, who taught me art; all former teachers. And because it was a needy school, because there were so many challenges—I won't go into the particulars here today—they rose to the challenge and stood up for us and gave us an unbelievable education, stood up for us.

I said that as the Education advocate for the Progressive Conservative Party, I would stand up for them when they need help and they need someone to advocate on their behalf, as I would advocate for what's right for teachers, what's right for parents, and what's right for children. I believe there are some

things when you don't need a committee to tell you where your conscience should be. You don't need a task force to tweak that inner voice that says, oh, I don't know if that's right. Let's see, they worked all those years; they paid into a COLA fund and now are not getting it.

During the '90s, there were some very tough economic years. I don't wish to point to the independent member, my one good colleague here from the Liberal Party, but the Liberal Party of Canada put this province through some very severe tough times, and yet the Government of Manitoba funded a full COLA.

Maybe those few comments will have sparked that conscience in the minister and he's going to sit and reflect a little bit on it. Perhaps now would be the right time to say: All right, you got me on this one. I agree. We're going to fund a fair COLA. Perhaps he's prepared to do that.

**Mr. Bjornson:** Well, first of all, I should correct the Member for Springfield that the Filmon government did not fund full COLA. The Pension Adjustment Account is an account that is established by the act of the Teachers' Retirement Allowances Fund, and the members opposite didn't fund any of the teachers' pension, none, zero. We've put in \$1.5 billion to fund the unfunded liability.

\* (15:00)

Now, the member should also know that if you have seven active teachers to one retired teacher, and the future projections were saying there will be fewer active teachers to support the retired teachers that are drawing from the fund, and the actuary is saying not once, not twice, not three times but eight times that you cannot fund full COLA because it's not sustainable, then the lack of action has not been on the part of this government; it was on the part of the previous government, and we've inherited this problem.

The Conservative government did not fund full COLA. The Pension Adjustment Account funded the COLA. The Conservative government did not contribute any money to the teachers' pension account, none, zero. I can draw that graphically if the member likes. We contributed \$1.5 billion, as I said. We've funded on a go-forward basis new teachers that have come into the profession since 2000.

We accept that responsibility of the unfunded liability. In fact, I was a teacher standing on the floor of the MTS annual general meeting advocating that

something be done, and this is in 1994 when I was president of the Evergreen Teachers' Association. I was advocating that something should be done, as were all other delegates at that convention, something should be done to address the unfunded teachers' pension.

Teachers were advocating for the security of the pension, never mind the COLA of the day, and there were eight consecutive warnings that you cannot borrow from the future. I think it's pretty clear and simple math with respect to the impact of seven active teachers to one retired teacher versus 1.4 active teachers to one retired teacher. It's pretty clear and simple math, the impact that that would have on the account and the ability to pay a COLA.

So our commitment has been and continues to be listening to the teachers, working with the teachers, and the first priority for the Manitoba Teachers' Society was the integrity and the sustainability of the main account. This is unprecedented for a government in the past 40 years to commit to fund 75 percent of that unfunded liability.

The TRAF board is doing a fantastic job. The rate of return over 30 years has been over 10 percent, and now they'll have \$1.5 billion in their account, an additional \$1.5 billion. The teachers have been paying. That's been put into the main account and we ponied up a significant amount of money.

So, for the members opposite to suggest that they funded full COLA is false. The Pension Adjustment Account was paying full COLA, even though the actuary said, you shouldn't do that because you're borrowing from the future. So I would agree to disagree with the member opposite with respect to who has been the best stewards of the Teachers' Retirement Allowance Fund, and we're going to continue to find ways to improve that fund.

It's regrettable that we inherited the situation that, as I said, took several decades to create, and it'll take a generation to fix, but our commitment is to work with the teachers, and for the member to speak about being a teacher advocate, I have been a teacher advocate since I graduated from the University of Manitoba and I'll continue to be a teacher advocate.

**Mr. Schuler:** Well, again, I understand that the minister has to be an apologist for his government. I mean, that's just the way it is and I understand the role he's got. The point is that even when Jean Chrétien, who was Prime Minister at that time, was severely, severely cutting back Manitoba's transfer

payments, it was a very tough time for all Manitobans, and Paul Martin who was the Finance Minister at that time cut—it was grim the kinds of money they cut from Manitoba's transfer payments, yet that ray of sunshine where the Government of Manitoba set priorities and made sure that those individuals who had paid into the COLA account, that they got full COLA.

Now we have a government who has unprecedented income coming in, the likes never seen before in transfer payments from the federal government—pardon me, the Stephen Harper federal government that has transferred an unbelievable amount of money to this government, and in there somewhere, in the bottom somewhere, they can't seem to find money where they could during those tough federal Liberal government days. The Liberal government days. They could find the money for COLA, but can't seem to find it today with all that Steven Harper largesse coming their way, and that's unfortunate. I would say the minister should do the right thing and should just up front and say, it's not that they can't afford it, it's they choose not to afford it. What they would rather do is be such stewards of the public purse that they're going to secure all kinds of contracts for hydro-electricity in the east, and then run a power line down the west side of the province, and \$500 million out the window right there.

It's a priority issue. You know, we've probably all had these debates at the kitchen table and you've heard some say, oh, well, we can't afford that or the other. No, no, it's priorities. It's the priority of the minister and I know he's very uncomfortable with this. I know he's probably as horrified as all the rest of Manitobans, that, instead of running a hydro line towards your markets, you run it in the opposite direction. I guess, in a sort of mad-hatter kind of NDP way, that might make sense, I suspect. It doesn't to me. But that's a priority of his government and unfortunately for him, he has to sit and somehow spin that as positive news. I give him full marks on the ability to be able to turn a sow's ear into a silk purse. You know, he's done an amazing job of weaving and spinning that story. It's just amazing.

In the meantime, we've got an ever-increasing, larger crowd of retired teachers standing outside, very articulate. By the way, I know quite a few of those teachers have been traditional supporters of the minister's party, and I think they're disappointed because, all of a sudden, they have no one in their corner on this issue. Again, this is nothing that I would pin on the minister. I'm sure he's just as

mortified as the rest of Manitobans that now, all of a sudden, we need a task force of burnt-out former Cabinet ministers that are going to have to tell the government what they should have known, what was right in the first place, and that is, a COLA, a proper and fair COLA.

So I don't want to belabour this issue anymore than we have to. I think it's important, though, to have this discussion and this debate. It's very timely. The retired teachers are looking for what's rightfully theirs. A lot of them retired when inflation hadn't hit and pay wasn't as high as it is at today's scale and their pensions are just being eroded. Every year we've got inflation and it's eroding their pay and their pension. Many of them retired when they were earning maybe \$24,000, \$25,000, \$26,000, or less and it's a fairly meagre pension that they're trying to survive on.

So I hope the minister doesn't misunderstand my questions. These are, I know, serious issues and we want to treat them seriously and again, I just raise up to him the issue that probably he and I should be disagreeing on a lot of other issues. This is probably one of those issues we should be agreeing on, that when it comes to pensions—I know, when I was the critic for Labour, the Minister of Labour and I disagreed on a lot of things, but you know what? I laid out the case for releasing of certain pension funds and it took me a while, and maybe it might take me a little longer with this minister, but I got her to come around and see it my way. We supported the pension act. It wasn't quite what we had wanted, but our pensions are a real serious issue. The minister is probably in and around my age, and maybe a bit younger. For us it's not that big of a thing yet, but when you start getting into your late 50s, early 60s, I think that's when you really start to look at your pension and say, you know, this is worrisome. So I think this is a reasonable debate to have. I know we're taking a little bit of Estimates time, but I don't think the minister minds. I think he finds this issue just as important as I do.

So, again, is he saying with his comments that there will not be a fair-funded COLA?

\*(15:10)

**Mr. Bjornson:** Boy, where do I start? The honourable member covered a lot of different ground there. Everything from hydro lines to—well, the dark days of the '90s as attributed to the federal Finance minister and whatnot. So where do I start?

