

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

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The Honourable George Hickes
Speaker*

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Ninth Legislature

Member	Constituency	Political Affiliation
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.
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SCHULER, Ron	Springfield	P.C.
SELBY, Erin	Southdale	N.D.P.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, October 17, 2007

The House met at 1:30 p.m.

PRAYER

ROUTINE PROCEEDINGS

INTRODUCTION OF BILLS

Bill 28—The Budget Implementation and Tax Statutes Amendment Act, 2007

Hon. Greg Selinger (Minister of Finance): I would like to move, seconded by the Minister of Justice (Mr. Chomiak), that Bill 28, The Budget Implementation and Tax Statutes Amendment Act, 2007; Loi d'exécution du budget de 2007 et modifiant diverses dispositions législatives en matière de fiscalité, be now read a first time.

Motion presented.

Mr. Selinger: Mr. Speaker, this bill implements measures in the 2007 budget and makes various other amendments to tax and financial legislation.

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

Bill 211—The Teachers' Pensions Amendment Act

Mr. Ron Schuler (Springfield): I move, seconded by the honourable Member for Tuxedo (Mrs. Stefanson), that Bill 211, The Teachers' Pensions Amendment Act, be now read a first time.

Motion presented.

Mr. Schuler: Mr. Speaker, I follow in the footsteps of my honourable colleague for Tuxedo in bringing forward legislation to guarantee a seat for retired teachers on the TRAF board. I am pleased retired teachers have come to the gallery for the introduction of this legislation.

This bill amends the section of The Teachers' Pensions Act about the Teachers' Retirement Allowance Fund board by increasing the number of board members to nine, requiring at least one member to have investment management experience and requiring one member to be a retired teacher nominated by the Retired Teachers' Association of Manitoba. Thank you, Mr. Speaker.

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

PETITIONS

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 0.63 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 Helen Gibbons, W. Greaves, M. Little and many, many others.

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

Neepawa, Minnedosa and Areas Local Hospitals

Mr. Stuart Briese (Ste. Rose): Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition:

Residents of Neepawa, Minnedosa and the surrounding areas are concerned about the long-term viability of their respective local hospitals. Impending retirements, physician shortages, and the closure of many other rural emergency rooms have

caused residents to fear that their health-care facilities may also face closure in the future.

Local physicians and many residents have expressed their support for a proposed regional health centre to service both communities.

It is believed that a new regional health centre would help secure and maintain physicians and would therefore better serve the health care needs of the region.

The success of other regional hospitals, such as Boundary Trails Health Centre, has set the precedent for the viability and success of a similar health centre for the Neepawa and Minnedosa area.

We petition the Legislative Assembly of Manitoba as follows:

To request the Minister of Health (Ms. Oswald), to consider the feasibility of a joint health centre, including an emergency room, to service Neepawa and Minnedosa and the surrounding area.

To urge the Minister of Health (Ms. Oswald) to consider sustaining health-care services in this area by working with local physicians and the Assiniboine Regional Health Authority on this initiative.

This petition is signed by Pat Angers, Ron Jesson, Ken Smith and many, many others.

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—

An Honourable Member: Resign.

Mr. Lamoureux: At least my leader is not a coward.

—Mr. Speaker, 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 G. Laberge, Y. Laberge, Pat Benoit and many, many other fine Manitobans.

* (13:40)

Cottage Owners and Homeowners Access to Property

Mr. Gerald Hawranik (Lac du Bonnet): Mr. Speaker, I wish to present the following petition to the Legislative Assembly.

These are the reasons for the petition:

Due to an ongoing blockade, some cottage owners and homeowners have been unable to access their cottages and homes in eastern Manitoba for several weeks.

These cottage owners and homeowners are extremely frustrated about this lack of access, and they do not appreciate the provincial government's advice that they should have "patience" while no action is being taken to resolve the issue.

These cottage owners and homeowners are very concerned that if they are unable to properly winterize their cottages and homes before freeze-up, costly property damage will ensue.

Cottage owners and homeowners do not want to be held financially responsible for property damages that they could not prevent.

We petition the Legislative Assembly as follows:

To request the ministers of Conservation and Justice to consider taking timely steps to resolve the blockade and to restore cottage owners and homeowners access to their property.

To request the Minister of Conservation to consider paying compensation to cottage owners and homeowners who suffer property damage as a result

of being unable to access their property due to the blockade.

Signed by Mary Anne Lougheed, Adrian Deboer, Linda Friesen and many, many others.

Introduction of Guests

Mr. Speaker: Prior to Oral Questions, I'd like to draw the attention of honourable members to the public gallery where we have with us today from the Aboriginal Community Campus 25 to 30 adult education students under the direction of Allison Black. This institution is located in the constituency of the honourable Member for Point Douglas (Mr. Hickes).

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

Also in the public gallery we have from Oakville School 45 grades 5 and 6 students under the direction of Mr. Greg Burnett. This group is located in the constituency of the honourable Member for Portage la Prairie (Mr. Faurshou).

Also in the public gallery we have from Maples Collegiate 15 grades 9 to 12 students under the direction of Mr. Murray Goldenberg. This group is located in the constituency of the honourable Member for The Maples (Mr. Saran).

Also, I draw the attention of honourable members to the public gallery where we have with us today a group of retired teachers.

Also, I draw the attention of honourable members to the public gallery where we have with us today a group of Manitoba retired health care workers.

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

ORAL QUESTIONS

Manitoba Hydro Power Line Negotiations with East-Side Communities

Mr. Hugh McFadyen (Leader of the Official Opposition): Mr. Speaker, since the NDP required Manitoba Hydro to build the daffy detour, which was announced some weeks ago, we've learned that it's going to make every Manitoba family \$2,000 poorer, it's going to result in burning more coal and contribute to greenhouse gas emissions, it's going to result in the cutting of more trees, and it's going to perpetuate poverty of people living on the east side of the lake.

Now, in response to questions about why a premier would do so many damaging things to his own province, he's flown several flags up the flagpole to see who might salute, Mr. Speaker. First he flew the UNESCO flag up the pole and nobody saluted. Then he flew the Xcel flag up the pole; nobody saluted that one either.

So then, when we ask the Premier whether this was because he had granted a veto over east-side lands, he said and he's been saying consistently for two weeks, no, there is no veto.

Now, in today's *Winnipeg Free Press*, on the very issue of the veto, he says and I quote: "Expecting to get 16 chiefs to agree on a consensus position on the east side is about as probable as expecting 13 premiers to agree on Senate reforms," said the Premier. "It won't necessarily happen."

So, Mr. Speaker, given he's been saying in this House for two weeks that there is no veto and it's quoted in this morning's *Free Press* saying there is a veto, the question is: Which premier should we believe; the premier who's been in the House for the past two weeks or the premier that's quoted in this morning's *Free Press*?

Hon. Gary Doer (Premier): The same person, Mr. Speaker.

Mr. McFadyen: Mr. Speaker, the same person who has adopted two diametrically opposed positions in the span of two weeks, two completely inconsistent positions within the person. Now, we're used to that happening between the Premier and members of his own caucus, but rarely do we see that happen between the Premier and himself.

Given that this battle is raging within the Premier's own mind as to whether there is a veto or not, and it would appear in all the evidence that there is a veto, I wonder if he can indicate whether he has unanimous agreement by all 16 bands on the west side of Manitoba for the construction of the daffy detour.

Mr. Doer: Mr. Speaker, the member opposite is putting a lot of flags up there and they're all false. We'll start dealing with them one at a time. I would point out there's a difference between consensus and veto. I would also point out, in many of our questions and answers we talked about the fact of having meetings in communities with the people that live in those communities, the 80 communities.

Mr. Speaker, whether the member opposite is aware of it or not, elected people sometimes get changed, whether it's a chief or a Premier or a Leader of the Opposition or premiers in other provinces or heads of corporations, publishers. They don't always last forever. Sometimes, and that's why in something that's so important you have to ensure that you go right to, and I know this is a strange concept, you have to go actually to the people living in the area. That's why we had 80 meetings in the area.

Mr. Speaker, dealing with some of the false statements made by the member opposite, and it started from the first day when he talked about the line going down the Interlake, something that was repeated by one of his supporters in an op-ed piece on the weekend, it was on the west side, not down the Interlake, for reliability reasons.

Secondly, yesterday our minister pointed out that the member opposite has been using, and I quote, in *Hansard*, he's been using the fact that it is a hundred megawatts of line loss. And he quotes, and he said: "That's half the capacity of the Taconite Harbor Energy Center coal-fired plant in Minnesota."

Well, Mr. Speaker, the difference is 16 megawatts. We've clearly demonstrated that by tabling a document in the House. I'd ask the member to apologize for not telling the people the truth.

Mr. Speaker: Order. We have to pick our words carefully in this Chamber about making references to not telling the truth or telling the truth. It kind of borders on a word that we frown upon very much in this House, so I would caution members to pick their words carefully in the future.

Criminal Law Reform Federal Initiatives

Mr. Hugh McFadyen (Leader of the Official Opposition): The Premier is confirming that he has no consensus on the west side from those who are going to be impacted by the development on that side. We have a hard time reconciling his handover of consensus requirements on the east side and his lack of similar concern for those who are impacted on the west side, Mr. Speaker.

We certainly look forward to getting into committee next week to address the assumptions around line loss which are based on no new generating capacity, Mr. Speaker, so the Premier is saying he's cancelling Conawapa and cancelling other projects in the north. That would be a major

new announcement and we'd certainly be looking for an explanation.

Mr. Speaker, on a new question, my question to the Premier is: Clearly there is a lack of consensus in his own mind of the issue of east side and west side, and where we have another example of lack of consensus is around the issue of crime and amendments taking place and being proposed at the federal level.

We've just got numbers from Stats Canada, Mr. Speaker, showing that Winnipeg has the second highest rate of homicides using a firearm in 2006 compared to other major cities in Canada. We also have the highest number by far of murders by young people here in our province.

Now, some weeks ago, I was pleased to be part of a delegation to Ottawa. I recall the Premier standing shoulder to shoulder with Jack Layton, the leader of the federal NDP, in front of the CBC cameras, coming out of our meeting with the federal NDP caucus saying they're on the same page when it came to fighting crime in Canada.

Yesterday the federal government introduced the Throne Speech. Its top priority is the measures that we asked for. Within minutes, his federal NDP friend—and I know this isn't a battle within his own mind but a battle with his own federal leader in this case, Mr. Speaker. But his own federal leader came out and said he was going to vote against the Throne Speech, vote against new measures to protect Manitobans and protect Canadians.

So, in light of this, Mr. Speaker, and in order to satisfy Manitobans that the Ottawa trip wasn't a phoney PR charade, will he stand up in the House today, will he say: Jack, you're wrong. Vote for the Throne Speech. Vote to protect Manitoba families.

* (13:50)

Hon. Gary Doer (Premier): Coming back to the facts, Mr. Speaker, because the member opposite is dealing with factual errors. He stated in this House on September 26, and he's repeated it over and over and over again, and it's been in the media over and over and over again: The line loss is a hundred megawatts between the two options. And then he goes on to quote: It's equivalent of half the capacity of the Harbor Energy Center coal-fired plant.

I want to point out, Mr. Speaker, that we have closed coal-fired plants in Manitoba. We closed the Selkirk plant. It's over 120 megawatts of power. It's

not easy to be green. We tabled a memo yesterday disproving what he has been alleging in the media for the last three weeks. The net difference is 16 megawatts. He should clarify that and apologize for his factual errors.

Dealing with crime—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Doer: Dealing with crime, I understand the bill is going to be introduced shortly in the House of Commons. We applaud that measure. We listened to the wording on auto thefts which we believe is a priority for Manitobans. We looked at the reference to youth, the Youth Act. This has been almost two years now since we have been awaiting a change in the Youth Act.

We opposed the former Liberal Youth Act amendments. We predicted at the time that the lack of deterrents in the bill, even though we believe in prevention and hope and opportunity and police presence, we also believe in appropriate consequences.

We would point out, Mr. Speaker, that the other provisions dealing with violent crimes we will support as a provincial government, and our Minister of Justice (Mr. Chomiak) has indicated that. We have indicated it in an all-party delegation. I note that at the end of last year there was a bill supported on mandatory sentencing for gun-related offences. It was supported by two parties, the NDP and the Conservatives in Ottawa, a point that Minister Nicholson made to the member opposite and to the all-party delegation.

And, yes, when the bill is introduced, if it meets the various proposals we have—I didn't hear anything on gang identification, Mr. Speaker. We certainly will support the bill if it moves forward on the criminal changes that are necessary, and we will speak out accordingly.

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

Mr. McFadyen: This is the first supplemental to the second question, Mr. Speaker.

Thank you for that. We certainly look forward to Hydro committee and the assumptions that are going into the numbers now being put out by the government. I know they think \$100 million isn't a big deal. They've managed to put out a lowball

number. It's going to cost Manitobans \$100 million a year, Mr. Speaker, and we'll have a good debate, which we look forward to, as to whether at the end of the day this fiasco is going to cost \$600 million or whether it's going to cost something closer to a billion and a half. We look forward to that discussion.

I want to just come back to the issue of crime, Mr. Speaker. The Premier has not responded to the question about his position on the federal Throne Speech. It's a critical document that will set the course in terms of criminal law reform in Canada. I know he's supportive of the Afghanistan mission, and I know he's supportive of other federal measures, so I don't know why he would be shy about standing up and saying to his federal leader, Jack Layton, who he stood shoulder to shoulder with in Ottawa. I know certain members of his caucus are campaigning for members of the federal NDP now in anticipation of that election, should it come.

Now, I know the Premier likes celebrities. He likes to be onside with Jesse Ventura, Arnold Schwarzenegger and Bobby Kennedy, Jr., but, Mr. Speaker, we're just talking about Jack Layton now. Why won't he stand up to him?

Mr. Doer: Well, Mr. Speaker, if we look at the Brandon coal plant, it's a loss of revenue of about \$20 million a year for over a hundred megawatts, a hundred megawatts of power. If there's a 16-megawatt difference, which completely contradicts the member opposite—this is coming from the CEO, tabled in the House yesterday—it contradicts three weeks of his misinformation.

Mr. Speaker, when we closed the Selkirk coal plant, it wasn't \$100 million a year for 120 megawatts. So his logic, even without the numbers of the Hydro committee and anybody reporting on it, doesn't make any sense at all. It's obviously over the life of the agreement, and that is a totally different set of numbers.

On the issue of the Throne Speech, we support the measures in the Throne Speech on the—
[interjection]

I know the member opposite was running for Parliament at one time. Maybe he's going back running to Parliament in the future, but, Mr. Speaker, we—
[interjection]

Mr. Speaker: Order.

Mr. Doer: We carefully—

An Honourable Member: Transcona's looking pretty good.

Mr. Speaker: Order.

Mr. Doer: It is. It's got a great MP, Bill Blaikie. I think he's a wonderful man, a wonderful man.

