

**Fourth Session - Thirty-Eighth Legislature**  
of the  
**Legislative Assembly of Manitoba**  
**DEBATES**  
and  
**PROCEEDINGS**

**Official Report**  
**(Hansard)**

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

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ALTEMEYER, Rob	Wolseley	N.D.P.
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**LEGISLATIVE ASSEMBLY OF MANITOBA**

**Friday, June 2, 2006**

**The House met at 10 a.m.**

**COMMITTEE OF SUPPLY  
(Concurrent Sections)**

**INDUSTRY, ECONOMIC DEVELOPMENT  
AND MINES**

\* (10:00)

**Mr. Chairperson (Harry Schellenberg):** Will the Committee of Supply please come to order. This section of the Committee of Supply meeting in Room 254 will now resume consideration of the Estimates for the Department of Industry, Economic Development and Mines.

As had been previously agreed, questioning for this department will proceed in a global manner. The floor is now open for questions.

**Hon. Jim Rondeau (Minister of Industry, Economic Development and Mines):** Thank you, Mr. Chair. Following past practice, the member opposite had asked some information and some of it is available. I will go through the 2005 petroleum industry activity. That was a question asked, I think, last time we talked.

There were 285 wells drilled, that was up 139 percent. It is the third highest on record, and this is all in 2005. There were 384 drilling licences issued, that is up 180 percent and it is the highest on record. The average production is 13,000 barrels per day, which is up 18 percent. The value of the 2005 production is \$300 million, that is an estimate, it is up 91 percent. Industry expenditures are about \$190 million, that is an estimate, up 90 percent. Provincial revenue from oil and gas leases, Crown royalties and production taxes for the financial year of 2005-2006 is \$16 million, up 102 percent. This includes record revenue from oil and gas lease sales of \$6.4 million.

I have the year-over-year from 2001-2002, 2002-2003, 2003-2004, and I will go through it. The oil and gas production tax for 2001-2002 was \$3,428,100; 2002-2003 was \$2,945,600; 2003-2004 was \$2,785,800; 2004-2005 was \$3,195,000, and I am happy to say that 2005-2006 was \$6,190,400.

The Petroleum Royalties and Fees, again from 2001 on: Petroleum Royalties and Fees for 2001-2002 was \$2,998,100; 2002-2003 was \$3,748,000;

'03-04 was \$2,990,200; 2004-2005 was \$4,780,900, and I am very pleased to say 2005-2006 was \$9,822,000. So, if you take the oil and gas production tax and the Royalty Fees you will see that in 2005-2006 it is at \$16,012,400.

As far as the mining tax revenue, that was the other question you asked the other day that I took on notice. Mr. Chair, 2006-2007, I will go from 2001-2002, sorry. The mining tax revenue was \$9,357,067; '02-03 was \$17,541,067; '03-04 was \$21,895,001; '04-05 was \$40,826,218; '05-06, which I am very pleased to say, was \$57,200,000, that is an estimate. And '06-07 was \$41 million, estimate.

Some of the decreases from '05-06 to this year: the processing of Voisey Bay concentrate is increasing from 35 to 50 percent, so they are refining more and more of the Voisey Bay concentrate rather than the concentrate that is mined here. Other companies have carried forward losses which they can take into this year, which we assume they are going to be taking and putting the profit into their balance sheet.

Mining taxes do not apply to metal not mined in Manitoba, so that if it is just refined here, the mining taxes do not apply. It is only if it is mined here. Thank you very much, Mr. Chair.

**Mr. Glen Cummings (Ste. Rose):** Well, just on that last point, material being shipped in from Voisey Bay, the Newfoundland government was always adamant that that would not happen, or if it did, it would not happen for long. There was some considerable question raised about what the impact would ultimately be here.

Does the minister have access to any information other than that? Is there still planned expansion at Voisey Bay, and will that have a negative impact on our potential to produce here profitably?

**Mr. Rondeau:** This is an interim measure, Mr. Chair. It is set up while they are ramping up and developing smelter capacity in Newfoundland.

**Mr. Cummings:** Mr. Chairman, I wanted to get back to what I am sure the minister considers more mundane questions again, but during the—

**An Honourable Member:** Nothing is mundane in this department.

**Mr. Cummings:** Well, I hope it is not mundane, but we have been on this merry-go-round before.

I would like to know that, while the minister, undoubtedly, was not in the department at the time that the Solidarité loan was made from the Québec Fonds to Crocus, and we all know the characterization of this as being an investment as opposed to a loan, but, then, upon closer scrutiny, it becomes pretty obvious that it was probably portrayed in a way that was inappropriate. But this is a \$10-million transaction which is not small, one that dealt with an outside entity and was publicized.

My question would be, and I presume the minister will have to ask the department, what would have happened at a time such as that? Would the department, through its representative, have been made aware of the magnitude of this transaction?

**Mr. Rondeau:** What often happens is that the fund's auditor, so Crocus' auditor would have had a discussion with the fund. In the normal course of business, if something is done it follows generally accepted accounting practice, GAAP. Basically, if the fund's auditor would be Wellington West, the company that produces the prospectus, what happens is that they are responsible for following generally accepted accounting practice. In fact, if there is ever a case where something does not follow generally accepted accounting practice, the auditor would make it under notes. So, if it did not follow a generally accepted accounting practice, they would make a note at the bottom of the page, and they would make some sort of comment on it.

As far as the department is concerned, they looked at annual reports, looked at the prospectuses. They understood that they were signed off by the fund's auditor. They were signed by Wellington West as portraying the information accurately, and, as the Auditor General has said, generally what you do is you accept those end pieces of information, that material, as true and portraying a true picture of the fund.