Well, I guess, first I'd like to point out that the former Member for Fort Rouge, Tim Sale—for the member to suggest, in his words, that he's a burnt-out Cabinet minister, I must take exception to that. I have nothing but the utmost respect for Tim Sale and the job that he did on behalf of Manitobans, and the dignity and the integrity that he brought to this Chamber. He is not being compensated for the work that he is doing on the Teachers' Pension Task Force. He is doing that because he is the kind of man that Tim Sale is. So I really have to take exception to those comments.

The member suggests that we don't need a Teachers' Pension Task Force. I'm glad he's put that on *Hansard* that we don't need a committee such as the Teachers' Pension Task Force. He's put that on *Hansard* and I will be sure to show that to the Teachers' Society. They know all too well that they didn't need one in the 1990s because the Conservative government of the day never opened up the teachers' pension for any meaningful or significant changes.

Yes, the 1990s were tough times. I will acknowledge that, but tough times also require courageous and tough decisions. I think some of the cuts that the members made at the time were not exactly the most courageous or tough decisions. They were, actually, the easiest decisions in that regard, I would suspect, as opposed to demonstrating more leadership in that face of that adversity. Cutting nurses, cutting doctors, cutting teachers is not, as we've seen the impacts of those moves, certainly not an appropriate measure to control the public purse.

Then, again, the member repeatedly says that they funded full COLA. Well, that is not the case. The pension adjustment account was paying out a full COLA that it couldn't afford to pay. They have to recognize; they have to recognize that eight actuarial warnings that went without any action by the members opposite. I guess they realized that they wouldn't be in government forever and that it would be somebody else's problems. Well, we've inherited that problem. We accept responsibility for that problem, and we're going to fix that problem.

But the member can't be that cavalier with respect to a full COLA because the member should know that that would have a tremendous impact on active teachers and their contribution rates to provide a full COLA. He should know that. He should know that this has to be something that is agreeable by all parties at the table, all stakeholders at the table, and

he should know that this is something that has to be sustainable and achievable over the long run.

So I'm not even going to get into the issue of hydro lines. I'm not sure how that relates to the discussion, but there are so many other issues that contributed to this scenario: The warnings that were ignored; the number of teachers that left the profession during the 1990s who would have been contributing significantly to the pension accounts; early retirement incentive plans, which many school divisions opted so that young teachers who were making considerably less at the lower end of the pay scale would come in, and senior teachers who'd been there for several years, in their best pensionable years were given incentives to retire. That had impacts on the pension. It was a perfect storm of things that were done and things that weren't done during the 1990s and previous that impacted the teachers' pension.

As I said, we accept responsibility. The Teachers' Society and past executive accepts responsibility; RTAM, to some extent, has accepted responsibility. But we're committed to work with all the stakeholders to ensure that progress is made with respect to an improved COLA and a sustainable COLA. That's our commitment, and we will continue to have a Teachers' Pension Task Force to meet and discuss this.

So I'm amazed that the member would suggest that we don't need a Teachers' Pension Task Force, but in retrospect, they never met when they were in office, so I can see why he would see no need for that committee.

**Mr. Schuler:** Once again, we can see where we have a government that has lost its compass, has lost its way. I don't believe a government should have to have a task force or a commission to tell it what is the right thing to do. And that's the problem with this government. It takes an awful lot to get this government to do the right thing, and they have lost their way. They have lost their way, you know, and they love to spin and confuse and subterfuge and all the rest of that.

The point is by 1999, retired teachers had it so good; they had a fully-funded COLA. Probably some of them felt, you know, it's okay, they could probably vote for the NDP. To their horror, found out that after the election the first thing the government does is it slashes their COLA, targets their COLA, cuts it off. Then, eight years later, it has to bring in a task force, not to do what the task force

is supposed to do. It's supposed to look at the pension plan, do all those kinds of things and look at different issues. They go to the task force and say, you know, we have no conscience. We have no compass on this issue. Please help us. What is the right thing we should do? And they sit and they wait eight years for a task force to come back. I suspect the task force will tell them, well, do the right thing; fund a fair COLA for retired teachers.

I think the minister should be careful. I mean, he's being a little glib, and there are a lot of boards and commissions and task forces that do great work, but they're not there to be the conscience of the government. They're not there to stand on the shoulder of this minister or any other minister and say, you know, you've got to do the right thing. Look this way. Do it this way. Go that way. They're supposed to do their job, and on this one, the government should do the right thing. They cut, they slashed the COLA and should do the right thing and go back and look at what was done.

Probably before they slashed the COLA, that would've been a really good time to have talked to retired teachers, you know, laid out issues. Instead, what they did, they slashed COLA, waited eight years until the issue becomes to the point where we see the massive rally that was outside, and now they appoint a task force to be its moral compass on what is right and what is wrong, what they should or shouldn't do.

That's the point behind my questioning. And then, unfortunately, I empathize with this minister. I know it's a tough job that he has. The government has its priorities wrong. And that was the whole point behind the hydro lines. It's all about priorities. They want to build a hydro line going west so that they can service a market in the east for over \$500 million and neglect retired teachers. If the minister believes that that doesn't have an impact on current teachers, he's wrong. He's actually wrong. It actually does have an impact on them. And they know what's going on. They look at their pension; they realize that as soon as they retire they start losing in real terms to inflation.

And that's the point. The point is that it's a priority issue. The priority should have been to make sure that those teachers that are currently teaching know, that they know full well that when they retire, they're not going to have their pension eroded; rather, they're going to get COLA. That's the point, and I know the minister is going to one more time want to

try to present his position and weave and spin and maybe even crochet a sow's ear into a silk purse. I understand. That is actually his job, and I empathize with that. I understand he's there to be the apologist for his Premier (Mr. Doer) and his government, and he does a good job of that. He does a good job.

But I then would like to move on to other issues.

\* (15:20)

**Mr. Bjornson:** With all due respect to my colleague from Springfield, my new critic, clearly, you do not understand how the Pension Adjustment Account works. Clearly, you do not understand that.

I know you put a lot of rhetoric on the record and *Hansard* as something that you can mail out and show what you said as a champion—a newfound champion—for teachers in the province of Manitoba, but I would hope you present them with some balance and accuracy. Remind teachers that it is the Pension Adjustment Account and the ability of the Pension Adjustment Account to pay a COLA that determines the amount of COLA.

Government does not fund or slash the COLA account. That is not our role. This is an account that is designed to be self-sustaining. When it was pointed out, not once, not twice—I think I've said this a couple of times before—but eight times, that the account was no longer sustainable, that's when government did have a role. Government should have stepped in and looked at this and said, there's a problem here. But your government in the 1990s chose not to do that. In fact, I think the action taken, get another actuary. I believe that's the action that was taken by the members opposite in the 1990s.

This account is designed to be self-sustaining. It is a contribution by active teachers and a matching contribution by government. When the money starts to diminish with more teachers taking in their pensions, there's going to be an issue. That's what the actuary was trying to say. So, for the member to say repeatedly that we have slashed COLA is inaccurate.

The member mentioned the Teachers' Pension Task Force coming together eight years later. Well, again, the member should know that the Teachers' Pension Task Force met very frequently in our first eight years of government, and I suspect they'll continue to meet as long as we're government and are working towards improving the teachers' pension fund.

The Teachers' Pension Task Force has met and brought forward recommendations that we have on four occasions opened up The Teachers' Pensions Act and made improvements based on the recommendations of the Teachers' Pension Task Force. Again, as a teacher who may one day find himself in front of a classroom again, I'm really concerned that the member would suggest there's no need for a Teachers' Pension Task Force. I would like to advise the member that my compass is, indeed, working on this issue. My moral compass has been on this issue from the time I got into office, and it will continue to be a priority.