Some Honourable Members: Oh, oh.

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

Mr. Doer: Thank you, and I guess I would heckle, too, if my facts were off so dramatically as the member opposite.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Doer: As I said, we'll support the measures that we articulated for the last couple of years. In fact, five years ago we said that the Youth Justice Act shouldn't be amended as it's proposed. We said it had no deterrents. We definitely said it was a weak act, and we're pleased that it's been mentioned for the first time in a Speech from the Throne in recent time. We're pleased that it's going forward.

I would point out there are many other measures in the crime provisions and some other provisions in the Speech from the Throne, talking about the Arctic and other things, but I ask the member opposite, is he now supporting his federal party on abandoning Kyoto? Maybe we would like to keep Kyoto and do something for planet Earth, Mr. Speaker.

Crocus Investment Fund Investigation Release of Report

Mr. Rick Borotsik (Brandon West): Mr. Speaker, next Thursday, October 25, the court-appointed receiver for the Crocus Investment Fund will appear before the Manitoba Court of Queen's Bench to ask to distribute a report of his investigation into the business practices of the Crocus Fund. This report could shed some light on otherwise dark secrets. Manitobans have a huge number of unanswered questions about the demise of the Crocus Fund. They deserve answers.

Mr. Speaker, to the Minister of Finance: Will he do the right thing and instruct his counsel to request that the report be made public or will he instruct his counsel to suppress the report?

Hon. Greg Selinger (Minister of Finance): Mr. Speaker, the Member for Brandon West is a day late and a dollar short. We said yesterday we would

release the report. I just want to let him know that we said yesterday we would release the report, and being consistent, we will release it today as well.

Child Welfare System Social Worker Caseloads

Mr. Stuart Briese (Ste. Rose): Mr. Speaker, as the minister knows, there's an ongoing inquest into the tragic suicide of 14-year-old Tracia Owen who was moved 81 times by CFS during her short life. The inquest has revealed what this government has known for years. Social worker caseloads are too high. As a result of this inquest, the Southeast Child and Family Services Agency is now under review.

Mr. Speaker, why is the minister satisfied with yet another review when clearly one of the biggest problems of CFS is its own failure to address skyrocketing social worker caseloads?

* (14:00)

Hon. Gord Mackintosh (Minister of Family Services and Housing): Mr. Speaker, I believe it was just last week in Estimates when the honourable member asked what all the accountability mechanisms were available in the areas of child and family services. I identified at least six. Obviously, it's important that there be accountability measures. That's according to the member opposite and certainly according to this government. We have been enhancing the accountability measures, but I will say that I'm very pleased to see that the southern authority is exercising its new power, its new role, to ensure that agencies are accountable indeed to the authorities, and I look forward to the outcome.

I also say that we are terribly saddened with what has come to our attention about the life and death of Tracia Owen. And, Mr. Speaker, it will be very important as well that the inquest report recommendations be taken most seriously by whatever governments and by whatever communities those recommendations are addressed to. We will treat that most seriously.

Mr. Briese: Mr. Speaker, the Child and Family Services system has been subjected to at least four reviews in the last year alone by the Children's Advocate, the Auditor General and the Ombudsman. Hundreds of recommendations later, the system is still in chaos. Recommendations mean nothing if the minister in charge fails to take serious action. Current social worker caseloads mean that workers simply don't have the time to conduct proper risk

assessments, monitor the cases properly or work to keep kids with their families in the first place.

Why does the minister continue to fail Manitoba children?

Mr. Mackintosh: Mr. Speaker, it was one year ago this week that Changes for Children was launched and on top of devolution represents the most massive overhaul to the child protection system in this province.

I can report to the House that only one-third of the way into the Changes for Children agenda, the budget this year, the budget that is coming up for vote in this House, was increased by a massive 25 percent, for \$48.5 million. That's what is before the House now, Mr. Speaker. I'm also pleased to report that 493 new foster placement beds have been found as a result of that strategy. Foster rates are going up 23 percent. Hotel use now has been minimized.

I will talk about the bill that's before the House for the Children's Advocate powers, but most notably as well, workload relief has flowed.

Altace Availability of Generic Version

Mr. Kelvin Goertzen (Steinbach): Lots of strategies but very few results, Mr. Speaker. The drug, Altace, which lowers blood pressure, is the third most prescribed drug in Canada. The generic equivalent of Altace, which provides the same benefit to its users at a fraction of the cost, has been available for months in Canada. In fact, every province in Canada offers the generic version of Altace except one, and that one lone exception is Manitoba.

Can the minister explain why?

Hon. Theresa Oswald (Minister of Health): As I've said to the member opposite before, we're working very closely on recommendations from the Office of the Auditor General, recommendations that say specifically to us that we need to be working more diligently to develop stronger controls on prices for drugs. That's why we're working in consultation with pharmacists and drug manufacturers to ensure that the deal that we're getting on generic drugs is the best deal possible.

The member opposite also well knows that CIHI stated very clearly in May of 2007 that Manitoba's Pharmacare program is the best funded in Canada, here in Manitoba.

Mr. Goertzen: Mr. Speaker, it was the same Auditor General that said that the Pharmacare system in Manitoba was being mismanaged.

Each month that goes by without the availability of the generic version of Altace costs Manitobans an estimated half a million dollars. Manitoba Health's own Web site says that the approval for generic and new drugs will be updated every three to four months. Yet the minister admits it's now been seven months since it's been updated.

Why is it that this Minister of Health in Manitoba is satisfied not offering a cheaper, safe generic version of a drug that every other province in Canada is offering their residents?

Ms. Oswald: Again, Mr. Speaker, I'm saying clearly that we are working with the recommendations of the Auditor General to ensure that we are strengthening our controls on prices. We know that the people of Manitoba do have a drug similar available to them now. We're listening to those recommendations very closely.

There are over 1,800 more drugs on the formulary today since 1999. That's some 28,000 families that are getting benefits from Pharmacare. We need to continue to work together to strengthen those price controls so that we can be adding even more to the formulary for Manitoba families.

Mr. Goertzen: The similar drug that the minister references costs twice as much as the generic alternative. We could be saving half a million dollars a month simply by having a committee meeting and approving that drug, but the minister refuses to have it happen. That's a half a million dollars that could go to CT scans, half a million dollars to ultrasounds, half a million dollars to keep rural ERs open.

Mr. Speaker, every other province in Canada allows this drug to be available to their residents. Only Manitoba hasn't approved it. I wouldn't want to suggest that she doesn't care about the issue. Maybe she's just bungled it. Which one is it?

Ms. Oswald: Mr. Speaker, again the committee will be meeting next month to be listening very carefully to the recommendations of the Auditor General. Our new policy on generic proposals will be coming forward, but let's keep it real just for a minute here.

When we're talking about the member opposite, the chief engineer of their great election platform, that said health wasn't a priority and that they would take \$800 million out of the public coffer, what

would that mean? Well, that would mean wiping out Pharmacare altogether. That would mean wiping out every personal care home bed in Manitoba, so if we're going to talk about money and health care, let's keep it real.

Seven Oaks School Division Land Development Accounting

Mr. Ron Schuler (Springfield): Mr. Speaker, yesterday during Question Period the Minister of Education stated, and I quote: There were two sets of financial statements. The two sets of financial statements were for clarity.

Given the minister's new-found interest in clarity, could he please now clarify for all Manitobans who will be held accountable for the \$300,000 loss of taxpayers' dollars in the Seven Oaks School Division land development scandal?

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): As I said, it was about clarity. Obviously, it caused more confusion. The Auditor says very clearly in the Auditor's report that there was a net profit of \$512,000. That's said very clearly in the Auditor's report. Once again, I said it was for the purpose of clarity. I apologize to the member that it's caused more confusion and he doesn't understand this issue.

Mr. Schuler: Mr. Speaker, Manitobans expect and deserve better from the Minister of Education. Considering his incompetence when allegations of taxpayers' dollars being put at risk by a school division were raised, why is no one being held accountable? Is it because from the minister to Ben Zaidman of the Public Schools Finance Board, Ross Eadie and Brian O'Leary of the Seven Oaks School Division, to name but a few, they were all individuals who made significant financial contributions to the NDP.

Who is going to be held accountable for the \$300,000 loss at the Seven Oaks School Division scandal? Who is going to be held to account?

Mr. Bjornson: Well, Mr. Speaker, I'm questioning my abilities as a teacher as I did in Estimates, because I did try on occasion—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. The honourable minister has the floor.

Mr. Bjornson: As I said, Mr. Speaker, I did try to teach the member opposite on many occasions over

the Estimates process about the issues, and clearly he doesn't understand the issue.

The Auditor General's report is very clear with respect to the profit that was made, and the Auditor General is very clear with respect to any of these allegations that members made in their conspiracy theories. Once again they continue to meet in the grassy knoll, but all they have to do is read the Auditor's report. All the information is there. All the allegations that they made about this issue when it first arose were debunked by the Auditor General.

Mr. Schuler: Mr. Speaker, one set of books has a surplus of \$512,000. The second set of books has a cost of \$819,000. We have a loss of \$300,000. We have a pattern here. If you donate to the NDP, it equals you get off the hook, but taxpayers are on the hook for a \$300,000 loss.

Who is going to be held to account? Who is going to stand up for the taxpayers and say they will be accountable for a loss of \$300,000 of taxpayers' money? That's the question, Mr. Speaker.

* (14:10)

Mr. Bjornson: Mr. Speaker, the books point to an asset valued at over \$800,000. The books talk about a net income of over \$500,000. I find it curious that the member would continue to question the findings of the Auditor. The Auditor General, KPMG, when they looked at this issue, there was net income of over \$500,000. Perhaps they don't understand the math. Perhaps we'll send them to business class.

Child Poverty Rate Setting Goal for Reduction

Hon. Jon Gerrard (River Heights): Mr. Speaker, for many years I have called for much better measures to reduce poverty in Manitoba than have been provided to date by the Doer NDP government.

The child poverty rate in Manitoba remains far too high. I ask the Premier: Has he set a goal to reach for 2011 for Manitoba? The latest child poverty rate in Manitoba is about 20 percent. To what level will the Premier try to reach by the year 2011 in order to achieve a significant reduction in poverty in our province?

Hon. Gary Doer (Premier): Mr. Speaker, any child living in poverty is not something anybody should be proud of. We have had a 25 percent reduction in the child poverty rate in Manitoba. We have increased the minimum wage. We have decreased the minimum cost for child care to make it more

affordable for families, particularly children. Some of the child credits, particularly for working families and low-income families, have been increased, I believe, by some 20 to 30 percent. The issue of providing more affordable education for working families, again, a 10 percent tuition fee reduction, with a massive increase in bursaries.

These are all policies that were counter to what the member opposite did when he was in a federal Cabinet. But, certainly, we believe that many of the proposals being made: increase minimum wage, decrease the cost of school—take some of these convoluted programs, the clawback; we've removed many of the clawbacks in last year's budget between families that are on social assistance and go to work. I believe there are 2,000 less people on social assistance today than there were in 1999.

Mr. Gerrard: A 25 percent reduction in eight years in poverty in Manitoba is clearly not good enough. Manitoba Liberals have been calling for a 50 percent reduction in four years and we need a plan to achieve it. Manitoba Liberals see the reduction in poverty as a very important objective. We believe we need to set an objective and set the plan.

I ask the Premier: Will he join the Manitoba Liberals in setting an objective of a 50 percent reduction in poverty in Manitoba in four years and work with us in developing and implementing the plan that's going to achieve it?

Mr. Doer: Mr. Speaker, I do not find any child living in poverty acceptable in a country like Canada.

Mr. Speaker, the 25 percent reduction, yes, it's not enough. We'd like to have a lot more. But one thing I find passing strange, when the member opposite feigns concern, he would be a member of a Cabinet that cut the social assistance rates for Aboriginal children living in northern communities. So, you know, to be holier than thou in this House—

For members on this side of the House who have increased the remoteness allowance, the food allowance and many other provisions for Aboriginal and northern residents, we would admit that there is a lot more to do. But when they talk about Liberals, the last time he was a Liberal Cabinet minister, it wasn't a very laudatory record.

Mr. Gerrard: Mr. Speaker, in the Premier's Throne Speeches of 2006 and 2005 and 2004, the word "poverty" was never mentioned. The Premier is talking but he's not setting the objectives that we

need to set. Reducing poverty has never been a major priority of the Premier.

So I ask the Premier today: Will he join Manitoba Liberals in setting the objective of reducing child poverty by 50 percent in the next four years and work with us to develop and implement the plan to make sure it's achieved?

Mr. Doer: Well, Mr. Speaker, in the election campaign, there was a debate that took place and the question was asked about minimum wage. The Leader of the Liberal Party, in the election campaign, had an opportunity to stand with us to say that we would raise the minimum wage every year—every year. And what did he say in the election campaign and in the debate? I have the tape.

When he had a chance to stand up for working families, for poor families, for child poverty, he said nothing. He sat on the fence. We're not sitting on the fence. We will continue to raise the minimum wage in Manitoba, Mr. Speaker.

Older Adults Quality of Life Government Initiatives

Mr. Andrew Swan (Minto): October is Seniors and Elders Month, the time for Manitobans to recognize the value of the contributions that older adults make to our society. I certainly invite all members of this House to visit the West End Senior Centre on Sargent Avenue to see the programming provided from Age & Opportunity. It's also the home base for the SafetyAid Program which helps our seniors remain secure in their own homes.

I'd like to ask the Minister responsible for Seniors to advise this House of other measures this government is taking to ensure that older Manitobans maintain the highest possible quality of life.

Hon. Kerri Irvin-Ross (Minister responsible for Seniors): As you are aware, the health, independence and well-being of all Manitoba seniors is a priority for this government. I've been proud to be the Minister responsible for Seniors and to work alongside many community groups to develop programs to promote active living, their quality of life and maintain their independence.

On October 11, I had the privilege of presenting a cheque to the older adult coalition of Manitoba for \$72,000. ALCOA will continue to provide information to all older Manitobans through peer-to-peer presentations about well-being, health and wellness across Manitoba. We're very proud of the

work that they continue to do, and we will work alongside them as they carry the message forward.

Trans-Canada Highway Opening Twinned Sections

Mr. Larry Maguire (Arthur-Virden): Mr. Speaker, yesterday the Minister of Infrastructure (Mr. Lemieux) conceded that a young man didn't have to die in a head-on collision on the two-lane section of the Trans-Canada Highway west of Virden. For 15 months, the next 11-kilometre stretch of Highway 1 has been twinned and finished but unopened by this government. Yesterday the minister and today the Premier tried to blame the engineers for preventing this 11 kilometres from opening. The Premier said politicians don't determine when roads open. That's cold comfort to the families of tragic highway accidents.

Mr. Speaker, will the Minister of Infrastructure today table the engineer's reports that say this 11-kilometre stretch of twinned highway should not be opened?