The Teachers' Pension Task Force, the member seems to be questioning the value of that task force. Well, it's at the table of the Teachers' Pension Task Force where direction is given to do assessments of proposals that are brought forward for the purpose of improving the pension.

Now, in the election campaign, on May 18, 2007, the Leader of the Opposition suggested that to reach two-thirds COLA, COLA adjustments are estimated to cost initially \$11.7 million with an annual contribution of \$1.1 million. Well, I don't know where they came up with the numbers, perhaps threw darts at a board or something to come up with these numbers because after due diligence the assessment of what two-thirds COLA would cost, that's not even one-fifth of what it would take. So, to come out and say that that's what it would cost, estimated cost, and be off by four-fifths, I would suggest to you is not due diligence in this process. That is why we have a Teachers' Pension Task Force. They do due diligence. They assess the pension adjustment account. They assess the main account. They do due diligence in the process of determining what would be necessary to improve pensions for teachers and what recommendations to bring forward to government. So, as I said, I'm really concerned that the member would suggest that there's no need for a Teachers' Pension Task Force. I'm sure the Teachers' Society would be very interested to hear your position on this particular issue.

The member mentioned teachers retiring in the 1990s, and what they should have expected. Well, when teachers were retiring, they were among the lowest paid in the country, among the lowest paid. It's since we've been in government that they've seen significant increases in their salaries, since we've been in government. They've seen the pension act opened up four times since we've been in office to improve their pensions, and they have seen a

government that has made a significant contribution of funding the unfunded liability.

So teachers know. As the member opposite said, there are many retired teachers that, perhaps, supported our party, and when asked who they trust to improve the pension, perhaps the member should ask those retired teachers themselves who they feel would truly have an interest in and make the effort to improve the pension. Perhaps he could report those answers back to me.

**Mr. Schuler:** Well, I'm glad that the minister in his answer was fair and balanced like he recommended that I would be. I'm sure everything he sends out and he talks about will be as fair and balanced as he recommended to this member. I won't hold my breath, but there it is.

I would like to ask the minister, with his great heightened sense of conscience, if he would look, if he would so be inclined, to the financial information of, and there are two financial statements: the Seven Oaks School Division's Swinford Park subdivision residential development, dated January 31, 2006, and the Seven Oaks School Division's Swinford Park subdivision future school site as at January 31, 2006. So that he and I are then, sort of, both on the same page.

Can the minister confirm—and these are just sort of basic answers just so that we both know that we're on the same page. Initially, 15 acres of land was purchased in, I guess, what would be called the Swinford Park subdivision, either subdivision or former school; 15 acres were purchased, and I understand that it was purchased at an initial expenditure of \$209,854. Is that correct?

**Mr. Bjornson:** I believe that is the number as reflected in the Auditor General's report.

**Mr. Schuler:** Actually, it's not correct. To the minister, through you, Madam Chair, that is the problem, first of all, with the fact that you have two financial statements. If the minister looks, I quoted \$209,854. That's actually only 70 percent of the initial acquisition expenditure. If he looks at the residential development, there's the other 29.3 percent, or \$87,095. So, in the end, it's, actually, approximately \$300,000 that was paid for the initial 15 acres. If the minister is scratching his head a little bit, it took me a long time to figure that what we have are two separate books on the same development. That's where there has been a lot of confusion about this development.

\* (15:30)

I guess the concern I have is you have subdivision financial statements and then you have the school site. If you flip the page from the front page—and it's called the assets versus liabilities—it shows that the residential development made \$565,999. If you look at the school site, there is a loss for a cost of \$819,810. I just want to make sure the minister is following this.

**Mr. Bjornson:** The honourable member has some material that I do not have at the table at this time. So I believe the information that he first brought forward was not part of the Auditor's report, but that was actually part of the, perhaps, Web site information from Seven Oaks School Division or, perhaps, part of the deputy minister's report. If the member could tell me which document he's working from, I'd appreciate that.

**Mr. Schuler:** The minister is absolutely correct. These are the financial statements that come right off of the school board site. They were used in the Auditor's report. They were referenced in there, and they can just be run off of the site. It takes a matter of minutes. I don't know if it's possible to get a photocopy of these made. What I will do is I'll move on to other issues and then we'll wait for these to come back. These are public documents. There's no big secret here.

As the minister knows, the Auditor, and I suspect he has his report right in front of him, talks about on page 24, I would put a name on this chapter called "mass amnesia." There are several instances where, for instance, information was transferred. It was sent by courier, and there was no record of it being received. Then there's also the fact that, if you look at the bottom of 24: "We were informed that at the regular Board meeting of May 5, 2004, the matter of the LSAs was brought forward as a 'walk-on' item at the end of the meeting." It was not included as an agenda item for the meeting. In interviews, most board members could neither recall who brought the matter forward, nor whether they had even seen the LSAs at the meeting. Nevertheless, the minutes of the meeting contained a "motion authorizing SOSD to dispose of various parcels of land in Swinford Park as per the LSAs. A reading of the LSAs makes it clear that SOSD was acting as the developer of the Swinford Park residential subdivision."

The concern I have is that there were individuals at the board who cannot recollect this even being in

front of them. Does that cause the minister some concern that individuals who are entrusted with a fairly substantial operation can't remember or have no recollection of these said documents coming in front of a board meeting; yet, somehow, the motion appears in the minutes. Is there a problem there in the minister's mind?

**Mr. Bjornson:** The Auditor also acknowledges the work that has been done as a result of this particular situation. In advance of the Auditor General's report, there are a lot of things that we had reviewed in terms of the internal processes to ensure that things like this did not happen again. Some of the changes that we made to legislation deal with issues around the disposition of property and the acquisition of property, including the inventories of properties.

So there have been significant measures taken prior to the Auditor General's report, and currently we're looking at the recommendations that have been brought forward and assessing how we can continue to improve the processes at the Public Schools Finance Board, which, the member knows now, has considerably been revamped through an act of legislation that changed the composition of the board. So the Auditor General and our own internal review of this situation have been a tremendous benefit for us to make sure that situations like this do not arise again.

**Mr. Schuler:** First of all, I would like to thank the Auditor and her staff for giving me the opportunity to come in front of them and go over these issues. They have been very good in a very factual sense laying out what their report says and explaining the technicalities.

But I also understand that the officer very clearly—the Office of the Auditor General does not view themselves as a watchdog. They go in, they do an audit; it is not their job to go in and look where there were accounts of wrongdoing, potential political missteps, that kind of stuff. Very clearly, the Auditor has done a very factual accounting, and now it comes here to this Chamber to look at further issues. That is actually the role of myself and the Official Opposition to be a watchdog, to hold the government accountable. I appreciate it very much that the Auditor made that very clear, that we understood how this was supposed to go.

So, back to page 24, the third paragraph, they talk about: April 29, a letter and telephone call to PSFB staff by SOSD staff and solicitor requesting

that PSFB confirm in writing that the Swinford Park LSAs have been approved.

The question to the minister is: Who's the solicitor in this case?

**Mr. Bjornson:** I believe that would be the solicitor acting on behalf of Seven Oaks—I couldn't answer that question.

**Mr. Schuler:** Again, Seven Oaks School Division staff and solicitor, I assume it would have been their solicitor. Can the minister tell us who exactly that solicitor was?

**Mr. Bjornson:** No, I cannot.

**Mr. Schuler:** Can the minister get that information?

**Mr. Bjornson:** Well, again, I'll remind the member that this is the Seven Oaks School Division solicitor, not a government solicitor, so I wouldn't have that information.

\* (15:40)

**Mr. Schuler:** I appreciate that. I asked the minister if he could get that information. I don't know if I as a member of this Legislature have the right to call up a school division and ask. I guess I could ask. However, we are in front of a committee that is dealing with Estimates, and I think these are important issues where we're looking at the finances of the Province. One of the reasons why we have Estimates is so that we could be a watchdog. These are pretty serious questions, and I understand where I fit into this role. I'm wondering if the minister could provide us with that name, as well as the Seven Oaks School Division staff that were part of that, I take it, a conference call with the Public Schools Finance Board.

**Mr. Bjornson:** Well, as a phone call, we have no record of who would have participated in that.

**Mr. Schuler:** Right, but there was a letter from the staff and the solicitor. So somebody would have signed that letter. I was wondering if the minister could provide us with a copy of that letter that was written to the Public Schools Finance Board. It would have, I suspect, some name on it.

**Mr. Bjornson:** Well, I can tell the member that we don't have that information here. We'll look into it.

**Mr. Schuler:** I would appreciate it because I actually think that's important.

Where this becomes troubling is at the top of the page, page 24, and we certainly appreciate the whole

time line that is here. In fact, you can go on to 23, December 16, 2003, the lot sale takes place. We've got point No. 3, January 14, 2004, the Seven Oaks School Division's solicitor provides the Winnipeg Land Titles Office documentation prior to register the titles. February 4 and March 9, plans of subdivision for the first two phases of Swinford Park Development are registered, and then, basically, we have silence.

I guess what I find very troubling is a complaint comes in on Monday, May 2, 2004. A complaint comes in. Somebody says, I don't think there's something kosher going on in the Seven Oaks School Division and, somehow, the Friday before, a letter and a telephone call to Public Schools Finance Board staff by Seven Oaks School Division staff and their solicitor, all of a sudden requesting confirmation. The time line is interesting for anybody who reads through this. So you mean the complaint comes in on Monday and, somehow, the Friday before, the light bulb goes on and people say, you know what? Maybe we should just see if this was all approved, if this was all kosher.

I choose my words carefully because I don't want to cast any aspersions, nor do I wish to get off on any path that I can't substantiate afterwards. I am just saying that it looks strange by half, because you've got Monday, May 2, the complaint comes in. All of a sudden, Friday, there's this flurry of activity, supposedly, and on Tuesday, May 3, all kinds of documents. Sunrise School Division couriered the LSAs that had been executed by the school division and the builders to the Public Schools Finance Board. Shouldn't that not have been done ahead of time? Then, all of a sudden, interviews with Public Schools Finance Board staff and a review of the documentation determined that they had been received, but were not recorded in their mail logs as would normally be the case. We were we were unable to discern who subsequently took possession of them. So, evidently, all of this was happening; there's just no documentation. It just looks bad. Then, all of a sudden May 5, we have this rush on to the board of the Public Schools Finance Board. So we've got Monday, the complaint comes; Tuesday, there's a flurry of activity; backdated Friday already we've got these panic, supposedly panic, letters, phone calls of which there don't ever seem to be any names, there doesn't seem to ever be a record of anything. But, by Wednesday, we have a walk-on that nobody remembers. It's in the minutes, no record of who

moves and seconds; nobody remembers it being there. But somehow it made it into the minutes.

That, through you, Madam Chair to the minister, is strange by half. That's where I believe we as a Legislature should be looking at this and saying, the mass amnesia, the unrecorded moving documents back and forth.

The complaint came in Monday, May 2. How is it that all of a sudden a letter and phone call and all kinds of flurry of activity happened to take place the Friday before? Mere coincidence? That's the question.

**Mr. Bjornson:** Well, I should tell the member opposite, as I have said in the House before, that with respect to the citizen complaint and the procedures that were undertaken after receiving the citizen's complaint, I followed procedures that had been place that had been followed for years and years before me. In fact, last year at Estimates, I recall the Member for Russell (Mr. Derkach) saying, I know how it works, when I was minister, if I received a letter, I'd send it to the department and await the response from the department. So we had followed that procedure.

Having said that, I recognize that, given the allegations and the response that I'd received that I should have asked more questions. I accept that; I acknowledge that. We have since put in mechanisms to address that process.

I appreciate the member's *Coles Notes* version of what is in the report. I have read the report a couple of times. But I should point out to the member that there had been many allegations that had been raised about this particular situation: one being that money was lost and the Auditor's report indicates that no money was lost; one being that individuals may have benefited—the Auditor's report indicates that no one unduly benefited from the project; suggestions that there were people in higher places that were aware of the goings-on, and the Auditor's report has indicated that that is not the case.

We didn't wait; we didn't wait for the Auditor's report to take action. As I said, first and foremost, we looked at some of the internal issues and addressed those with respect to how to deal with a citizen's complaint or concern. We did have a deputy minister's report that had been released in June of '05 that confirmed that this was not indeed allowed under The Public Schools Act. We took steps immediately to ensure that a similar situation did not

happen. Those steps, I can remind the member opposite, that we requested—changed and modernized the Public Schools Finance Board legislation to increase accountability by requiring school divisions to receive board approval for land acquisitions. That was one of the things that we did. We increased transparency by requiring school divisions to keep an up-to-date inventory of its lands and buildings and to include its inventory as part of its five-year capital plan.

We also restructured the board consisting of three deputy ministers, with the deputy minister of Education, Citizenship and Youth as the chair of the board. A new provision was added, requiring the board to carry out an operating review every five years.

\* (15:50)

Many of the actions that we had taken, we had taken prior to the Auditor General's report. The Auditor General recognizes that significant steps were made and, certainly, we take the recommendations from the report and are looking at how those recommendations can be implemented to continue to improve the process.

So that was our commitment, and we have, as I said, made significant steps to this end.

**Mr. Schuler:** You know, I appreciate that the door was slammed shut after the horses fled the barn. That's the way this entire issue seems to have run.

If the minister looks at page 23, January 14, 2004, Seven Oaks School Division solicitor provided the Winnipeg Land Titles Offices the documentation required to register title to the lands assembled for the future site in SOSD's name and to register the plan of the subdivision. The solicitor asked WLTO to review the documentation and, if acceptable, to advise of the subdivision plan number and associated registration costs.

So, basically, January 14, it was presented as if approval had been given. Hence, if we go to page 24, this supposed April 29, 2004 panic telephone call to the Public Schools Finance Board requesting that PSFB confirm in writing that the Swinford Park LSAs had been approved.

I suspect that the individual who filed his complaint on May 2, if you read the e-mail, would have also have sent it to the Winnipeg Land Titles Office. Someone must have placed a phone call and said, do you have the approvals from the Public

Schools Finance Board? Because why else would we have this flurry of activity taking place, some of it happening, interestingly enough, the Friday before the complaint then came in, supposedly.

We know the complaint came in on May 2. The rest of it, we don't seem to have any proper tracking. We don't seem to have any proper documenting when documents went back and forth. Therein lies the crux of it, that the school board presented to Winnipeg Land Titles Office documents that had not been approved by the Public Schools Finance Board. I understand that's not the Auditor's job to be a watchdog and point out. That is the job of this Legislature. Therein lies a major wrongdoing. You cannot pass off documents as if you have approval on them without proper approval, because we see that by the supposed panic on April 29, interestingly enough, the Friday before the complaint on Monday, requesting confirmation in writing.

So, basically, January 14, 2004, this went ahead without any written approval, and actually through you, Madam Chairperson, to the minister without Public Schools Finance Board approval. I don't know what that looks like to the minister, but that is problematic, at least for this member of the Legislature, that this occurred. I don't know and neither he nor I are lawyers—and then I will choose my words carefully. That is a serious problem that documents were sent to a different level of government as if they had already been approved, and hadn't been.

*Mr. Daryl Reid, Acting Chairperson, in the Chair.*

All of a sudden, the Friday before the complaint comes in supposedly, there is this flurry of activity, and we know then by Wednesday, supposedly, it was walked on, although nobody remembers it happening, but somehow, there was a walk-on. There is a footnote. There's even a mover and a seconder for it on Wednesday, although the names aren't recorded.

The minister, through you, Mr. Acting Chairperson, through you to the minister, I have been on the school board for four years, and I can say never, and never is a long time, never have I ever seen something like that, ever. That someone would make such a serious motion, move and second it and that there wasn't even a record of who made the motion.