Hon. Gary Doer (Premier): We have, Mr. Speaker, promised to twin Highway 1 to the Saskatchewan border, and we committed ourselves to have that completed in the fall of 2007. The issue of how that will happen with the Highways Department and the Highways engineers, we have received advice. I drive by the Perimeter Highway in east Winnipeg and there are areas that have been completed but not opened because of egress and access.

Mr. Speaker, we certainly believe that the twinning of highways is necessary. We've committed ourselves to do it. We said we would have it completed by the fall of 2007. As I understand, it's on schedule to be completed by the fall of—

Mr. Speaker: Order.

Mr. Maguire: Well, Mr. Speaker, the Premier certainly missed the question. It's despicable that this 11 kilometres of twinned stretch of the Trans-Canada Highway west of Virden has been finished and unused for 15 months. Even Virden RCMP Sergeant Mo Massart told the *Brandon Sun* yesterday, and I quote: On a double lane that error would not have cost them a death, end quote.

On the radio this morning, the Premier told Manitobans to drive carefully and that cars are dangerous. Manitobans don't need driving-lesson lectures from this Premier. They need safe roads, Mr. Speaker.

Will he table the engineers' report that told them not to join the road up at Hargrave again, Mr. Speaker? Will he now open these 11 kilometres to protect drivers in that area as well?

* (14:20)

Hon. Stan Struthers (Minister of Conservation): Mr. Speaker, every single MLA in this Legislature understands that we need to make every decision possible to ensure the safety of Manitoba motorists, every single MLA.

Mr. Speaker, I would also suggest that every single MLA in this Legislature would not want to compound the problem by making a bad decision in terms of opening up this highway without the traffic engineers assuring us that opening up this highway would be safe. We need that—

Mr. Speaker: Order.

Teachers' Pensions Amendment Act Request for Government Support

Mr. Ron Schuler (Springfield): Today, Bill 211, The Teachers' Pensions Amendment Act, was introduced, a great day for retired teachers. In it, it requires at least one member to have investment management experience, something very reasonable. It also requires one member to be a retired teacher nominated by the Retired Teachers' Association of Manitoba.

I ask the Minister of Education and his government: Are they prepared to join this good-news story, support this piece of legislation, and let it go through so that justice can finally be had by the retired teachers of Manitoba.

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): Mr. Speaker, I know that a great day for teachers was in September of 1999 when a government that cared about teachers was elected to office.

Mr. Speaker, I know it was a great day for teachers every time we've opened up the pension act: four times compared to their record when they were in office, which is zero. I know it was a great day for teachers when we put \$1.5 billion into the unfunded pension liability. They put in zero. I know it's been a great day for retired teachers when we have worked diligently with the Retired Teachers' Association of Manitoba to ensure that they have a representative on the TRAF board, to ensure that they have active participation on the Teachers' Pension Task Force, which the member, the other day, was saying we

didn't need. He said we didn't need the Teachers' Pension Task Force. That's what he said during Estimates. They didn't need it in the '90s. We need it now because we're working to improve teachers' pensions.

Emergency Rooms Government's Promise to Increase Space

Mrs. Myrna Driedger (Charleswood): Mr. Speaker, on Tuesday a colleague of mine spent time as a patient in the hallway, the ER hallway of Grace Hospital.

I would like to ask the Minister of Health: What happened to the NDP promise, the big NDP promise, to end hallway medicine in six months with \$15 million. Could the Minister of Health please explain why people are still spending a considerable amount of time in ER hallways?

Hon. Theresa Oswald (Minister of Health): Mr. Speaker, I'd like to welcome the member back and congratulate her on at last being awarded a question by her leader.

I can also say to the member that certainly we are working diligently to ensure that in the Grace Hospital—incidentally, Mr. Speaker, the Grace Hospital that is open today, that the member opposite stood before the election and during the election and threatened and fearmongered the poor people of west Winnipeg—that ER is open.

We know that those numbers are down over 80 percent, and I want this member to take the opportunity to apologize to the people of west Winnipeg for scaring them and putting false information on the record and into the public. Shame on her.

Some Honourable Members: Oh, oh.

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

MEMBERS' STATEMENTS

Mr. Speaker: Members' statements. Are we not doing any today?

Muriel Smith

Ms. Marilyn Brick (St. Norbert): Mr. Speaker, I rise before the House today to congratulate Muriel Smith on winning the Governor General's Award in commemoration of the Persons Case. The award salutes the contributions of extraordinary Canadian

women to the advancement of women's equality. The award is to be presented at Rideau Hall tomorrow on the eve of the anniversary of the life-changing landmark decision in 1929 that defined women as persons equal to men under the law.

Throughout her career, Mr. Speaker, I really am pleased to be able to say that Muriel Smith is recognized all across Canada. She's recognized for being the first woman ever in Canada to be named a deputy premier. She was elected to this Legislature as the NDP MLA for Osborne in 1981. Throughout her career she held several Cabinet positions, including the Minister responsible for the Status of Women. She ushered in Canada's first pay equity laws and worked tirelessly to further the cause of women by, for example, establishing a network of women's shelters and introducing a zero tolerance domestic violence policy in the judicial system. Since her time in elected office, Muriel has continued to work on behalf of women through the various positions she has held.

Mr. Speaker, Muriel Smith and other women receiving this prestigious award have made a tremendous contribution to Canadian society through their efforts to promote the cause of women. I think we can contribute a lot by having 18 women here, but it's her who has led the way for us. Thank you.

Dr. Emőke Szathmáry

Mrs. Myrna Driedger (Charleswood): Mr. Speaker, on behalf of the Progressive Conservative Caucus of Manitoba, I would like to congratulate Dr. Emőke Szathmáry on receiving the Lieutenant-Governor's Medal for Excellence in Public Administration in Manitoba, 2007. His Honour the Honourable Jon Gerrard presented Dr. Emőke Szathmáry, president and vice-chancellor of the University of Manitoba, with her medal at a noon-hour ceremony yesterday at the Legislative Building.

Dr. Szathmáry has provided tireless leadership that touches countless lives here in Manitoba and around the world. Under her dynamic leadership the University of Manitoba has experienced tremendous growth. Shannon Roe, Chair of the Lieutenant-Governor's medals committee said, "This award recognizes the exceptional achievement of a person who has shown distinctive leadership in public administration in Manitoba. Looking back at the past recipients of this medal, Emőke Szathmáry will clearly be joining that group of exceptional individuals."

Dr. Emőke Szathmáry is the 10th president and vice-chancellor of the University of Manitoba from 1996 to present. She was appointed a member of the Order of Canada in 2003, and in 2004 she was named one of Canada's top 100 most powerful women by the Women's Executive Network.

In 2005 she was made a fellow of the Royal Society of Canada. The Lieutenant-Governor's Medal for Excellence in Public Administration established in 1987 pays tribute to public sector practitioners whose careers exhibit the highest standard of excellence, dedication and accomplishment.

There is no doubt that Dr. Szathmáry has left her mark on the many achievements of the University of Manitoba. She inspired, she dreamed, and the University of Manitoba and the province of Manitoba benefited.

On behalf of all the people of Manitoba, we'd like to thank her for her incredible contributions to this province.

Point of Order

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

Mrs. Myrna Driedger (Charleswood): On a point of order, a clarification.

It's been pointed out to me that I might have said the Honourable Jon Gerrard instead of the Honourable John Harvard, and I'd like to correct *Hansard*.

Mr. Speaker: Okay. We'll note it for a correction in *Hansard* that it should have read—or it will read the Honourable John Harvard instead of—Lieutenant-Governor Honourable John Harvard instead of Honourable Jon Gerrard. So we'll have it corrected.

John M. King School

Mr. Andrew Swan (Minto): Mr. Speaker, it gives me great pleasure to inform the House of the revitalization of the school grounds at John M. King School in Minto. The school grounds play a vital role in a neighbourhood short on green space, yet are sadly underdeveloped.

After well over a year of vigorous fundraising, the first phase of the transformation is set to take place in the next few weeks. This project has been spearheaded by teachers and staff at John M. King School who saw a void in their community fabric and took the initiative to fill it. A true community

effort has since unfolded to secure several grants and to raise community funds to bring this dream to fruition.

Approximately \$11,000 has been raised within the community; 85 percent of school families have contributed, and significant contributions from former students and members of the community at large have been received as well.

I'm pleased that the Neighbourhoods Alive! program is a major contributor to the project. Neighbourhoods Alive! continues to provide assistance to valuable local development projects such as this one.

The ultimate goal of the project is to create a safe and positive focal point in the community which promotes learning, physical activity and community spirit. Another key objective of this project is to help foster leadership by getting community members involved and giving them a chance to see that they are capable of transforming their community for the better.

Mr. Speaker, I would like to applaud everyone who has contributed to this project. Neighbourhoods truly can work together to turn an ambitious vision into reality. In particular, I would like to recognize the efforts of Sandra Buckberger, a teacher at John M. King School, for her leadership in this project. Thank you, Mr. Speaker.

* (14:30)

The Alexandra Hotel

Mr. Larry Maguire (Arthur-Virden): Mr. Speaker, a significant milestone has been reached by one of Virden's most notable landmarks, the Alexandra Hotel. Approximately a century ago, this enduring establishment was opened in this, at that time, booming railway town. Virden is a town known for its beautiful brick architecture, and the Alexandra Hotel is a reminder of the early 20th century. Thanks to recent restoration, this hotel has been preserved for future generations.

Sadly, some historical records of the hotel were destroyed in a fire, making it impossible to determine the exact date of the hotel's original opening. But one only needs to look at the Alexandra to know that it has endured through generations, and the stories it has preserved within the walls are incredible.

It is not known how many famous individuals stayed at the Alexandra Hotel. However, it is

believed that notorious Chicago gangster, Al Capone, came to the local bar at least once. In fact, the hotel would be quite a convenient building for rum runners during the prohibition era. The basement of the Alexandra has a card room connected to two tunnels for easy departure from the hotel. Even more compelling evidence, the room had a buzzer system that allowed staff at the front desk to alert these patrons if the police were on their way. Not surprisingly, rum runners and illegal high-stakes gamblers found this unique aspect of the hotel quite attractive.

The tunnels were eventually closed and an addition was added in the 1960s, but overall, very few changes have altered the architecture of the hotel since its creation.

Nina and Greg Salyga currently own this historical hotel and nine members of the staff keep the place running smoothly. This building also houses the popular Pump Jack Restaurant, under new management of Michelle McDonald. The dedication of these individuals to maintaining the Alexandra and Virden landmark is truly worthy of praise.

Mr. Speaker, 100 years is a special accomplishment and may the Alexandra Hotel continue its historic success. Thank you.

Lake Winnipeg Clean-up Initiatives

Hon. Jon Gerrard (River Heights): Mr. Speaker, the recent federal Throne Speech has a token mention of the federal government's intention to help clean up Canada's major lakes.

The last federal budget was a major disappointment in that less support was provided to help clean up Lake Winnipeg than was provided to help clean up Lake Simcoe, a very small lake in comparison, in Ontario. Even worse, we're now hearing that even the money designated for Lake Winnipeg has been very slow to be delivered to help the Lake Winnipeg Research Consortium in its efforts to improve the lake. Manitoba Liberals are very concerned that Lake Winnipeg was not specifically mentioned with any particular plan or designation in the Throne Speech, and we're disappointed that the federal government didn't provide any more details to their water strategy that they have done to date.

There is very little that has happened either at the federal level in the last year or at the provincial level with respect to cleaning up Lake Winnipeg. Indeed, Lake Winnipeg, as all of us know, is now in major danger with increased algal blooms, increased

erosion and increased problems just like Lake Erie was in the 1960s. It needs urgent action, not token support. It needs a major effort, not just a token mention.

There needs to be in our province, which is an incredible and wonderful province, a major effort to clean up one of our real treasures, Lake Winnipeg, and make sure that it is there in the way that it needs to be for all of us, for our children and our grandchildren and their children, for generations to come.

GRIEVANCES

Mr. Speaker: The honourable Member for Brandon West, on a grievance?

Mr. Rick Borotsik (Brandon West): On a grievance.

I appreciate the opportunity to stand in this House. I think it's rather appropriate, do you not, that this particular order under Routine Proceedings is referred to as Grievances, because, Mr. Speaker, I, in fact, have a grievance.

My grievance is regarding the political mismanagement of Manitoba Hydro. I am grieved, Mr. Speaker, that Manitoba Hydro is used as a political piggybank, and we can prove that over a number of ways. I'm grieved that this particular government does not allow Manitoba Hydro to, in fact, manage its own affairs the way Manitoba Hydro should be allowed to manage its own affairs.

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

In another life prior to politics, when some people would actually say when I had a real job, I entertained and embraced a very simple management philosophy. I had the opportunity, Madam Deputy Speaker, to manage quite a number of people. Those people were of a management level. A wise man once told me, an executive vice-president of mine, once told me, he said, the best thing you can do with managers is allow them to manage. That fact is true. As a matter of fact, my experience in the business world has proven that. Let managers manage.

Madam Deputy Speaker, my managers knew the issues better than I. My managers knew what capital requirements were needed for their particular properties better than I. My managers knew how to operate those particular properties better—they knew the issues. They lived with those issues. That was their job. They lived, they breathed those issues.

My job simply was to listen to my managers and certainly listen to the way they could best manage their properties.

That is not, in fact, the case now with Manitoba Hydro. In fact, it concerns me. It concerns me a great, great deal that this particular Crown jewel of Manitoba is not allowed to manage its own affairs without political interference. And we'll talk about that political interference.

Madam Deputy Speaker, first of all, let me tell you about the concerns I have. The concerns is a fiscal imbalance right now within that particular organization. We recognize that Manitoba Hydro requires some substantial reserves in order to operate. As a matter of fact, I believe the last time they approached the Public Utilities Board, there was some question as to whether the reserves that should be in place for Manitoba Hydro should be in the neighbourhood of some \$2 billion. That's sound fiscal management.

We know that in this province of ours there are cyclical weather patterns that, in fact, will withdraw the hydraulics that we have in the north and, unfortunately, would result in Manitoba Hydro not having the necessary hydro-electric power to sell to our other customers. That happens during drought years. The Public Utilities Board said, hey, listen, if there's going to be an extended drought period, we better have the fiscal ability to be able to weather that storm, so to speak. Manitoba Hydro does not have that right now.

As a matter of fact, Madam Deputy Speaker, Manitoba Hydro currently has a reserve, a sinking fund of approximately \$630 million.

Now, a lot of you might say, well, \$630 million is an awful lot of money, but it's not. As a matter of fact, the \$630 million is about one-quarter of what's required in order for Manitoba Hydro to weather that type of a downturn in hydro-electric production.

Mr. Speaker in the Chair.

We have some other issues here. As a political piggybank, back in 2003 as a matter of fact, this very same government used \$203 million of Manitoba Hydro's retained earnings, net earnings. They used \$203 million of Manitoba Hydro's retained earnings to go and fund their potential deficit. That was the political piggybank, Mr. Speaker.