That is all very problematic. I'm not suggesting that there was some cover-your-background taking place. It just looks like that. You know, where there's smoke there's fire. Where there's shaving, there's wood. I mean, I don't care what cliché you want to use, it just doesn't look good, and therein lies a major problem because, if documentations, and they were sent to the City of Winnipeg without approval. That's a problem, and I appreciate that the Auditor lays this out very clearly.

What I find even more problematic is that how is it that, all of a sudden, when nothing was said or done about it, the Friday before the complaint comes in, all of a sudden, there's all this activity. It doesn't look right. All of a sudden, all kinds of stuff supposedly happens, which nobody seems to be able to recollect.

I ask the minister: Is this not problematic for him?

**Mr. Bjornson:** The difference between then and now is that there have been measures taken to increase the accountability of the school divisions. There have been measures taken to increase transparency for the school divisions with respect to their inventory of land and buildings, part of that being included in their five-year capital plan. That's the difference between then and now.

The difference between then and now is that we also have restructured the Public Schools Finance Board, and that board has to carry out an operating review every five years. So the Auditor has recognized the steps that have been taken. The Auditor recognized the work that was done in the deputy minister's report, which confirmed that the development was not allowed under The Public Schools Act, and we acted immediately. We took steps immediately. As I stated, the Auditor has debunked some of the myths that have been part of the rhetoric for members opposite. We have taken the recommendations that were made by the Auditor General, and we continue to find ways to improve the process. Again, the Auditor recognizes that significant steps have been made to improve the process.

**Mr. Schuler:** Again, I want to be very factual. One of the things that I think both the minister and I appreciate is that the Auditor has laid out the facts, which we can now debate the facts. The bottom of page 24, and I want to be very careful that I don't mislead anyone here as well. It says: We are informed that a regular board meeting—this is not the

Public Schools Finance Board—of May 5, 2004, and I just want to note for the record that would have been the Wednesday, the matter of the LSAs was brought forward as a walk-on item at the end of the meeting.

This matter was not included as an agenda item for the meeting. In interviews, most board members could neither recall who brought the matter forward, nor whether they had even seen the LSAs at the meeting. Nevertheless, the minutes of the meeting contained a motion authorizing SOSD to dispose of various parcels of land in Swinford Park as per the LSAs. The reading of the LSAs make it clear that SOSD was acting as the developer with Swinford Park residential subdivision.

So then I ask the minister: Can he tell this committee which board members could recall who brought the matter forward?

**Mr. Bjornson:** What I can tell the Member for Springfield, checks and balances are now in place to ensure that situations like this do not occur again.

\* (16:00)

**Mr. Schuler:** See, because the last paragraph, page 24, most board members can neither recall who brought the matter forward, which then says someone remembers it coming forward at the Public Schools Finance Board. Would that someone be staff and solicitor, someone on April 29 who would have been part of that process?

Strangely enough, if you have all the information, and it's very clear who is involved, it's too bad that the names weren't included in this report, and the Auditor probably has a very good reason why she didn't. That, then, is really a job of the Legislature. I really appreciate the professionalism with which the Auditor does this. It is very problematic, and when you read page 23, page 24, the time line doesn't work.

I would say to the minister, I appreciate the fact that after the horses ran out of the barn the doors have been slammed, and I suspect it's got padlocks on it and all kinds of steel welded on that, that the door can't be opened again. But, No. 1, not just was process not called, but if the City of Winnipeg, and I say "if" because without all the information, and the minister—I take the reason why he's not answering my questions is, he probably doesn't have this information at hand. I would be fine if he would indicate to this committee he'd be prepared to provide it at a later date. I'd be fine with that.

But the solicitor for the Seven Oaks School Division provided Winnipeg Land Titles Office with documentation required to register title to the lands assembled for the future school site in SOSD's name and to register the plan of subdivision. It was presented to the City as a done deal. You flip the page, you find out it was not a done deal. Maybe that's why, after the complaint comes in on May 2, all of a sudden there's now supposedly a flurry of the activity on the Friday before. Maybe.

Interestingly enough, I'm looking through the Chair, I'm looking at the minister and wondering if that's a puzzled look. It's certainly a puzzled look that, when I read through this, the puzzled look I had. With great difficulty I read through this, because I asked the minister if documentation was sent to Winnipeg Land Titles Office that did not have the proper approval. I ask the minister, then, would he say the conclusion could be drawn that the City of Winnipeg had been misled on this subdivision?

*Madam Chairperson in the Chair*

**Mr. Bjornson:** I would, with all due respect, caution the honourable member with respect to some conspiracy theory per se. I know that members opposite have been wrong on a lot of the information that they brought into the House. On this particular issue where members have claimed that the transactions actually lost money when the Auditor General's report indicates that that is not the case, where members—*[interjection]* Well, that's what the Auditor General has said, and I believe the member has repeatedly said how much he respects the work that the Auditor has done on this file.

There were allegations by the members for Tuxedo and Charleswood with respect to political interference, and the Auditor has found that those accusations are factually incorrect and baseless.

So, with respect to, I don't know if you have a caucus meeting in the grassy knoll or what, but I would caution the honourable member with respect to conspiracy theories around this particular issue. The findings of the Auditor General are clearly outlined, that nobody unduly benefited from this, that individuals and so-called higher-ups were not aware that this was unfolding, and that the Auditor has also recognized the work that we've done to ensure that such a situation will not occur again.

**Mr. Schuler:** I know that by now the minister would have had the two sets of financial statements, and I would caution the minister to not put words into the

Auditor General's mouth, because the minister has now said on numerous occasions no money was lost.

Actually, if you look at the two financial statements, you have one that says: Seven Oaks School Division Swinford Park subdivision residential development. The other side is the future school site. If you open up the page of the subdivision, the residential development, and you look at the Balance Sheet, it's a great place to go: Assets \$565,000, and you subtract Liabilities and Surplus, all the rest of it, and you come up with \$565,999.

If the minister actually flips the page, you have even a better recollection, and that is the Statement of Revenues and Expenditures, where you take revenues minus expenditures in which they indicate a profit of \$512,118. I believe that's the amount; that is correct. That is called a gross income. It should be the net income, net being what you make at the end of it, but that is misleading because you have two sets of financial statements.

So I would take the \$512,118; go to the future school site, there's a schedule A—actually the last page, the first side—in which the total cost of the school site is billed at \$819,810. What it is is on the development you made \$512,118. On the one hand, the subdivision might have made money, but when you go to the school site, it now has a cost against it of \$819,810.

If the minister looks at the back pages of both of these documents, and bear with me, I know it took me a while to work through this myself. I spent a lot of time on this. The initial cost of the 15 acres—I'll wait for the minister. The initial cost of the 15 acres, you've got both financial statements side by side, the \$87,095 for the residential side, the \$209,000 for the subdivision future school site comes to, in and around \$300,000, and I'm just rounding at this point in time. So they bought 15 acres for shy of \$300,000.

If you look at footnote No. 1: "15 acres of land were acquired in 2001, of which 10.6 acres have been retained for a future school site and the remaining 4.4 acres comprised a portion of the residential development." So the 4.4 acres goes into the residential development; 10.6 acres goes into the school site. They buy the entire thing for \$300,000. Now, all of a sudden, for 15 acres you pay just shy of \$300,000. Now we have 10.6 acres for a cost of \$819,000. That's a problem. I, through the Chairperson, to the minister, that's a serious problem. We can't have it both ways. We can't say that this

was a big money-maker that you made \$512,000, but then that means that you bought a piece of property. Initially, you bought 15 acres for a little less than \$300,000. Now you have 10 acres which cost you just shy of \$820,000. Can the minister explain?

\*(16:10)

**Mr. Bjornson:** In the report on page 29, it says clearly it doesn't refer to the \$819,000 as a cost. It refers to it as a net book value. It's not an expenditure. It's an asset, a net book value of \$819,000. It's not an expenditure. It's an investment.

**Mr. Schuler:** Through you, Madam Chair, no, that's not an investment. And see, that's the problem with all this, is that individuals, who don't understand how this should have been run, ran two sets of books. So what they do is they push expenses and money back and forth that should have been one entire account; we'd have a real indication of what happened. There is, on the one hand, a gain of \$512,000 and, on the side, there's a liability of \$819,000. If the minister were to do the math, you take \$819,000, subtract the approximately \$300,000, where you come up with the—pardon me, you take the \$819,000 that the school site cost, you subtract the \$512,000 that you supposedly made; so, in other words, the 10.6 acres ended up costing \$300,000, which is what you bought the initial 15 acres for. Or is the minister going to tell this committee that, when they go to develop this school, is the Province prepared to pay \$819,000 for those 10 acres?

**Mr. Bjornson:** Madam Chair, I'd just like to ask the member to clarify what he's telling me. The member is saying, and I'm paraphrasing, but I hope I can put this in a nutshell, that, if you purchase 15 acres for \$300,000 and, at the end of the day, you have 10 acres left that are valued at \$819,000, that's an expense? I don't follow that. I mean, right in the Auditor General's report it refers to this as a net income, not a cost. It's an asset. Land values in Manitoba have been going up considerably in the last 10 years, and to invest \$300,000 and have a property that is now worth \$819,000, it's not a cost; it's not an expenditure. It's an asset, so I'm not sure if I follow the member's logic.

In my mind, if I purchased personally 15 acres for \$300,000 and I had 10 acres left at a value of \$819,000, I'd be pretty happy as an individual investor in property. So I do not see the member's logic in suggesting in any way, shape or form that this asset is a cost, because the Auditor refers to it as surplus land with a total net book value as at January

31, 2006 of \$819,000. So, if the member could please clarify for me how he sees this as an expenditure.

**Mr. Schuler:** Through the Chair, is the government then prepared to pay for land at a speculator's price, or what was the true cost to the school division? There's a big difference between what the school division values that property as. Who says it's worth \$819,000? I would suggest to the minister, is one of the reasons why that might be worth \$819,000 because all of the services have been brought to the property line?

I'll wait for a minute. I see the minister's getting some clarification. If that 10.6 acres is meant to be a development and the school division has already put, from what you read in the Auditor's Report, has already put the services up to the development line so it's ready to go as a development, if it's meant to be a development for housing, it may potentially be worth \$819,000. That's how it would be valued. If it's meant to be a school site, that then negates all that extra servicing that was brought on, right up to the property line. Then it doesn't carry the same value. Then it should only have the value of what it costs to buy that land. They paid \$300,000 for 15 acres. They split 4.4 acres off. That should be prorated, and the Province should only pay the difference between those two. Otherwise, it would be becoming of every school division to go buy property, inflate the value of it, knowing that at some point in time the Province is going to buy it at an inflated price.

See, Minister—through you, Madam Chair, I apologize, to the minister; you have two sets of books. The school division can't have it both ways. Either this development—the property development made \$512,000 and the other development is now worth 819 because all the services have been brought to the site. So, if you went on the market and you tried to sell this as a housing development, you might be able to get \$819,000 for it. But, if you want this as a school site, I would say, through the Chair, is the government serious about allowing the school division to keep the \$512,000 that they supposedly made on this subdivision and then paying them \$819,000, a speculator's price, for a school property. I appreciate if there are people still scratching their heads. It takes a long time to figure this out because there are two sets of books on the same 15 acres.

You can't take expenses of a subdivision and put them onto a school site and expect the Province to pay for it, unless the intention is to have this as a

property development. Now we're talking something different. If the school is going to sell this as a housing development potential site then it makes sense. It may, I don't know. I'd have to have an independent evaluation done. Then the \$819,000 may make sense. However, if it's going to be a school site, then a lot of the costs of the services going to a school site should be put back onto the housing development financial statements.

I would say to the committee, this is all about protecting the taxpayer. What is happening here is the attempt to have it both ways. That should be a very grave concern to all of us, including the Minister of Education (Mr. Bjornson). Because we do not—if I'm wrong, I would like it explained to me, but I've done my research on this. I am very concerned that a piece of property that now should be valued at about what it cost the school division, about \$200,000, if it's just school property—because all they did, they just split off the 10 acres, right? That's the 70. They give you the percentage, 15 acres; 70 percent of the 15 acres goes for a school. That comes off the cost of the initial \$300,000; 70 percent of that should go onto this property. That's actually what it cost them. All the other costs should go onto the land development site.

My question to the minister is: Shared underground services, paving and associated works, specific infrastructure, service and street connections, land drainage, fencing, it goes on and on and on. I understand that some sewer and water would have to come through the school site, but not to this level.

Coming to this site, I suspect, in fact, I'd probably go as far as know there are enough services coming to the school site to do a property development, hence, the heavy cost on the school site.

\* (16:20)

So the question is: Is this a school site, or is it a property development? Because, then, that changes the other set of books.

**Mr. Bjornson:** Well, the member asked a lot of questions with "if" and I heard "if" repeated in many of the prefaces to his question.

It is a school site. With respect to this particular situation, as mentioned, what has transpired was clearly outside of The Public Schools Act. That was identified through the deputy minister's report. We

have now the checks and balances to ensure this does not happen again.

**Mr. Schuler:** The minister said it's a school site. So, in other words, the Province is now prepared to pay \$819,810 for the 10.6 acres.

**Mr. Bjornson:** What I did say was that this is a school site.

**Mr. Schuler:** It's a school site. A school is to be developed on it. By the minister's own words, he quoted from the Auditor's report, a total net book value of \$819,810. Is that what the Province then is prepared to pay for the 10.6 acres of the Seven Oaks School Division Swinford Park subdivision future school site? Is he then prepared to pay that \$819,810? Is he prepared to pay that?

**Mr. Bjornson:** The PSFB has guidelines in place to do an analysis in due course when the time would come for the determination of that site.

**Mr. Schuler:** Thank you. That starts to give, although very mildly, some comfort to this committee. Because that is the concern. The minister has now declared this to be a school site. That means that any housing development costs that have been transferred on the financial statement now belong to the Seven Oaks School Division Swinford Park subdivision residential development, which then means that there was no \$512,000 profit.

If the Province isn't prepared to pay the full \$819,810 right up front, and the minister, in his own words, said it's something that the Public Schools Finance Board has to review and look into, we as provincial taxpayers should not be paying for the costs, for any subdivision costs that might have been placed on the financial statements of the future school site.

Again, I would like the minister to be very clear, because we are all about protecting the public's interest. That is a substantial difference. That 10.6 acres, initial costs, 70 percent of approximately \$300,000, and then whatever it would have cost to bring only the services for a school to the site line. That's it.

I look at the expense list: Shared underground services, paving and associated works, \$222,000 for a school site. Service and street connections, \$153,699. Well, actually, there's no school, so there were actually no connections. A lot of this is development costs that should go with a residential

development. Hence, this property is not worth \$819,000.

This committee wants to be very, very clear that the Province, at some point in time, doesn't get into developing a school and gets hosed by paying all that money. That has to be very clearly reviewed and very, very carefully looked at. It should be actual costs that the Province, that all taxpayers of Manitoba, pay for, and not development costs. I say that with all sincerity. Would the minister concur with that?

**Mr. Bjornson:** The member can expect due diligence in due course when PSFB is examining this issue. Again, as I said, we've taken responsibility for this; I have taken responsibility for this. Clearly, it was outside of the act, and we've acted, as the Auditor has said, to ensure that this does happen again. I have said in the House, I have said publicly, when this transpired that I should have asked more questions, but the Auditor, as I said, has recognized the work that we've done, whether it's changing the PSFB act, changing the board and some of the measures that we've taken internally to address the situation around citizen complaints. With this particular property, as said, there will be due diligence in due course.