Now, what that did is it, unfortunately, forced Manitoba Hydro to go borrow the \$200 million at a

cost. At a cost. They borrowed the \$200 million to fund the fiscal folly of this government, to the detriment of Manitoba Hydro. That's the political piggybank. How often is that going to happen, Mr. Speaker? How often should it happen? Never. It should never happen. Manitoba Hydro should not be put in that position to fund this government's fiscal folly.

* (14:40)

Mr. Speaker, we also know that this government, this government, in fact, generates substantial revenue off of Manitoba Hydro. We can talk about that. Right now, this government, on their water rental fees, which are now \$3.34, as opposed to 1.—I'm sorry, \$3.34 as opposed to \$1.63 in 1999 for the water rates.

Mr. Speaker, let's talk about debt. Right now, the Hydro debt, the long-term debt, is \$7 billion, up from \$5.9 billion in 1999; from 1999, \$5.9 billion to \$7 billion. That kind of debt and that kind of—and those numbers of years is not sustainable.

The Hydro building budget—oh, this is a wonderful one, okay. The Hydro building budget—we've got this wonderful new building going up in downtown Winnipeg. We see the cranes, by the way, the only cranes on the horizon if you look in Winnipeg and drive in, the only cranes on the horizon are those on the public buildings. I don't see any private cranes out there right now, but we'll talk about that at a different time and a different place.

The public building expenditure right now at Manitoba Hydro was originally budgeted, I'm told, at some \$70 million. This is Manitoba Hydro that we're talking about, \$70 million. The original building budget for the new Hydro building is now, I'm told, in excess of \$278 million and the price is going up. I'm told, and I'm sure that we're going to get the honest answers at the completion of that building, that, in fact, that building is going to cost in excess of \$300 million, debt-financed by Manitoba Hydro who cannot afford any more debt financing. Again, political strings being pulled by this government, monies being spent and, basically, Mr. Speaker, monies being spent that can't be afforded.

Now, Mr. Speaker, we come to the third bipole transmission line. Manitobans have probably not heard everything that is going to transpire with the third bipole transmission line. I talk about political interference—let managers manage. Manitoba Hydro has the expertise; they have the engineers; they have

the experience. And they said emphatically that the best transmission route for the third bipole was the east side as opposed to the west side.

Mr. Speaker, the Minister of Education (Mr. Bjornson) actually stood up and talked about his ability to educate us and other members on this side of the House. I remember something very specific when I was growing up and going to school, and they said, the closest point from A to B—are you ready for this? The closest distance between A and B is a straight line. That's pretty simple. Okay, the Minister of Education, I know, can understand this. The closest distance between two points, A and B, is a straight line. Pretty simple. Well, I know Hydro recognizes that particular simplicity: A, B, straight line, not A, daffy-doodle around; A, B, straight line, daffy-doodle detour. We can do that.

So, Mr. Speaker, unfortunately, my grievance is still there; it's still with this government; it's still with the government playing politics with what I consider to be the most important economic engine that we have in this province. I should say in closing that the one thing I would like to impart on this government is a simple management philosophy—a simple philosophy in business: let managers manage. Do not, do not interfere with those people who know best of what to do with their business. Please, let them manage; please, let them put in their proper initiatives in their own business and do not have any more political interference in this corporation or we will, as Manitobans, live to regret it.

Thank you very much.

ORDERS OF THE DAY GOVERNMENT BUSINESS

Mr. Speaker: As previously announced, we will move on to Main and Capital Supply.

The House will now resolve into Committee of Supply to consider the resolutions respecting the Capital Supply bill.

Madam Deputy Speaker, please take the Chair.

COMMITTEE OF SUPPLY CAPITAL SUPPLY

Madam Chairperson (Bonnie Korzeniowski): Will the Committee of Supply please come to order. We have before us for consideration the resolution respecting Capital Supply. The resolution reads as follows:

RESOLVED that there be granted to Her Majesty a sum not exceeding \$791,986,900 for Capital Supply for the fiscal year ending March 31, 2008.

For the information of the committee, according to our rules, as the 100 hours has now expired, this resolution is not debatable.

Shall the resolution pass?

Resolution agreed to.

Madam Chairperson: Committee rise. Call in the Speaker.

IN SESSION

Committee Report

Ms. Bonnie Korzeniowski (Chairperson): Mr. Speaker, the Committee of Supply has considered and adopted the Capital Supply resolution.

I move, seconded by the honourable Member for St. Norbert (Ms. Brick), that the report of the committee be received.

Motion agreed to.

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

Madam Deputy Speaker, please take the Chair.

COMMITTEE OF SUPPLY

Concurrence Motion

* (14:50)

Madam Chairperson (Bonnie Korzeniowski): Will the Committee of Supply please come to order.

Hon. Dave Chomiak (Government House Leader): I move, that the Committee of Supply concur in all Supply resolutions relating to the Estimates of Expenditure for the fiscal year ending March 31, 2008, which have been adopted at this session by a section of the Committee of Supply or by the full committee.

Motion presented.

Madam Chairperson: On October 16, the Official Opposition House Leader (Mr. Hawranik) tabled the list of ministers of the Crown who may be called for questioning in debate on the Concurrence Motion. The ministers listed are as follows: The Premier (Mr. Doer); the Minister of Family Services (Mr. Mackintosh).

The floor is now open to questions.

Mr. David Faurshou (Portage la Prairie): I would like to ask the First Minister a question as it pertains to the health-care services in the central region. The Manitoba Department of Health has recommended, on three separate occasions I might add, the replacement of the Portage and District General Hospital. I know that the Premier, through the most recent election, made a promise to improve the ER and OR rooms at the Portage and District General Hospital. But, really, what we need is a total replacement of the Portage and District General Hospital as recommended by the Department of Health.

I'm asking the Premier if he would, rather than spend additional monies on an aged building, a building that has been recommended by the engineers and the Department of Health to be replaced, perhaps reconsider and maybe bank the monies and put it toward a replacement redevelopment of a new regional hospital in Portage la Prairie rather than to expend the monies on an aged facility.

Hon. Gary Doer (Premier): Yes, in terms of all the commitments we made in the election campaign, we'll keep those commitments. We do operate on a capital cap, something that we brought into office when we first came into office. I would point out that all the capital from health care in the 1990s was not on the books, something that was made very obvious to us. So we now put it all on the books. Sometimes it's criticized for being increasing debt, that sometimes it's ignored when it means increasing capital, but we have put all the capital on the books. We have a rigorous capital cap in government so we don't (a) make election promises we can't deliver on, and (b) we can deliver on a certain amount of money per year in capital costs in health care. We have to prioritize that.

We made an announcement on the emergency wards in Portage because we felt that was a priority. We've had to—unfortunately, the situation in Selkirk has required us to make adjustments in the capital cap because of the Selkirk Hospital having a premature asbestos or mould problem, and that's a considerable cost. We promised to increase capital in Steinbach at the Bethesda home in Ste. Anne, and we've announced those commitments. I'm not going to make any commitment today beyond what we've already committed to in the election campaign.

We made two capital commitments in Portage to be part of a federal-provincial wellness centre to deal

with a very successful campaign in the community and also to deal with the primary challenge of the emergency ward. I will ask that question in the Department of Health when we get the Estimates on the ER hospital. I would point out in my own constituency, they're just doing the ER rooms at Concordia Hospital because that is the need, that is the priority, and that's an older hospital as well. I don't know the dates, but it's not unusual to do the operating rooms and the ERs. I would point out that the Health Sciences Centre, the \$125 million that we put in there, it built the new operating rooms; it built the new emergency wards for children and adults. We built around an old complex, and we replaced it as we went along without having too much disruption for patient services.

I will ask the question, but I can't give any more commitment than I did during the campaign because that was the commitment. It was given to me as a sustainable commitment in the capital cap as opposed to something we didn't budget for.

Mr. Hugh McFadyen (Leader of the Official Opposition): Just to the Premier on the issue of the lead-up to the decision of a few weeks ago on the location of the next high-voltage transmission line. The Premier's certainly pointed out that there was a large amount of consultation which took place with both individuals and communities, leaders in various communities, on the east side of the lake. A decision was then made, apparently on the basis of some opposition that was encountered.

Can the Premier just indicate whether any specific proposal was taken to residents on the east side or was it simply a question: Do you want a power line running through your property?

Mr. Doer: Yes, we had 80 meetings. It's going to take me a long time. I should get the minutes of all those meetings. No, I don't know whether there are minutes, but there was certainly a summary conducted with the meetings.

Some of the problems we came into—when we came into office, there was a proposal made in 1990 to build a transmission line down the east side of Lake Winnipeg, and the member opposite will know that because he was in and around the power centre of government over the years. Depending on the decision, we will argue he was the right hand of the power at the time.

So we were wondering, first of all, why the former government did not proceed with that

recommendation, and then we were quite surprised to hear—and it tied in initially with a proposal on the cut area for the Tembec operation, the former Abitibi-Price. We heard that there was a myth, an urban legend, almost comparable to me changing my name from Doerksen to Doer. There was an urban legend, and I know the Conservatives didn't start that rumour. I know the Conservatives never started that rumour. In fact, it came out of Winkler, Morden and Steinbach and it moved into the city of Winnipeg as a cloud of rumour.

I don't take it personally, but we had this similar urban myth that had been created in Aboriginal and east-side communities that, No. 1, the power line was going to mean a road paid for by Hydro. So we said, oh, that's interesting. We went back to Hydro and they said, no, we're not going to build a road on the east side; it's not part of our proposal. So we had all this misinformation out there. I'm sure the former Member for Lac du Bonnet who has a colourful speaking style had no part of this rumour about the east side, because it was initially tied to Abitibi or the Tembec operation.

The second issue we heard about over time was the ownership of the line which Hydro said, no way, to. So we actually asked Hydro to quantify what is the economic benefit of a hydro line, and after it's built the economic benefit was certainly not as great as the University College of the North in the northeast quadrant. We did have meetings with the communities because we know, whether it's premiers or leaders of the opposition, there's a change in the elected leadership.

* (15:00)

Having said that, there will still be required massive consultations on the west side. No hydro line will be built without public consultations because we will not allow a hydro line to be built on the west side at just a class 2 licence. We had said from day one, as a government, it will require a Clean Environment Commission licence and that, by definition, will include public siting, public consultation, public defence and, I'm sure, public opposition.

One thing we do know, and Hydro's analysis is that, yes, the line is longer on the west side, but more of the west side of the province has right-of-way for purposes of a potential hydro line. The line won't be completed until at least 2017. I daresay that the easiest political option is to do nothing. The easiest option is to do nothing. So we knew that this would

be a difficult decision because we knew as soon as a decision is proposed—because it's not decided until it's licensed; the licensing requirement is part of the predictability—as soon as it's proposed, it would take a lot of debate.

But the bottom line is, what we did do is provide information and request information from communities. What we didn't do is say that, oh, by the way, do you want a transmission line and by the way, you can own it and get, well, today in the paper it was a hundred million dollars a year. I don't think that's right to do. There have been too many broken promises on the First Nations people, and we wanted to go out and partly correct what Hydro was really willing to offer. And that's Hydro, and we put that on the table—the ministers put that on the table in the 80 meetings they held.

Mr. McFadyen: I think the Premier is certainly aware that, when Ontario cancelled the deal back in the 1990s, that was a setback for Hydro and for Manitoba. Certainly, the cause of that was the decision not to proceed with bipole 3 at the time. Certainly, we're in a position now where, with growing population and economic activity in southwestern and southern Ontario, that there is an increased need, desire to phase out coal plants, and so this is the natural market for Manitoba power.

Coming back to the issue of consultation, we accept that there's been a lot of consultation with residents on the east side of the lake and certainly, opposition expressed on that side, but the Premier's made a proposal which now has to go through licensing. Hydro has said there's urgency in terms of getting on with the line which the Premier has confirmed, meaning if the proposal is not licensed, it is a major, major setback for Manitoba and Manitoba Hydro alike.

So, when the Premier made the proposal to go forward on the west side, my question is, what consultation took place with people on the west side, including the 16 First Nations and including those who have an attachment to and an interest in the Riding Mountain UNESCO reserve—which is both a park, and the zone around the park—as well as everybody else who has an interest in what takes place in that part of the province?

Mr. Doer: Well, we made it very clear that there will be major consultation on the siting proposal. It has to go to Clean Environment Commission hearings. It has to be a proposal that has a chance of being licensed, but it also has a chance of not being

licensed. There will be major consultations on the west side, as there was just recently.

The former government, I think, had an extension of the transmission lines in East St. Paul and it definitely required proper authority. People opposed it. In fact, the Conservatives agreed to it, and then they opposed it during the transition period. The former minister of Hydro, one David Newman, proposed the line extension into East St. Paul and then a person named—the Member for Springfield opposed it as soon as he became elected. So they had virtually the same, two-thirds of the same Cabinet, coming and taking two different positions based on being in government and being in opposition.

On the issue of the Ontario sale, I would point out that the Ontario government proposed the delay in the sale; it didn't propose a cancellation, and the government came back and cancelled it. I think that was a very imprudent decision. It was my view that we should have delayed the sale. Some of us were involved in the negotiations for Conawapa. We think we missed a horrible—we missed a wonderful opportunity. So the government of the day, certainly, in our view, should have taken the delay over the cancellation. It was the government of Manitoba that said, after the government of Ontario, because of the low growth demand changing in Ontario and the requirements of the federal-provincial environmental assessment, Ontario proposed a delay and Manitoba countered with a cancellation. Even at that time, I said the government should proceed with the environmental licensing, which was half completed for Conawapa. I thought we made some very bad decisions in the 1990s, and history will record it that way.

Mr. McFadyen: I just want to ask the Premier, again on this issue, whether in the course of licensing, in view of the concerns raised by some of the chiefs on the east side about the denied economic opportunities, in light of some of the concerns raised by those on the west side and the objective reality of a significant addition to Hydro debt, significant costs related to line loss which will ensure or see to it that we're not able to displace as much coal, and all these other factors; whether he's not as concerned about all of those things in the licensing process, both Clean Environment Commission and PUB; whether he's not as concerned about all of those facts coming forward and getting in the way of licensing the west-side project which will include First Nations opposition potentially on the west side; why he wouldn't attach similar weight to all of those

problems and disadvantages of the route he's chosen, but put a lot of stock in concerns that he's raised coming from the east side, many of which are in response to a non-proposal for us, non-proposal in terms of a specific idea in terms of where it would be routed and how the economics of it would be negotiated. It would seem that he's taken a greater risk on licensing with the proposal he's made than by running on the east side.

I'd be interested in asking why he would want to take that risk.