**Mr. Schuler:** I understand the minister basically is declaring the parade is over; that's it, the parade's over. But you still have to clean up after the parade. What's left over is a mess. That's why I would encourage this minister, through you, Madam Chair, that the \$819,000 that is supposedly an asset sitting there be very carefully clarified that it not be carried for years to come—and the minister has declared this site a school site, and the committee appreciates that frankness—that then when the school goes to be built, somehow when this gets reviewed that (a) the provincial taxpayer doesn't get hosed by paying that \$819,000, but yet somewhere down the line a school division's going to have to account for why a supposed asset worth \$819,000 is not worth \$819,000, that that was actually not the case. Because it's a school site, that means that the residential development lost money because you have to transfer all the appropriate expenses that have been tacked on to the school site that belong to the residential development, have to go back to the financial statements on the residential development.

When I spoke to the Auditor, she made it very clear she's not the watchdog. She laid out the facts and we appreciate that. It is the job of this

Legislature to point out that someone is going to have to pay for this mistake. The subdivision only makes money if the school site becomes a subdivision. The minister has declared that the 10.6 acres are a school site, which means the subdivision, then, can't have made \$512,000. The costs of a subdivision, a potential future subdivision have been placed into the future school site financial statements. That's the only way they could make it look like the residential development made money unless this land was declared surplus and it went into the market and it was developed as a housing development. Then maybe and only then would this property potentially be worth \$819,000. Without a fair analysis and I don't have the budget for that; my little MLA's budget does not cover that kind of stuff. I would have loved to have had a couple of appraisals done on this property to see what it's actually worth. Maybe as a subdivision, maybe it is worth \$819,000. But the minister has declared that it is not a subdivision, that it is a school site. What the taxpayer, then, wants to know is what is that property then actually worth. Why would we as provincial taxpayers pay for subdivision costs on a school site? That doesn't make sense. It takes a while, because there are two sets of books, to actually work your way through this.

\*(16:30)

I ask the minister, can he ensure that when he gets back to his department he has them look into this? This should be done sooner than later to protect all taxpayers—the taxpayers of the school division and the taxpayers of the province. Will he commit to that?

**Mr. Bjornson:** Perhaps I should clarify for the member that I certainly didn't decree that this would be a school site when land is purchased on speculation by school divisions. It is for the purpose of constructing schools and future anticipated use for schools and properties as such. The school division still has the option to sell the property for the appraised value. They still have that option. The member speaks in ifs and maybes. When those ifs and maybes are realized, then we will see a due process and due diligence with respect to the disposition of the property.

**Mr. Schuler:** You know, for a fleeting moment, I actually thought we were getting somewhere on this issue. I would point out to the minister, through you, Madam Chair, that it's the minister that's putting in the ifs and maybes. Maybe this is a school site, in

which case then, a very forensic audit, a very clear audit has to be done to make sure that the provincial taxpayer does not get hosed for development costs that belong to a property development. But he says, if they decide this isn't a school, then maybe it could be sold for the net value that is listed on page 29 of the Auditor's report, the 819.

So there's going to be a supposed asset, and it's a self-declared asset. I don't know if the minister has seen an appraisal. I haven't. In fact, I don't know if the Auditor saw an appraisal. This is a self-declared \$819,000 piece of property. Unfortunately, I do not have the funds to get a couple of appraisals done to see if, as a subdivision, it's worth \$819,000. I don't have the right to ask the school division to see the invoices to find out what actually belongs to the subdivision and what belongs to potentially service a school site. It's the minister now, who has put in all the ifs and maybes. Now we're back to square one.

What bothers me about this is we have two financial statements. Depending on which way you want to argue, you have it both ways. Is this 15 acres the entire package a subdivision? Then they pull out that financial statement. Is it a school site? Then they pull out the other financial statement. What we need in this entire debate is clarity because either the Province is going to buy this blindly for \$819,000 for a school or is going to go back to the school division and say: No way are we going to pay this 819,000. We want a forensic audit to find out what actually belongs as a cost to the school site, and that we will pay, which, then, means that the subdivision didn't make 512,000. Or it's a subdivision, in which case it should be declared that and be done with it. You can't have it both ways. That's what this whole debate finally comes down to.

First of all, decisions were made without authority. Documents were filed without proper process. Misleading documents were filed. It's clear. The Auditor's report indicates, if you follow page 23 and 24, that documents were filed at the Winnipeg Land Titles Office without proper authorization. It wasn't until the complaint of a Monday, that the previous Friday, all of a sudden there was, supposedly, all this activity. Now we've come down to this where we have two financial statements that you can always argue either side depending on where you want to go. By the way, either the taxpayers of Seven Oaks School Division are going to get hosed or the taxpayers of the province, but in the end somebody has to pay for all this.

That's where the best thing that the minister could do is do a proper forensic audit to find out where the expenses properly belong. Why would we as taxpayers pay for all the services to come to a school site we're not going to use? I appreciate and I thank this committee for their patience on this issue because it really takes some digging to actually get down to where the problem lies. If this is an entire subdivision package, then absolutely you might see a profit; then you'd have to sell the school site as a subdivision. That's a school site that mitigates the \$512,000. To what degree, I don't know.

What I'm asking, what the committee is asking through the Chair to the minister, the minister would be very clear on this that the taxpayer on whichever side will be protected. I know that the parade's over; the minister has ended all that. But the mess still has to be cleaned up. That is right here; that's in front of the minister. I pointed out probably two of the most troubling parts of this entire deal. Page 23-24, which has been very well articulated by the Auditor General; she's done an outstanding job of laying out the problems, you just have to follow the time line. The other one is the two financial statements. The Auditor does not make comment on these two; all of what she does is looks at them at a factual basis. It's not her job to decide if it's a school site or a subdivision.

I'm asking the minister that whatever is done that the taxpayers are protected.

**Mr. Bjornson:** First and foremost, yes, the taxpayers will be protected. Secondly, I don't mean to split hairs with the honourable member, but, you know, when you look at what was stated about the if and maybe with respect to if it is a school site or if it is a subdivision, I believe it was the honourable member that raised that first as a point of clarification. As I said, I did not declare that this was a school site. Every school division that purchases property on speculation does so anticipating need, and it's land that has been identified and purchased for the purpose of building schools. But that does not mean that the school division in the future might not dispose of this property for the purpose of development as it is already serviced. Again, that's ifs and that's maybes.

With respect to the Auditor's report it is very clear. You referenced the Auditor's report in terms of the process that has been outlined, how this transpired. I'll again reference the Auditor's report with respect to the measures that we've taken to

ensure that this doesn't happen again. But I will assure the member that the taxpayers' interests will be protected.

**Mr. Schuler:** Again, I want to be really clear on my next question.

Is the minister aware of at any point in time where land might have been bought and, rather than the purchase price being for it by Public Schools Finance Board, the current market value is paid for it? I ask that more as information. Is that the way the Public Schools Finance Board operates? Even if you've paid \$20,000 for the property, if 30 years later the community has grown, then do you pay going development rates for the property? Do you then pay a current assessment value on that property, or do you pay what it actually costs the school division?

\*(16:40)

**Mr. Bjornson:** Well, the process that had been in place was for the school division to actually purchase the land on spec until such time that the determination has been made that it will be a school site, that the Public Schools Finance Board engages in a process. There is a due process and due diligence.

Of course, there were some issues identified in this process that we've since tightened up, as per the Auditor General's report in terms of the transparency, in terms of the accountability, and in terms of the recognition of the assets as part of the five-year capital plan and the role that those assets play in future plans for the division in terms of their infrastructure needs.

**Mr. Schuler:** Just as clarification, when land is purchased—the minister mentioned a school had been opened in the last 18 months; that was yesterday he mentioned that a new school had been opened up—the land would have been purchased by the Public Schools Finance Board. What would they pay for that land? Would they pay going rates or what the school board bought the land for?