Mr. Doer: Well, I think there are risks on any side. Just look at Alberta right now. There was a proposal to build additional transmission from Calgary to Edmonton. One would argue a fairly well-developed infrastructure already and we're not exactly talking about Banff. It's now been put on hold after being proposed for years. There is no question that proposing any transmission, any transmission will be controversial and will be opposed. There is no question you can argue any option and you can find factors that mitigate against any option.

The Interlake option, it's already well developed; the whole issue of reliability. Obviously, the west side is longer than the east side. We've made that very clear. Obviously, a longer line is more expensive than a shorter line. But in terms of environmental issues, if you look, for example, there is no—and I want to make it clear here—there is no absolute guarantee that any, any transmission line will be licensed by the Clean Environment Commission. But you have to look at the risks on all three options: risks of reliability, risks of environment, and risks of line loss and costs. You have to look at issues of customers and customer sales, which to us is also important.

So we believe that all those factors lead to—there's no such thing as a perfect solution in any of these proposals. There are advantages and disadvantages to every proposal that's before any government of the day, or before the Hydro board, for that matter, because they, too, have to look at some of the factors that have evolved. The whole issue of environmental licensing has changed. Just since the former government got a proposal in 1990, there were 26 states in the United States that put past very strenuous regulations on environmental issues dealing with power that is exported to their jurisdiction. There are lots of issues to be concerned about.

* (15:10)

But I just want to make it clear that no proposal is—excuse me, I had an almond at lunch and it's coming back to haunt me. It's an almond; it wasn't an alm; it was an almond.

There is no such thing as any proposal that will not have opposition, and considerable opposition on environmental grounds, on economic grounds. Some people argue we shouldn't build any transmissions because we shouldn't be building any more production. As I say, the easiest thing for us to do in the next four years in government is nothing. The easiest thing for us to do is nothing and we actually—you may disagree with the route. You disagreed with it in the election. That's the great part of a democracy, but the do-nothing option is not our option and we're going to take the political heat. No matter which route would be chosen, it would have political heat and we're—I think the committee next week is going to meet and a lot of the questions you've been—or a lot of assertions you've been making can be examined with experts at the committee.

Mr. McFadyen: The Premier makes out as though he's got two kind of roughly equal proposals. Clearly, there's one that is significantly worse than the other, and that's the one he's opted to pursue. I would think that you would look at the potential for hundreds of millions in additional costs and say, I had better have a pretty good reason if I'm going to incur all of these extra costs. It just appears that there isn't any, or at least it's eluded us so far in debate, but we'll look forward to more debate on the issue as we go along.

I just want to ask if the Premier, given the significant financial elements to this decision which will include both impacts on Hydro's operating revenue, because of line loss and other considerations, and on capital, whether this proposal will be put before the PUB with public hearings and full examination of the financial impacts on Manitoba ratepayers, including seniors, future generations of ratepayers, and others impacted financially by the decision.

Mr. Doer: Mr. Speaker, how we did that with the Wuskwatim Dam was to have representatives from both bodies in a Clean Environment Commission. The Clean Environment Commission has to also examine costs, impacts on the environment but we haven't—we certainly believe it has to be justified on costs.

We believe, by the way, that the risk down the road of loss of sales if this becomes an international issue on the east side—and it's already got many scientists from outside of Manitoba speaking on the project or speaking on the value of the east side—we believe that that would create financial risk.

I would point out that the sales last year to United States were close to \$800 million a year. Some of the statements made in the past by the Conservative Party about the risk to the bottom line about Limestone—if you roll back the tape, you can close your eyes and hear all the statements that were made about Limestone by the Conservatives in the '80s. You can hear all the same doom and gloom for the—*[interjection]*

You know, I hate to tell the member opposite, I know he goes on the Web to look at what they're doing in San Diego or Minnesota or Alabama. I know he reads that Alabama Web site very carefully every day for his next question but some of us actually read a little bit of Manitoba history and there is a new concept—you know, I just want to introduce the Member for Steinbach (Mr. Goertzen) to the co-chair of the election team, the fighting, he and the Member for Tuxedo (Mrs. Stefanson) that fine—*[interjection]* I want to know who the co-chairs are going to be for the next election.

This is something called *Hansard*. You know, it's something that actually has all the—*Debates and Proceedings* it's called. It's actually another word for *Hansard*. It actually has this debate back—you can actually trace back and see what Harry Enns said. He said he would never see the day before the potato plant was built in Portage la Prairie by an NDP government. You can put that beside his statement that hog manure would end up smelling like raspberry jam or strawberry jam. You can also put it beside, oh, the debt's going to go up and the bills will go up and Manitoba will have the highest hydro rates in North America if you ever build Limestone because you'll never sell a megawatt. Well, \$800 million later, last year to Minnesota in export sales, on all—most of is coming from Limestone.

The cost benefit of ensuring that the risk on export sales is minimized is very, very important. It's also an economic factor. By the time the line is built, we'll have \$5.5 billion more revenue from the U.S. and other export sales. That's why Manitoba has the lowest rates in Canada, and I daresay we will continue to have the lowest rates in Canada,

including when this transmission line is built by the year 2017.

Mr. McFadyen: Madam Chairperson, I thank the Premier for the history lesson. If we rewind the tape far enough, I think we'll find decisions and debates over matters going back as far as Howard Pawley and the government that he was the minister of everything in, as I recall, basically pulling the puppet strings and running the Pawley government in those days. He had his hands on the levers for every major decision of that era.

But I want to just, on the issue of Limestone, and it's a fascinating history. I thank the Premier for providing it. But, as I recall, when they built Limestone, they ran the line in the general direction of the customers coming out of that station. They didn't run it north or northwest or northeast, they ran it south, Madam Chairperson, as I recall. I think it ran between the two lakes in order to get it in the general vicinity of the customers. They didn't run it the opposite direction. They didn't make deals in the east and send the power to the west. As far as I know, the turbines were put in upside right, not upside down, so they weren't sucking power out of the system as opposed to the other way around. So I don't know about the comparison between Limestone and the detour, but in any event, there's lots of room for debate on the issue and we'll look forward to more of it.

But I want to ask the Premier if he can just indicate with some clarity, given that the mandate of the Clean Environment Commission is to focus on environmental impacts with some other scope for examining other issues, but the PUB is the body with the specialized knowledge and the ability to examine financial impacts, and that's a body that needs to have its own mandate to look at this issue. The matters, some of them can be dealt with concurrently through a joint panel, but we would certainly like to see a review done under the legislative authority of The Public Utilities Board Act and by the Public Utilities Board with the normal proceedings and the normal criteria for analysis.

So could he just be clear that the Public Utilities Board will review this proposal and will render a report on the issues that are within the purview of the PUB?

Mr. Doer: Well, we dealt with this with Wuskwatim, and what we did do is have joint representation so that we would not deal with the reliability delays for too long a period of time. They

looked at both finances and environment in the Clean Environment Commission. So the finances should be dealt with. Even Hydro will give you a legal opinion on scope of capital. I'm sure you can raise that next week at the committee because they have their own views on this. But certainly, we have no difficulty defending the liability of \$600 million to \$800 million a year in power sales versus the additional cost on transmission.

I would point out to the member opposite, the closest line would have been the east-side line for the Limestone project. The project went through the Interlake, so it wasn't the closest route to customers; it was the more circuitous route and—*[interjection]* But it already had—

An Honourable Member: Bipoles 1 and 2 were already built.

Mr. Doer: Yes, that's the point. We'd love to put it through the Interlake. That's the best place to put it, but we're not proposing it.

Mr. McFadyen: On the issue of reliability, I wonder if the Premier can confirm or not whether he's received advice on the issue of whether the detour route that's been chosen by the government is more or less reliable than the east-side line would be in the event that bipoles 1 and 2 should be put out of operation for any reason.

* (15:20)

Mr. Doer: What has been made very clear to us is that the do-nothing position on reliability is the worst position to take. As much as I'd love to have no debate on the do-nothing route, the do-nothing position, the do-nothing position which was adopted by members opposite who had a recommendation on reliability in 1990, that has been made very clear to us, you know, in terms of the most problematic position to take is the do-nothing position.

The second issue has always been the issue of the Interlake route, which would be the easiest place to put a line politically, but obviously it has the most jeopardy for reliability, and again, the member opposite can ask those questions in committee. But the one point that was made clear to us is, the do-nothing position is the most unreliable position to take, and there's quite a bit of frustration about the do-nothing position over the last two decades.

Mr. McFadyen: And the do-nothing option is not an option that any member supports. We saw with the interruption caused a few years ago, the interruption

in bipoles 1 and 2, the impact that has, not just on reliability but on pricing for Manitoba Hydro. So we're very clear in supporting the construction of another line. The Premier hasn't answered the question, because we acknowledge that a new line, no matter where you build it, is going to provide more reliability than the existing two lines.

The question is, if you're going to spend all the money anyways, which line is going to be more reliable, the one on the east or the longer route? The advice we've received is that the west line will not have the same capacity to handle the load in the event that the two bipole lines go down, which will jeopardize reliability, increase the risk of rolling blackouts and potentially diminish the pricing premium for Manitoba Hydro than the east-side line would. It'll be better than the status quo, but worse than the east-side line. I wonder if the Premier can confirm that he's got the same advice.

Mr. Doer: Well, we've received the advice that there are challenges on the east side to build any line, and that in itself speaks to the issue of reliability, because no line is the most unreliable part of the equation. And that's been the status-quo thinking, including a few years in our government, and nine years in their government.

We wanted to examine the option of the east side. From 2002 on, I think we looked at it, and we wanted to make a decision, but the no-option is the most unreliable option. I would point out there are other factors that have to be included, including a converter station and another component which, quite frankly, should have been built, in my view. The Riel proposal we have on the table right now is also very important. It's part of reliability. So there are pieces to this that the member is talking about.

I would point out that we have a pretty reliable system now. Look at what happened west of us. Look at what happened east of us. Look at what happened with the transmission lines being affected by weather with the interchange from the U.S. customer in terms of the agreement we have. But, yes, we have to increase reliability, and there's a proposal right now on the Riel station to help back up some of the other infrastructure, and that's a top priority.

Mr. McFadyen: Mr. Brennan indicated on radio three weeks ago that there will be the need for the construction of a new converter station as part of the west-side line proposal, and that such a requirement would not be present with an east-side line

immediately, but at some point down the road thought it would be advantageous to do so.

So I wonder if the Premier can indicate whether the cost of the converter station, which is a necessity with the longer route, but which could have been deferred, according to Mr. Brennan—we're not the experts but I'm just quoting what he said—whether that additional cost of the converter station is something that concerns him, about the level of debt that this project will leave. What we're concerned about, obviously, is unnecessary debt, as opposed to necessary and justifiable debt.

Mr. Doer: Well, I would ask Mr. Brennan that question in committee next week. The advice we have is both will be required.

Mr. McFadyen: Just moving to another topic, this government doesn't have a very good record when it comes to managing housing portfolios and projects. The single largest residential development that will take place in our province or will have taken place for many, many years is Waverley West. The government of Manitoba owns a significant amount of that property and has decided to act as developer of that property.

What assurances can the Premier provide that the government will do a better job in the management of this development than it has done with respect to other developments and what transparency will be provided to Manitoba taxpayers with respect to borrowings, expenditures and receipts of revenue in connection with that project so that Manitobans can be satisfied that it's being developed with taxpayers' interests in mind?

Mr. Doer: Well, the taxpayers weren't well served with the land being owned in a land bank in perpetuity. The whole purpose of having that land set aside by former Premier Schreyer was to provide reasonably affordable land inside the Winnipeg city limits that's connected to the infrastructure of the city of Winnipeg to deal with the some of the housing demands into the future. We didn't think it would have made much sense, quite frankly—I can't understand why a Conservative government would want to own a land bank and have that debt on the books.

So we're taking a debt and converting it into a usable set of land for housing. Also, we have a pleasant problem. Maybe members opposite had a different issue, when he talks about, quote, managing things. Well, maybe managing zero

growth is easier to manage—he's probably right—rather than expanded growth which we unfortunately have to deal with. We have to deal with pressures all the time.

I mean, what do I hear from the member opposite? Build me more schools; build me more underpasses; build me more homes; build me more capital. The province is just booming. He can't get enough questions in to build, build, build. And we are builders on this side. I want to assure the member opposite of that.

So, you know, it's a problem he never—when he was the power behind the throne and his little buddy back there was part of that Cabinet, Madam Chairperson, they didn't have to deal with building. They did not have to deal—

An Honourable Member: I'm not that little.

Mr. Doer: Okay.

We have to deal with this whole unique set of problems. So we're taking tumbleweeds and building houses and taking dry grass and making it into beautiful homes with laughing children rolling across the countryside in that beautiful Waverley West site. It's going to be beautiful, and I look forward to us developing this land with the City of Winnipeg.

We negotiated on the City of Winnipeg in terms of the money that would go to infrastructure. There was an agreement reached by the Department of Intergovernmental Affairs. I want to thank the deputy minister, one Mrs. McFadyen, who did a great job on those negotiations and developing land for the private sector.

One of the concerns many of the developers have that are going to develop the land is they don't want all of it just thrown out in the market and only one developer allowed to develop it. There was a feeling that other companies should be able to develop it, to provide variety of housing choices. But I look forward to the little children running in playgrounds, laughing and laughing and celebrating great Manitoba and the fact that we are again growing as opposed to being tumbleweeds blowing across land banks, that were on the debt of the province.

Mr. McFadyen: I wish the Premier could have put on that performance for Question Period when he had an audience. It's just not going to have the same impact when they're reading the words in dry old *Hansard*, Madam Chairperson. Maybe that's why I

didn't ask the question in Question Period. In any event, I want to just ask the Premier on the—again, coming back to the issue, because there are pressures coming with growth.

* (15:30)

The North American economy's growing. Manitoba is receiving unprecedented levels of transfer payments which are being spent in large measure today in order to create a sense of well-being. It's future generations—obviously, those children rolling through the fields in Waverley West—who are going to have an extra half billion dollars in needless debt that's going to make them just not as happy as they could have been because of the Hydro decision and the various other decisions that they've made in housing.

I want to ask the Premier if he will, in connection with the development at Waverley West—we have grave concern about the government's ability to manage it. We don't think it should be a single developer. It should be split up in order to make sure that there's not a monopoly, but what steps is he taking to ensure the taxpayers are protected, given the government's history of duffing these developments when it comes to mismanagement? How do we know, at the end of the process, that taxpayers will have gotten value for money and that we'll have had sound business practices as opposed to the normal Crocus-style, 15-bottom-lines kind of approach?

Mr. Doer: I love the revisionist history of the members opposite about Crocus. In fact, one of the former Cabinet ministers that hired the former CEO and the former director of investments, both in '92 and '93—you know, they're allowed to take advantage of the fact that there are certainly some concerns about it today, but I looked at some of the pictures in the media just recently, and I noticed there were people—one of the individuals that was appointed by the members opposite to run the science fund for Crocus, before we were elected, was one of the people in the spotlight, Madam Chairperson, if you will.

An Honourable Member: What's your point?

Mr. Doer: My point is that Crocus emanated from a decision of Cabinet in 1992 and '93. That's documented in the—

An Honourable Member: But it was mismanaged by you.

Mr. Doer: No. You're not supposed to manage Crocus as a private fund, so, if you were managing it, you were breaking the law.

An Honourable Member: That's right, but you did.

Mr. Doer: We have private sector—I know they're very sensitive about this. It'll all come out in the court case. We'll all be there testifying, and the people that legislated, and you, too, because you had all kinds of joint projects—

An Honourable Member: I was in high school. What am I going to testify to?

Mr. Doer: You were involved in the Isobord project. We're going to call you as a witness. Don't you worry about that.

Don't forget, it was a Tory press release that said we're going to turn straw into gold like Rumpelstiltskin. I still remember. There will be a day of reckoning. I look forward to it.

We're prepared to have some of the revenues going to infrastructure, some of the revenues going to the development. We obviously believe that it will be private sector developers developing the land. We just want to make sure there's an equitable distribution as the members opposite just said. If we put all the land out for tender, there was a possibility that one developer would have the means—

An Honourable Member: It's got to be tendered properly.

Mr. Doer: It's got to be tendered properly, he says. Well, anyways, the proposal call is being conducted properly in the best interest, and there will be beautiful homes. I think the member opposite should know that we might even be increasing the size of his constituency.

An Honourable Member: It's already the second largest.

Mr. Doer: Oh, poor, poor guy. That's why, in the morning, you promised tax cuts and in the afternoon, two—did you ever talk to your rural caucus about two underpasses in your riding? Not one, but two. We built one. Did you ever tell people on the Yellowhead Highway what you promised? Do you ever discuss that at caucus, or do you just go out like a dictator and promise whatever you want to your own constituency?

I don't even know whether the co-chair of your election campaign understands two promises, two

high schools. You know, a chicken in every pot. That's the member from Waverley.

Mr. Leonard Derkach (Russell): I hope it isn't mandatory to stand to ask questions and become all animated.

Madam Chairperson: Absolutely. That's an option. Sitting is an option. It's at your discretion.

Mr. Derkach: I have several questions for the Premier. Let me begin by indicating to him that whether it's housing in our province of Manitoba or beautiful landscapes around the city and throughout our province, I think both are complementary to the beauty of our province, and one shouldn't suffer at the other's expense, Mr. Premier.

Having said that, we certainly look forward to some of the things that are happening in this province that are going to add to the beauty of our province. But one of the things that Manitobans expect of us is accountability, and I think they expect the same out of any premier who sits in his chair. One of the difficult areas that we have had over the course of the last number of years is to get some appropriate accountability in the whole Public Accounts process. I was encouraged by the words of the Premier (Mr. Doer), when he was asked by the Leader of the Official Opposition (Mr. McFadyen), regarding whether or not he favoured a modernization of the Public Accounts process, and, from his comments, I gather that he was prepared to move to modernize, or at least allow for modernization of the Public Accounts process.

The Premier also has heard from the Auditor General, and he has heard from others that Manitoba's Public Accounts process is the laughingstock in Canada. As a matter of fact, a conference I attended in Victoria, our Public Accounts process is probably one of the worst in Canada in terms of really getting to the core issues and asking questions that are administrative in nature and allow departments to follow through the recommendations that are made by the Auditor General, and then allow departments to improve their administrative capacity. It isn't a criticism of government; it's just a process that allows departments to do their work in a better way. In many provinces, it's viewed that the Public Accounts process actually helps departments to improve their administrative practices, and recommendations are often followed through.

Having heard the Premier's comments, I would like to ask him today whether or not he would favour having a Public Accounts process where the committee could meet more often. We have suggested that, when the House is sitting, we could meet once a week to at least deal with some of the backlog that we have in the reports that are outstanding. There are some reports that go back to as late as 2002 that have not been passed by the committee, and I think it doesn't speak well for us who are elected in doing our jobs and holding departments accountable.

So I'd like to ask the Premier whether he favours the things that I have just put on the record.

Mr. Doer: Some, yes. I was informed, and I keep track of these things, but I try to be careful because we have a very good House Leader (Mr. Chomiak), who I respect a lot and who, I understood at our caucus today, he told me he was meeting with the Member for Russell at 4 o'clock today. So I don't want to undermine a very good person, a very capable person, a very smart person, and I look forward to their recommendations to us. So I wish both of them well.

I do think we've had more frequency in meetings. I don't like the situation where we propose meetings and then they're cancelled 'cause somebody's in Hawaii. I do believe we need regular meetings set out so the public will be assured and the opposition will be guaranteed Public Accounts meetings. To try to do it this informal way where we write a letter and suggest a meeting, and then I see in the paper two days later that somebody's blasted us, after we suggested the meeting. I don't think that's appropriate either. So I think we should modernize our Public Accounts Committee, and I have great faith in their House Leader in doing it.

I think the other thing for trying to modernize it is to ensure it becomes a real Public Accounts Committee instead of a political piñata that sometimes exists. Not that we would ever do that in opposition, but that's the other issue that's got to happen in terms of—with the deputy ministers there, for example, which is, those are non-partisan public employees, many of whom have been before Public Accounts Committee, worked for both governments, I think. I know the deputy minister of Finance was there. I know that the deputy minister of Industry was at Public Accounts meetings. Those people have both worked for both governments. They were not partisan civil servants, if you will; they were

non-partisan. So we've got to be sure when we proceed that there's—you know, in this Chamber, it's a political body. In committees with just ministers in Estimates, with people speaking, it's a political body. So do I agree with more meetings? Yes. Do I want to undermine what's going to happen in a hundred minutes or 80 minutes from now? No.

* (15:40)

Mr. Derkach: Madam Chair, my question to the Premier is to better understand where his leadership is in terms of this whole process because I read his comments in *Hansard* when he was asked by the Leader of the Opposition regarding the changing of the process that we are undertaking as far as the Public Accounts process is concerned.

At present, the Minister of Finance (Mr. Selinger) does attend Public Accounts Committee meetings. The proposal which I sent to the House Leader (Mr. Chomiak), which I haven't had a response to, to this moment, and he's had ample time to respond to it, simply asked that we take the politics, if you like, out of the Public Accounts process, that we ask administrative questions only, and that we proceed with a provisional set of rules where we could, for a period of time while the House is sitting, meet more frequently and allow a trial period where witnesses before the committee would be restricted to deputy ministers and, of course, the Auditor General, and then evaluate the process as we move toward rule changes down the road so that, when we attend public forum or Public Accounts meetings nationally, Manitoba can hold its head up high in terms of indicating that we have covered our responsibilities in dealing with reports that are outstanding. Secondly, that our process in this province is not lagging behind other jurisdictions across the nation, because I can tell the Premier right now we probably sit at the bottom when it comes to the process that we have in this province.

I'm prepared to give the Premier my commitment as the Public Account's Chair, that we will restrict questions to the administration as being administrative in nature and not policy-type questions and political questions.

Mr. Doer: Well, part of the criteria for some jurisdictions, as I understand it, is that civil servants that are non-partisan are involved in constructive suggestions and advice as opposed to the blame game that's more political. So part of this is not just—you know, it's the whole issue of trying to provide a

Public Accounts Committee that does the job of Public Accounts, as opposed to becoming a forum—as I say, a political piñata for the opposition party of the day which we, of course, hope, we think you're doing a good job in that job and we wish you a long and happy career in it, but, of course, this has been wished upon us before too. So we want to say that we think you're doing a great job in opposition and you're well suited, but I know you said the same thing to us before in '99, so I'll be quiet.

Part of leadership is to trust your good ministers, and I trust the Minister of Justice (Mr. Chomiak) and I trust the member opposite and I think now's the time to get a good system put in place, but when you talk about frequency, I agree. We shouldn't have a system that's out of date and we should modernize, and I totally agree with that.

Mr. Derkach: Well, Mr. Premier, or through the Chair to the Premier, unfortunately, what we have in our province right now is a system where the Public Accounts process is controlled largely by the House leaders. This aspect was also discussed at the Public Accounts national conference, and the Vice-Chair, who's a member of government, was there with me. I think both the Vice-Chair and I agreed that we could go a long way in Manitoba if we adopted some mutually agreed upon rules to work through a period of time and allow it to be evaluated, if you like, before those kinds of changes are enshrined in the rules for the duration of this Legislature. But that takes leadership, Mr. Premier, and it requires the leadership of the Premier to, I think, direct his House Leader and his Vice-Chair of Public Accounts that, as we embark on a new series of meetings in Public Accounts, we modernize the process and that we, I guess, change the culture, if you like, at Public Accounts so that we don't make it a political forum but, indeed, it becomes a place where we can ask departments questions that are administrative in nature, that enhance the accountability of departments to the public of Manitoba. I think that's our goal. Certainly, the Vice-Chair has indicated that he's prepared to work co-operatively in that direction, and I can tell the Premier that we are as well.

However, it now is in the hands of the Premier and his House Leader to ensure that, in fact, this process is given a chance to work. You know, we've got a short session here. By the 8th of November, this House will rise, so it's very short. But in that time we still have an opportunity to have two or three or four Public Accounts meetings where we can erase some of the outstanding Public Accounts

reports that are before us, can pass them. We're committed to do that work if, in fact, the process is allowed to work but it takes the direction of the Premier and the House leaders to make this happen.

Mr. Doer: Well, one of the reasons why we proposed the law last year is because we felt every time we proposed a Public Accounts meeting and then it wasn't agreed to, then we got—I can tell you three or four times I read about it in the paper that we wouldn't provide a Public Accounts meeting when I know we proposed it.

We finally said, well, we're going to pass a law—for the same reason the member opposite said—to take it out of the hands of House leaders because if X was in Hawaii and he was the former Chair—and I won't mention any names. I don't want to be envious. Somebody being in Hawaii in January is probably a good thing, but I'd rather be in Manitoba, of course.

But I do support progress in this area. I don't like the fact that we have Auditor General's reports that are not being dealt with constructively in government and they've become—you know, even some of the stuff that just came out recently has been used I think in an interesting way. But I do agree that it should not be in the hands of the House leaders. It should be in the hands of House rules that are predictable for all members. I also think that predictability for civil servants has got to be there.

I just told the members opposite, no, we're not the highest paid public service in Manitoba. Oftentimes our salaries are below the City and the member opposite knows this. It's below the federal government; the member opposite knows this. Some people have left here and gone to the private sector and got a lot more money. We're always in a situation where we're trying to keep people and they want to stay non-partisan. Most senior civil servants, I would argue almost all of them I know of—almost every one of the people we've promoted have been out of the ranks of the civil service, every one we've appointed in the Crown corporations. Well, look at the Crown corporations. We appointed Ms. McLaren who has worked in MPI for years. We appointed Mr. Lussier who worked in the Liquor Commission. Mr. Brennan had worked in Hydro and we certainly support his leadership. We appointed Winston Hodgins who had worked for the government, in fact was in the transition team, was in the Conservative transition team in 1988, and we thought he was just a competent person after the Auditor General's report. And deputy ministers. You will see many people that

you worked with when you were former ministers in the senior civil service, including the secretary of the Treasury Board who was an excellent deputy minister prior to that.

We want there to be rules of engagement on the public service and we want to keep the public service non-partisan, even though they have to serve the government of the day.

* (15:50)

Mr. Derkach: Madam Chairperson, the Premier (Mr. Doer) will know that that's exactly what I proposed in my letter to the Government House Leader (Mr. Chomiak). He couldn't have quoted me better if he takes a look at the letter that I wrote to the Minister of Justice.

I think it's a change in culture that has to happen. I don't disagree with the Premier when he talks about, you know, ostracizing or coming down on civil servants for the work that they do. I agree that most of the civil servants that I know are very diligent in their responsibilities. This is not an attack on personalities. This process is meant to help departments become more accountable, more transparent to the public of Manitoba. That's what the process is intended to be. We have not followed that format and I take my share of blame in this. I'm not simply saying that it is, you know, the Premier's fault or his government's fault. We all have to bear some responsibility.

In terms of scheduling meetings, I just received a letter yesterday from the Government House Leader indicating that I had rejected a proposal to have a meeting on October 17. The reality was that I had asked the Government House Leader whether or not we could have a response from him on the proposal that we had put before him so that if we could meet, we would meet under new rules for an interim period of time and then evaluate whether those rules could work.

So I think we all want to see a modernization, but, unfortunately, it appears that politics gets in the way of this. Now, sometimes meetings have to be cancelled because of legitimate reasons. I remember agreeing with the House Leader that perhaps a minister wouldn't have to appear before Public Accounts because he was away on holidays. I know how precious those times are for families. So I agreed that that minister should not have to appear before Public Accounts that day, that we would,

instead, ask questions of his deputy or of the Minister of Finance if we had them.

So I think the thing goes both ways. We have to be able to accommodate individual needs when they arise and we're prepared to do that. I think the bottom line here for us and for me is that we get a process in place that better reflects what other jurisdictions are doing, and that we really become truly a process of accountability so that the public of Manitoba are not going to see letters to the editor written in the newspapers and columnists writing about how flawed our process is and how far behind we are other jurisdictions.

I know that our meeting is in a few minutes, but I certainly wanted to see what the Premier's tone was with regard to us moving ahead with a modernization process with Public Accounts. Thank you.

Mr. Doer: Well, you'll probably have a meeting with the nicest person on our side of the House, and I include myself. So, if you can, I hope we could get accommodation from him.

An Honourable Member: That's a shot at everybody else.

Mr. Doer: I have not been negative with other people, I'm just paying a compliment to the honourable Minister of Justice.

An Honourable Member: Dave is a sweetheart.

Mr. Doer: No, no, he's, you know, he is—

An Honourable Member: He is so nice, he's beyond nice.

Mr. Doer: He is. Dave is nicer than I am, let's put it that way. I think he's pretty nice, a pretty good guy, a pretty good person.

There are two sides to this as well. I agree that the present system needs to be modernized, but the other side of this is we can't turn the public service into a committee that only spends its time being a political piñata and spending so much time on Public Accounts that they are not getting ready to actually have to go to—they actually have to serve the public as well as politicians. There's got to be a balance here, you know. Reasonable people, I hope can find balances.

I don't want a situation where House leaders are arguing about the occasions of meetings. It's crazy. It's silly. One would argue if you look at all the stories of how much—we've quadrupled the meetings and taken 10 times the mud, if you will. I know the

Member for Russell (Mr. Derkach) never threw any mud, but there are others that have. So I'd like to change that.

You know, we've got an Auditor General's office. People work hard on these audits. They work hard on it. There are political elements to it when they are released, but there are also more substantive—they should be constructive documents, in my view. The Public Accounts Committee should be a constructive body. Question Period, elections, you know, let it rip, but there is a time and place for constructive work and we're willing to go with constructive ideas.