**Mr. Bjornson:** The PSFB assesses the value of the property at that time that it's determined that the school will be built.

**Mr. Schuler:** So it's the Public Schools Finance Board that decides what they will pay for that land.

**Mr. Bjornson:** That's correct, and they have established guidelines to determine that.

**Mr. Schuler:** Can the minister tell us what those guidelines are?

**Mr. Bjornson:** I do not have them at my disposal at this time.

**Mr. Schuler:** Can the minister provide those to this member of the committee?

**Mr. Bjornson:** We can provide you with that policy, yes.

**Mr. Schuler:** Just on the outside chance, is there any way one could access that on the Internet, or is that just an internal policy document that I would have to then wait for?

**Mr. Bjornson:** It will not be available on the Internet. It's an internal departmental policy—pardon me, PSFB policy.

**Mr. Schuler:** The document, and the minister said he would be willing to provide it, is that the same document that existed in 2003-2004? It's still the same process?

**Mr. Bjornson:** I will have to look into that to confirm if they are indeed the same guidelines.

**Mr. Schuler:** I certainly would appreciate that.

I would like to go back to the two financial statements. Is the minister then indicating, not until such time as a school is to be built on that land, that it is only then that the costs would be looked at, insofar as the Swinford school site?

**Mr. Bjornson:** That is the time when the analysis is undertaken by the PSFB.

**Mr. Schuler:** So, until then, the school division will carry a supposed asset of \$819,000 and some change?

**Mr. Bjornson:** That is the figure, as identified by the Auditor General's report, yes.

**Mr. Schuler:** I suspect then all property that's owned by a school division is listed as an asset and its current market value is then listed?

**Mr. Bjornson:** Well, as per the outcomes of the deputy minister's report, we've made it a requirement that a school division keep an up-to-date inventory of its land and buildings and include its inventory as part of its capital plan. That was one of the recommendations that came from the deputy's report. That's why we've proceeded with that particular measure to increase the transparency, requiring the school divisions to have this inventory.

**Mr. Schuler:** Will the real estate just be listed as a physical address, or will it be listed at purchase price, or is it listed at current value?

**Mr. Bjornson:** It would be listed as purchase price and would include the actual costs incurred for servicing.

**Mr. Schuler:** In the case of the Seven Oaks School Division, they're going to have an asset of \$819,810, which, evidently, they have invested the profits of \$500,000 in. So they will always see, right off the top, a surplus of \$512,000.

**Mr. Bjornson:** At such time where there's a decision for either the disposition of the property or the construction of the school on that site, if that is the determination through the capital plan process that is in place, all variables will be taken into consideration as part of due diligence and due process with respect to that disposition of that property.

**Mr. Schuler:** That was a fantastic rendition of Sir Appleby off of *Yes, Minister*. That was magnificent. No idea what it meant, but it was magnificent.

The question that I asked was, you know, that "meanwhile, back at the ranch," if you have the profit in the \$819,000, won't that show up as an automatic surplus on your balance sheet at the end of the year, as a school division?

\* (16:50)

**Mr. Bjornson:** The figure will show up on the books at cost. I'd like to ask the member if he could clarify what he means if it would show up as an automatic surplus. I'm not sure I know what he means.

**Mr. Schuler:** A school division goes out and buys 10 acres, \$300,000; it's a \$300,000 expense to the school division, that's it. Ten years later the school is built; the PSFB judges its \$300,000 cost. It's a \$300,000 cheque that comes back as income and the land then goes to a school.

In this case, we have 15 acres that were bought for \$300,000, divided up. Now we have 10 acres that cost \$819,000 of which \$512,000 was invested from a subdivision, quote-unquote, profit into that land. So it's not a simple purchase of land, and then later on PSFB buys it for that purchase price because the school board as per the Auditor's statements—Swinford Park land development by SOSD was a net income of \$512,000 to the school division. However, this entire amount and an additional \$307,000 remain

invested in surplus land with a total net book value of \$812,810.

Actually, I would say that a probably fair reflection would have been with a total cost as of January 1, 2006, of \$819,000. Because they show a profit on a financial statement, that profit has to be accounted somewhere. The land initially costs \$307,000. You see that's the additional \$307,000 they invested in 15 acres; now they invested \$300,000 into 10 acres and then they kicked in another \$512,000 into the 10 acres to come up with \$800,000 for something that costs them approximately \$210,000. I don't know. Great math, but somewhere that \$512,000 profit which is shown on a financial statement must be accounted for until it comes back. It's not as if they took \$300,000, bought land and the land sits there for 10 years. That \$500,000 always has to be accounted for because they invested profit into land.

My question, if the minister were to ask any question to this, was, what have you done to the school division, because this just creates more and more problems? How does that \$512,000 then show on the books from here on in until the Public Schools Finance Board decides what the value is?

**Mr. Bjornson:** Well, as stated, we do require the divisions to keep the inventories of the land, and as such it would appear as an asset with a valuation as determined—by the Auditor's report, it would appear as an asset.

**Mr. Schuler:** I understand it can't be an asset as such because it's a liability until it's been sold. True, it's an asset, but there's a \$512,000 initial investment plus a \$307,000 initial investment. But the \$512,000 is a profit that was made off of a subdivision. That has to be accounted for somewhere. It's not just an investment of tax dollars into a subdivision. They made a profit; normally, you make a profit of \$500,000 that you show. Great, I have a profit, but the profit was reinvested. So you have to keep tracking that profit. and that would be part of your surplus.

**Mr. Bjornson:** Well, I found the question quite confusing, but after the member, you know, walked around a few of the issues, I now feel I'm confused at a much higher level.

Having said that, I don't quite follow what you're saying about the asset being a liability until such time it's sold. I know that, when I purchase a home and I carry a mortgage, yes, the mortgage is a

liability, but the home is an asset. So I don't quite follow what you're trying to get at. Perhaps the member, in the time that we have, can put this in more black-and-white terms, because I really can't follow what you're asking me today on this issue.

**Mr. Schuler:** See, the problem with this kind of—we had these discussions when I was on the school board. On the one hand, you've invested \$300,000 into a piece of property, and you know that when you put a school on it you get your \$300,000 back. On the one hand, that is an asset. I understand that. Put it very personally: If you own your home, that's your asset. But you own another piece of property where you may some day want to build a potential home. You would have to pay taxes on it; you have to maintain it. So then there are liabilities on it, and what you hope is that it goes up in value to make up for whatever losses you've made because you've had to pay taxes, so on and so forth.

A school division doesn't have to pay taxes on that property, I take it, because it's now been designated for school use. But I mean there are still costs to that property. You still have to maintain it, secure it, all those kinds of things. The thing is that, and the minister made it very clear, is that you get paid out the initial cost of the land. What's different about this piece of property is an extra \$512,000 of profit—the profit has to show somewhere—was invested in the land.

So the minister's right. It is an asset, but you have to be careful because assets, if they're not

producing for you, then become liabilities because it costs you every year. If after 40 years you've wiped out any value of it because it costs you so much to maintain it, et cetera. That's why I just find this very confusing how they're going to account for this in the books. There's a \$512,000 of profit that's been invested in land that they may not realize for 10, 15 years to come, but they have to show that money somewhere as a profit. That has to then go to their surplus, although they can't spend it. It still is a profit that they've invested somewhere but has to show.

I think our time has run out, and I know the minister would like to keep going on this. Maybe tomorrow we'll continue on this.

**Mr. Bjornson:** I thank you for your comments. I'm not sure there was a question in your concluding remarks there, but we will address this matter, I suspect, since the member has said that I likely won't have time to answer the question, that we will continue to discuss this tomorrow. I thank the member for his questions today.

**Madam Chairperson:** The hour being 5 p.m., committee rise. Call in the Speaker.

#### IN SESSION

**Mr. Speaker:** The hour being 5 p.m., this House is adjourned and stands adjourned until 10 a.m. tomorrow (Thursday).

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, October 10, 2007

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