Hon. Jon Gerrard (River Heights): My question to the Premier. Cleaning up Lake Winnipeg and producing the problems of algal blooms is clearly a pretty important objective. They have been pretty severe, at least, in parts of Lake Winnipeg this year, again.

I would ask the Premier: What is the Premier's goal in terms of reducing the phosphorus load into Lake Winnipeg?

Mr. Doer: I'll get the technical information. Obviously, we're engaged in both phosphorus and nutrient removals. We're involved in changes in agriculture, changes in the whole area of municipal waste disposal. We're involved in industrial waste and new higher standards; I would point out the phosphorus standards are the highest in Canada. The nutrient standards, I believe we're only the second province behind Québec to have proposals on nutrient standards.

We also, obviously, hope that we can get legislation from the federal government on phosphorus for fertilizers and household goods, but if we don't, we're willing to go with Québec. We're now trying to talk to other provinces on a more pan-Canadian because 40 percent of our water, for example, comes from Ontario. So we're trying to bring a broader coalition on this, because watersheds go across boundaries. If we're looking at improving the country for purposes of, quote, internal trade, which I support, I also support the idea of increasing the internal flow of water in Canada at a more acceptable level.

Mr. Gerrard: The Premier, I suspect, has read Tom Brodbeck's comments about the *Laurel and Hardy Show* in the Manitoba Legislature and the fact that it's been difficult to identify who was responsible for the cleaning up, the erosion problems and stopping

further erosion in the area of the Winnipeg River at the outlet into Lake Winnipeg. It's not been easy trying to figure out who's been the lead minister, but we appear to have identified it, finally, as the Minister of Water Stewardship (Ms. Melnick).

But the issue here is that there's a severe problem of erosion at the outlet of the Winnipeg River coming into Lake Winnipeg. The problem is severe enough that, for example, one night last year the bank eroded some 15 metres and a house which was back from the bank, all of a sudden is overhanging the bank and, of course, no longer inhabitable. All that's left now is the foundation. The erosion is threatening a major road, highway, through Sagkeeng. Potentially, if it moves as quick as this, could be threatening the school which was put up not all that long ago in that area.

It needs action. Clearly, there should be a federal partnership in this, but there needs to be a provincial plan, an approach. So I would ask the Premier what his approach is going to be in terms of making sure that this severe problem of erosion in Sagkeeng is attended to.

Mr. Doer: I'll apprise myself of the discussions that are going or not going on between our department, the people of Sagkeeng and the federal government.

* (16:00)

Mr. Gerrard: Just to fill the Premier in on a little bit of this. Historically, at the outlet of the Winnipeg River, there was a delta there like there is, in essence, with the Red River going into Lake Winnipeg. The channel, at least in late summer, was pretty narrow; maybe you could even throw a stone across it. But now there's a very wide area. It appears that the putting up of a series of dams along the Lake Winnipeg river has resulted in the sediment, the silt being deposited behind the dams instead of at the mouth of the river. That decrease in deposition associated with increase in erosion appears to have resulted in quite a severe situation in that area.

Mr. Rob Altemeyer, Acting Chairperson, in the Chair

I appreciate the Premier's commitment to having a look at this because it clearly is significant for people in Sagkeeng, but significant, I would suggest, at this point, to a much broader community in Manitoba.

Let me move on to another area. This is in health care. I have, as the Premier knows, been concerned about action on fetal alcohol spectrum disorders for

quite some time and one of the things that I have called for, for many years, is accurate measures of the incidence of FASD in Manitoba.

I was at a luncheon meeting of the Canadian Club. Fraser Mustard was there talking about the health of children. I think the Premier is familiar with Fraser Mustard, and I raised this issue. Dr. Fraser Mustard said, yes, this is critical, crucial that we're able to move forward in measuring outcomes. So I would ask the Premier: When will he move in trying to make sure that we do have accurate measures and numbers for the incidence of FASD in Manitoba.

Mr. Doer: We certainly respect the advice we've received from Mr. Fraser Mustard. In fact, the Healthy Baby program that we developed, the first jurisdiction in the western world to develop it, was recommended by him. He attended the press conference that I was at when we announced it. I mentioned before that we have provided more funds to the health authorities for greater diagnostic testing, and I'm sure the member opposite asked the Minister of Health (Ms. Oswald) a number of questions on it.

We still believe that we need to invest a considerable amount of money in education and prevention, but in terms of the actual testing and the measurement of the data, I believe the funds—I'll double check it, but I believe there was an increase in funds to do that in this budget, and I believe the funding increases in FAS programs overall have gone up 300 percent to 400 percent since we were elected.

Mr. Gerrard: In raising this, I would point out that it is important not just to do, as it were, increased testing but to make sure that the testing is done in a way not only to identify as many children as possible but also that we actually gather and use some of the money for testing in a way that actually gives us a very clear number for the incidence of FASD in the province because I think that that's fundamental in terms of a benchmark, being able to move forward and knowing whether measures that we're taking are actually improving the situation.

Let me move on to another area which I have brought up and I bring forward to the Premier. I have called repeatedly for some time now for improved organization in the area of bone and joint health. There is an example in the Alberta Bone and Joint Health where we have a province-wide ability to organize in the area of orthopedics and bone and joint health, include other health care practitioners,

chiropractors have been shown to play an important role in bone and joint health, too, but the goal here is bringing things into one system to make sure that things are done well provincially and to integrate care with research, the education, the prevention, the data base management and so on so that you really have a province-wide effort and an ability to have an impact on a provincial scale in a similar way that Alberta Bone and Joint Health has been able to bring together people in the bone and joint health area effectively province-wide.

So I would ask the Premier whether he will look at moving in this direction of a Manitoba bone and joint health initiative in similar fashion to what has happened in Alberta with the Alberta Bone and Joint Health, to create what is important, a province-wide network which will have an important role in ensuring that Manitobans get the quality care when they need it instead of months and months later.

Mr. Doer: The Winnipeg Regional Health Authority and other health authorities have looked at the Alberta model. One of the issues for any dealings in health care for a joint proposal is to get doctors to opt into a common waiting list so that we can take the patient that needs the services quicker.

I want to applaud Concordia Hospital. Most of the work of Dr. Oppenheimer in the co-ordination of this and the procedures that have been conducted at Concordia has dramatically reduced the wait-time list. The Pan Am Clinic now has a number of very excellent orthopedic surgeons under the supervision or mentoring of Dr. MacDonald, and so we are continuing to look at ways of shortening the list.

Where we have the biggest problems now is if the doctor has a patient list that's quite long and doesn't participate in the ability to have that list reduced by other doctors. Then you get a situation which becomes unusual. But the wait-times for orthopedic surgery in this province have gone down significantly, and it will continue to go down with the hiring of more orthopedic surgeons and the greater co-ordination of work. If a doctor decides to opt out, whether it's Alberta or Manitoba, that presents a difficulty for us.

Mr. Gerrard: My follow-up to the Premier: I think that the problem, as the Premier indeed has indicated that there is not, as it were, a province-wide bone and joint health network, although there may be some good things going on in Concordia or the Pan Am. But that reality when we're looking at, for instance Concordia, the focus on knees and hips, there are still

some significant issues when it comes to surgery on the upper limbs when it comes to, for example, wrist care.

There needs to be the framework so that, in fact, you can set provincial standards and provincial approaches, and it takes some political leadership. Of that there's no doubt, but it also needs that the Province act in a way that will let or allow or facilitate the doctors coming together and other health-care providers in the bone and joint health area in a single, unified approach.

That has been achieved and, interestingly enough in Alberta where you have—Calgary and Edmonton sometimes are fiercely competitive—in a way that is getting attention throughout the province of Alberta and paying attention, not just to Calgary and Alberta, but to making sure that orthopedic care is delivered much more quickly and more feasibly and better throughout the province.

So I would urge the Premier to look at this model and to start moving toward a system of a province-wide orthopedic bone and joint health. Thank you.

* (16:10)

While we're waiting, let me proceed with another question. One of the important things to consider in terms of Lake Winnipeg is to be able to have, on the smaller basins, an example would be Killarney Lake, the information, the studies, the ability to clean up Killarney Lake, much smaller, much easier, much less costly to clean out. I've talked to more than one of your ministers, Mr. Premier, about this, and I would suggest that you look at the possibility of using Killarney Lake and its much smaller watershed than Lake Winnipeg as a model. Clean up Killarney Lake. If you do that, it can be very helpful in figuring out how to clean up Lake Winnipeg. We'd like your quick comment.

Mr. Doer: Killarney Lake is beautiful, and I'll look at his advice. Thank you.

Mrs. Bonnie Mitchelson (River East): I have a few questions on a few different issues. We didn't have a chance to complete all my questioning on the Housing side of Estimates, so I'd like to first move to Waverley West and ask the minister whether he might have a breakdown of the costs for development of the first phase, the development costs that his department would have to pay or has paid or is in the process of.

Hon. Gord Mackintosh (Minister of Family Services and Housing): The arrangement with the City of Winnipeg was arrived at after some extensive negotiations, I understand, with Intergovernmental Affairs and the City in terms of who does what. I do recall, of course, some public discussions around the need to invest in the extension of Kenaston as a prerequisite, actually, for proceeding with the development at all.

It was very important that the land bank be made available, recognizing, of course, a lot of public debate around whether this was an issue of suburban sprawl or whether, as we have concluded, it was an issue of guarding against exurban sprawl and try to contain the necessary growth within the boundaries of the city of Winnipeg.

So we saw the Kenaston extension as critical. The matter couldn't proceed, the whole development could not really proceed without arriving at a conclusion there. So it's my understanding that, as a result of those discussions, it was agreed that the Province would contribute what I understood was approximately half of the gross profits that were anticipated for the first stage of the development of Waverley West. It's my understanding that that was the conclusion. Not only that, but the bill before the Legislature now will ensure, in several ways, that the net profits then, that come from Waverley West, will be dedicated for housing development within the same municipality, in this case, of course, Winnipeg, and that it would be available more specifically for areas of need.

Mrs. Mitchelson: Mr. Chair, could the minister indicate to me what the anticipation of the gross profits would be for phase 1, and then what the net profits would be and what the cost? I don't know if I'm asking too many questions.

Maybe I should ask, first of all, what the cost of the Kenaston extension is expected to be, and what would be the Province's 50 percent contribution?

Mr. Mackintosh: It's my understanding that, at the time these discussions were entered into, there was an estimation that the gross profits would be in the range of \$15 million over five years—15 as the gross profits over five years, representing phase 1. Of course, the cash flow estimates are necessarily being updated. There's been some significant change in land and house values in the city of Winnipeg and beyond. But, as well, there have been increases in construction costs and the costs of infrastructure, and so that is being worked on, I understand.

The required investment, then, in the local infrastructure, I understood, was approximately half of that, the amount of what were estimated as the gross profits. There may be some optimism in some quarters, as a result of the changing market conditions, but that has to be tempered though with an expectation that there will be increased pressures on the other side and on the cost side. So we await any further revisions to the estimate of the cash flow.

Mrs. Mitchelson: So the minister is saying, and he can correct me if I'm wrong, that the gross profits for the first phase would be \$15 million over five years; that the net profits would be approximately half of that, which is \$7.5 million, if I understood him correctly, and—*[interjection]* Okay, but he indicated that—and he hasn't answered the question on how much the Province's share of the Kenaston extension would be. And that comes off of the gross profits before—are we still then looking at \$7.5 million in net profits? After the commitment to the Kenaston extension?

Mr. Mackintosh: It's my understanding that those numbers that I provided were the estimates at the time the arrangements were discussed with the City of Winnipeg, and therefore the range of \$15 million on gross profits and then subtracted from that in terms of net profits would be the investment of an amount in the range of \$7.5 million for the Kenaston extension.

As I say, that amount may be different as they look at the cash flow estimate and looking at what has transpired since the initial work with the City of Winnipeg on this one, and in light of changing market conditions both on sale prices of lots and houses, and as well, enhanced cost pressures.

Mrs. Mitchelson: The minister indicated in Estimates that Loan Act authority would be used to provide for some of the upfront costs to Waverley West. Could he tell me how much of Loan Act authority has been used to date, and how much will be used for phase 1?

* (16:20)

Mr. Mackintosh: I can provide the member with the information on the method of financing the investment in the infrastructure. I want to be certain with my answer. So I'll provide that to the honourable member.

Mrs. Mitchelson: Can the minister indicate to me where money would normally come from for such a significant development?

Mr. Mackintosh: The commitment to share the projected cash flow from the first phase, Mr. Chairperson, was, of course, a commitment made to the mayor and to the City in order to move it along. I know that the discussions were somewhat protracted. There was a recognition, however, while the City may traditionally have got involved more actively in the financing of that kind of infrastructure, for the Waverley West development to proceed it was critical that we leverage its completion by way of the funding.

So the funding will pay for the completion of Kenaston Boulevard at the southern end and, as well, for an intersection at Kenaston and the Perimeter, I understand. So that has helped, of course, to move along the putting on the market of the first serviced lots. *[interjection]*

Mr. Chairperson: Order.

Mrs. Mitchelson: Can the minister indicate to me whether the money that is borrowed through Loan Act authority, which basically creates more debt for the Province of Manitoba, will the money that's borrowed for Waverley West subdivision be paid back to the Minister of Finance (Mr. Selinger) before any money goes into the slush fund that he's creating with Bill 21?

Mr. Mackintosh: Well, first of all, a characterization of the fund as a slush fund is inappropriate because the legislation will do several things to make the fund transparent and will certainly provide a clear direction as to the use of those profits.

The reasons for the bill are, first of all, to entrench in law the principle that profits from land bank development, first of all, stay within the housing envelope; second of all, that they'll go to the same municipality; and then, third, that they'll be directed to areas of need. What that does, then, it says that any change in government policy would require a transparent exercise in bringing in legislation into the House, and it would be debated and voted on by way of an amendment.

So, it really, I think, helps to guard against the abandonment of investments in affordable housing that we saw in the 1990s and allows Manitobans to know that these profits can go to work to guard against what can result in, like a doughnut or very unsafe and serious challenges for older neighbourhoods, particularly in the inner city of Winnipeg.

But the bill also makes the transfer, and this is where the member, I want to challenge her on that

one. The legislation makes the transfer of dollars, then, transparent by the creation of a designated fund. The bill, I think, finally, punctuates this government's commitment to strengthening a whole municipality by recognizing that we have to address areas in need and, as well, recognizing that developing a doughnut in the middle of a city hurts all Winnipeggers and, indeed, Manitobans. As well, I think it's sending a strong signal that suburban development should not happen at the expense of, or with disregard for, the inner city or other areas in need.

So that is speaking on the issue of this fund, but in terms of the role of the part B capital and the financing of the infrastructure, I'll advise the member of the financing method.

Mrs. Mitchelson: I certainly didn't get an answer to my question. I guess the minister said he might advise me, but the question becomes, when he talks about openness and transparency and a piece of legislation that's going to guarantee money goes into the inner city—if he's borrowing it from the Department of Finance to do the development in Waverley West and then looking at taking so-called profits that aren't really profits, because the money is not being paid back, the debt isn't being paid back to the Department of Finance, I wouldn't call that openness and transparency.

Madam Chairperson in the Chair

So the question is very simple and very direct. Is the money that's going to be borrowed to develop Waverley West—borrowed from the taxpayers of Manitoba through a loan act, which the taxpayers will be paying interest on that debt—will that money be paid back to the Department of Finance before any money goes into any fund for any housing?

Mr. Mackintosh: It's important to recognize that the cash flow from Waverley West is occurring, but as there is the sale of lots, there is a growth, of course, on the revenue side.

In terms of the method of financing the Kenaston extension, I want to ensure that the member has accurate information on that in terms of the role of both the City and the Province and the role of capital part B so we'll certainly commit to providing that information to her on a timely basis.

Mrs. Mitchelson: I'm obviously not getting a straight answer from the minister. I would hope that he would be able to get that information, inform

himself and provide that in a public process, certainly, before we begin to debate Bill 21.

Madam Chairperson, I am wondering if the minister could indicate to me whether Manitoba Hydro will be subsidizing the costs of the lots that will be required to put in geothermal heating.

Mr. Mackintosh: It's my understanding that there have been some ongoing discussions with Manitoba Hydro about having a role to encourage and facilitate some geothermal lots in the development. The City has also been involved in that. The status of those discussions, I know, has changed, and I can get the updated information for the member.

The role of geothermal, of course, has to be weighed with a number of considerations, and that is the impact it has then on the saleability attractiveness of selling the lots and, as well, some of the physical features of the area. It's also, though, important to all of us, I think, that there be some demonstrated commitment to a geothermal presence in Waverley West. It's my understanding that there is a percentage of lots that are anticipated to be geothermal, and that is in the planning stage now.

* (16:30)

So I will undertake to get the latest update on the anticipated number of geothermal lots in the first phase and, as well, if there are any concluded arrangements with Manitoba Hydro. Having said that, I know that they have been involved in the discussions. They're going to be a part of that, but I'll ascertain how robust that role will be.

Mrs. Mitchelson: I thank the minister for undertaking to get that information. It sounds like, maybe, from his answer that government is rethinking or backing away from its over 50 percent commitment to geothermal heat in the first phase of the development. That may be because of some of the same issues or concerns we've heard around that.

But the basic question for me is if Manitoba Hydro is involved and is going to be subsidizing in some way the lots that are geothermal, my question would be, will Manitoba Hydro offer or afford the same treatment to anyone in the province of Manitoba that would want to put a geothermal heating system in place in their property? I would want to ensure that there isn't a two-tiered system and that some Manitobans are treated differently from others when it comes to support and subsidy from Manitoba Hydro.

So I wonder if the minister could give me that commitment today.

Mr. Mackintosh: Well, as I said earlier, the role of Manitoba Hydro and geothermal in Waverley West is, to my understanding, evolving. The question asked is an important one and I'll undertake to provide an answer, as well, to that.

Perhaps I'll end it there because I think there could be some recognition, certainly, that having some local synergies may be a very worthwhile project by way of using infrastructure in the ground to provide servicing to a number of lots. I think that is one of the questions that is being addressed as Manitoba Hydro looks at their role.

So, in other words, there may be some differing arrangements here just based on the fact that this is a new division. It's not an individual homeowner application for geothermal assistance.

Mrs. Mitchelson: I did ask in Estimates, also, whether the minister might provide for me, before concurrence, the cost to date of the KPMG operational review that is still ongoing in his department. How much has KPMG been paid to date?

Mr. Mackintosh: There was some information requested by the member that the department has cobbled together and I'll provide that to the member. With regard to Housing contracts, I'll table that for the committee.

Mrs. Mitchelson: I thank the minister for that information. I'm just glancing through it very briefly, and I don't see the question answered that I just asked. Does the minister have the total cost to date? I know that the review is still ongoing, but I do know that the RFP that was signed with KPMG indicated that they must bill on a monthly basis. So, if that is the case and they're following the contract that they signed, they would have billed to date on a monthly basis. I would think that that would be information that would be very easily pulled together by the department to provide today. I did ask and did give some notice to the minister, unless I'm missing it because I know the information was tabled. I'm not sure the answer to my question is here unless he can point me to it in the paper.

Mr. Mackintosh: The information here is stating that the value of the executed contract as per the request for proposals was \$164,525 plus GST, which I was advised was the low bid on that. That was for the work to identify the priorities for action.

Mrs. Mitchelson: That was to be a six-month process. We are another six-months plus and KPMG is still working with the department. Obviously, there must have been something more signed; there must have been an extension signed. I would believe that—

Can the minister indicate, was that for the first part of the contract or is that what has been paid to date?

Mr. Mackintosh: It's my understanding that this amount that's shown here in the document is with regard to the nature of the work that was set out in the original idea of identifying priorities for action. The member is accurate in the sense that the nature of the job went from a find approach to a find and fix approach which would entail a revision to the work plan and the further costs—whether they're billed monthly or not I'll check on—but my understanding is this is the value of the first part of that operational review, which really would be comprised of putting together the report on priorities.

So the information that the member has asked for, I understand, is being collected by the department in terms of further work and the cost of that work from KPMG. I'm just assuming that we have an updated figure on that one that's being prepared as a result of the Estimates process and the list of questions that the department's attending to.

Mrs. Mitchelson: I understand the first phase of the review was done or completed back in March and that there was a second phase and a third phase subsequent to that.

So is the minister indicating that \$165,000 was for the first phase that was completed in March?

Mr. Mackintosh: I'll have to check on the completion date of that first phase, but that amount is with regard to really what was anticipated as the original scope of the project.

* (16:40)

Mrs. Mitchelson: So there's been considerable work done since then. I have some difficulty believing that the minister, having had almost a week now to seek from his department the answers to the questions, I'm afraid that he's not wanting to be open and up front with us here in the Legislature. I don't think KPMG has sat since March and not received any additional payment or funding from this minister's department. If the \$165,000 was paid for the first phase, you know, it should be very simple for the minister's

department. I mean, I know that most consulting firms don't wait for half a year or a year to be paid.

Could the minister indicate to me whether he didn't ask his department? My question was pretty straightforward in Estimates. I did ask for that information and what he's giving me is not satisfactory. Will he indicate to me what the additional costs have been, and, if in fact they extended the agreement, why would it be on different terms from the first part of the agreement? If it was agreed that they were paid on a monthly basis and they billed on a monthly basis, why would that change?

Mr. Mackintosh: Well, I can assure the member that, as a result of the Estimates process, the department is tasked now with getting answers to a number of questions, quite a few questions that were asked in Estimates and that, I understand and I requested, is being compiled. I think there was not an anticipation of concurrence starting just with this week. But that work is underway. So I anticipate the member will have that in very short order.

But, in terms of the nature of this work being done by KPMG, I think it's best to describe the work as comprising two pieces. First of all, was putting together the review of the priorities, and the second, then, was recognizing that because they had some great insights into the operations of Manitoba Housing, had developed relationships with staff officials at Manitoba Housing, that we would move ahead with, I think it's fair to say, a more aggressive and involved role for KPMG as being also part of the solution then, and acting with the department as ongoing team members to address some of the issues that were identified in the first phase.

I go back to my experience in Justice. The usual way to deal with consultants is to have them come in, list some observations and how we might address shortcomings. Then they move on. They leave the scene and those insights and those relationships are left behind. So it was important we thought, in this case, to have a find-and-fix approach, so that we could, on a more timely basis, start to deal with some of the shortcomings identified in Manitoba Housing.

I think that has proven to be good. I use the example the other day in committee where there were improvements in the area of procurement that KPMG could help us with, and so they did provide an ongoing role in that area. The outcomes, I think, are not all available to be completed though without some further analysis and costing. There are some

decisions that government is having to make as a result of some of the observations and recommendations or options that were presented by KPMG. So that is why we're—on a timely basis—attempting to get decisions made, sharing that with my colleagues.

What we are focussing on is trying to get the decisions completed, and, of course, we can talk publicly then about this, hopefully this fall. It's my sense that that is a doable time frame. I think that in the next couple of months, we will be able to share with the member and public generally what has been discovered and what decisions the government is able to make as a result of the observations and recommendations of KPMG.

In terms of the specific question, though, about the billings, that is one of the issues that, of course, the member had raised for a timely response. It's my expectation that the department is working on that as well as the other questions from Estimates, and we'll make best efforts to get that information to the committee.

Mrs. Mitchelson: I just want to indicate before it gets to 5 o'clock that we will be asking the Minister of Family Services and Housing to continue at the next sitting of this committee. I just didn't want the time to run out because I understand I had to do that before 5 o'clock. Thanks.

I have great difficulty sort of understanding why the minister would—and, I mean, I can't blame him for the actions of those that preceded him. But we've had Auditor General's reviews, several reviews of the Department of Housing, recommendations that weren't and, to date, haven't all been implemented.

Now we have a KPMG review going on, and they're having to be part of the implementation team of something that the department and the minister should have directed happen within his department. There should have been some accountability for getting the recommendations implemented by this minister.

We're seeing today that we're still having to bring in someone to attempt to fix the chaos that's been created over the years in the Department of Housing. I'm extremely concerned at the minister's weak answer to the questions and to the activities that are being undertaken by the consultant, by KPMG.

Surely to goodness, there's strength within the minister's department to make things happen, to make the department open and accountable and

transparent. So I'm extremely concerned at the lack of leadership in this area when it comes to dealing with programs that provide support to some of the most vulnerable in our community. We've seen that this government has not been able to deliver with its policies the kinds of programs and the kinds of housing activity that would meet the needs of those that very desperately need support and accountability from this government.

Madam Chairperson, I just want to move on to asking a few questions about North End Housing Project. I know that the minister indicated they were working very aggressively with North End. Has the minister himself met with board members from North End Housing?

Mr. Mackintosh: I'm advised that the staff of the department has been meeting on an ongoing basis with both officials and board members of North End Housing. That is appropriate because of some of the challenges. The department has had that kind of ongoing relationship and support function, working to ensure greater accountability while not abdicating the need to provide the necessary supports.

My understand is as well, that more recently the officials from the department met with representatives of North End Housing, at which time they were presented with a proposal that the department took back and is now going to examine and make sure that they apply due diligence. They expect to have some ongoing questions and answers with North End Housing over the coming weeks so that we can determine if there is an ongoing sustainable and sound business plan.

* (16:50)

Having said that, I can advise the member that it should be self-evident that the presentation of a business plan signals that, indeed, the North End Housing Project is interested in a continuing role for providing affordable housing options in the North End of Winnipeg.

So it will be important now for the department to get any outstanding questions answered and to provide the advice as to whether North End Housing's business plan is worthy of support from not only the Province but, of course, the City and the federal government.

Mrs. Mitchelson: Is the minister indicating that he hasn't to date met with anyone from North End Housing himself, personally? Is he leaving it up to his department to meet and get the information,

because it was my understanding last week—maybe the minister can correct me if I'm wrong, but I thought I heard him indicate that he would be meeting with the board and/or staff from North End. Has he met or is he intending at all to meet with them?

Mr. Mackintosh: Well, the minister may have misunderstood, as I think one media outlet did, a description of a meeting that was being scheduled. But the meeting was being scheduled with staff of the department and representatives of North End Housing Project.

Mrs. Mitchelson: Who from the minister's staff would be meeting with members of North End Housing and who from North End Housing would staff be meeting with?

Mr. Mackintosh: My contact in the department has been through Mr. Wotton, and as a result of a discussion with Mr. Wotton and myself, I know that he was one of the officials in attendance at the meeting with North End Housing Project.

It was Mr. Wotton who has assured us that there will now be a close examination of the plan that was presented and there will have to be, obviously, a careful analysis as to how North End Housing Project will be able to move ahead in terms of financing, the use of projected cash from the sale of assets, what it would need in terms of any other capital, the flow of capital from the department and, as well, what niche it would like to enter, whether it is going to continue as it has in the recent past or whether it will operate by way of some other method of affordable housing construction.

I know there's been issues about balancing the operational costs with the other demands, and I know that's a key issue for the department to drill down on.

Mrs. Mitchelson: Has the minister been assured that North End Housing has submitted all its financial statements and that all creditors have been paid for the work that they've done?

Mr. Mackintosh: The department advise me that, in terms of completed projects, we had financial statements up to date. I know that there are time lines to receive those financial statements, I think six months within the time of the completion of the project. Some of those statements may have been un-audited, but everything, I understand, has been provided within the necessary time frames. It's my understanding that, as well, updated general financial information has been flowing.

Mrs. Mitchelson: Madam Chair, can the minister indicate to me whether there are any other organizations out there within the Housing portfolio that are experiencing financial difficulty at this time?

Mr. Mackintosh: Well, Family Services and Housing actually flows money to 1,239 agencies. And usually those are, probably most of them are boards. In the Housing area, I believe there are about 440-plus agencies that provide some service or receive a flow of some funds from Family Services and Housing. So, given that number, I think it's fair to assume that boards from time to time will have challenges, depending on the nature of the work that they perform.

It's my understanding that the challenges to North End Housing are not unique just to the North End, but that the rapidly changing housing market has certainly caused some adjustments to be made, whether one is in the private sector or the non-profit sector. Having said that, though, the circumstances, I think, at North End Housing Project are unique in the sense that they have attracted a very strong ongoing relationship in support with the board and officials.

So I know that there was another housing agency that wound down, Lazarus Housing. As I recall, I think there were some public statements that they as well had been sort of victimized, if you will, by their own success and strength in the neighbourhood and the housing values, and things have changed significantly as a result of that.

But we'll continue to work with North End Housing and we will discover whether they can continue on receiving public financing for what has been, I think, a very important role for a community-based agency in the provision of affordable housing

for Manitobans and people in the North End in particular.

Mrs. Mitchelson: So the minister is indicating that he doesn't know of any other—he hasn't been briefed in any way on any other organizations? I mean, have there been any that have been brought to his attention that are having their financial difficulty as we speak?

Mr. Mackintosh: Well, the member should perhaps clarify what she means by financial difficulty. I mean, boards and agencies will have their ups and downs and more often than not will have all that rectified, so I don't want to—let's put it this way. The North End Housing Project has presented a unique challenge to the three levels of government in terms of the ability to deal with the cash crunch. Are there other organizations that we are flowing money to that are similarly placed with regard to a cash crunch? That's not my understanding, but the member may have different definitions of what financial difficulties are. As I say, there are 444 agencies that Family Services and Housing flows money to, and there may be difficulties that come and go with regard to those agencies.

Madam Chairperson: The committee has been advised the Minister of Family Services and Housing (Mr. Mackintosh) will be required when it next meets.

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 17, 2007

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