\* (10:10)

I understand that the people in the department did that. They accepted the auditor's signoff and the prospectus as full, plain and true disclosure as explained in the prospectus. So that has happened. The interesting part is that, as we talked about yesterday, by separating the compliance from the promotion of venture capital and having a long-term trusted person as the person who is enabled to

oversee the fund on a more proactive basis, we hope to alleviate that in the future.

**Mr. Cummings:** Well, it would appear from the minister's answer that he is saying that there was not very detailed oversight at that particular time, which I doubt. Is he saying that it is his understanding that the Solidarité transaction was not of any note even when at the shareholders' meeting a shareholder questioned the nature of the investment? It seems to me that that person was pretty accurate, if I understand the notes, from how the questions would have been asked.

So my question is much the same but on a slightly different angle: Is he saying that there was not the type of oversight at that point that would have raised any comment about the Solidarité transaction?

**Mr. Rondeau:** What I am saying is that it is not the responsibility of the government to provide or prepare the financial statements for the Crocus Fund. It is up to the board, the administration of the fund, the fund's actual auditor to create and sign off on the financial statements. It was up to the fund's auditor, Wellington West, and the board to create a prospectus which has full, plain and true disclosure of all material facts.

It was never up to the government to set valuations. It was never up to the government to sign off on the prospectus. In fact, if you read the prospectus which is signed off or approved by the board, Wellington West, and the fund's auditor, if you read those two things, it has disclaimers saying that the government is not involved, does not certify the books, does not authorize the information. In fact, it is the auditor, Wellington West, the underwriter, and the board that signs off on the prospectus and annual reports. It had nothing to do with this government signing off. If you were at the shareholders' meeting, it is not the government that holds the shareholders' meeting. It was the board that held the shareholders' meeting because they were responsible to the people who invested. They were responsible for the operation and the disclosures, and that is where the responsibility lies. We were not the nanny for any venture capital fund now or in the future.

**Mr. Cummings:** Is the minister saying there would not have been any comment from government-appointed representatives to the board, or that the government would not have taken note of a question such as this at the shareholders' meeting that the

government would not have taken an interest at that point?

**Mr. Rondeau:** The shareholders' meeting is a meeting run by the board of directors of the fund which the fund's auditor provides the financial report which is presented to the shareholders. It provides all the information on full, plain and true disclosure. The fund provides that. The management administration of the fund, the chair of the board of directors, presents the financial picture to the fund shareholders. That is what the meeting is all about.

It is not where the government sits there and says, okay, you can do this certain ways, or the government did not sign off on the prospectus as was noted in the Auditor General's report. The fund, if you read the prospectus—actually, there are about three or four disclaimers where the government says, hey, this is where we are not involved. As you note, the people who sign off on the information would be the firm's auditors, Crocus' auditors. The government never signed off saying that there was accuracy. If you read it, what happens is that the auditor, the firm's auditor, said that they have a fiduciary responsibility to follow generally accepted accounting practice. If they do not follow generally accepted accounting practice, or the auditor believes that it does not provide accurate disclosure, they do not sign off, or they put a footnote which says, we do not agree or this is outside of generally accepted accounting practice.

If you look at the financial reports, this was not done by the auditor; it was not done by Wellington West; and the prospectus and the financial report says that this is full, plain and accurate disclosure of all financial transaction. This is a real financial picture of the fund. The government did not sign off on it. The government's rep was not supposed to be nanny of the fund. They were representing the general public interest and they had no way that they could tell us what was going on directly to the board, and that was nailed down by Bernard Wilson.

As you have been aware, what happened as practice of the board is individuals actually conducted a session with the Crocus board when they got on board and they found out where their fiduciary responsibility was. They found out that they could not report directly to the minister, any minister, because of what they found out on the board, and so what happened at the meeting was what was accurate. The shareholders or Class A shareholders had questions. They brought them up to

management who was responsible and the board who was responsible, and that was what the appropriate action was. The responsibility was with the board and the management of the fund.

**Mr. Cummings:** Well, we have comments from the auditor that demonstrate the character of this agreement. It contained covenants that would control or limit the investment activities of Crocus management team and the proceeds could not be used to support the investment portfolio. The investment activities could be no more than \$3 million. If the Crocus Fund wanted to invest more, they were required to first divest dollar for dollar to provide the additional capital. So this was a very tightly structured arrangement that infringed on Crocus Fund's ability to function. Should that not have been something that the minister would be interested in?

**Mr. Rondeau:** I think, Mr. Chair, you have to understand what information was available to the government. I think the Auditor General said and I quote for December 7, '05. The Auditor General: It is important to understand that from our point of view, Crocus did not do an open and transparent job in disclosing the nature of that transaction in its financial statements or in its prospectus.

Then he goes on to say, Mr. Chair, so they provided financial statements and information to the government and to the shareholders. He goes on to say, it is very common in the business world that when you receive an audit instead of financial statements, you rely on the audit opinion. When you receive the prospectus you presume that appropriate due diligence, the appropriate disclosures are contained in that prospectus. So I think it would highly impractical for anyone to say I do not believe the prospectus or I do not believe the financial statements. This would not be able to do that kind of monitoring on that basis unless you had come to specific evidence that came to you some other way that caused you to want to ask a question. I do not think anyone raised this as a particular concern until we brought it forward. That is the Auditor General on December 7, '05.

What that means is that we relied on the prospectus and the financial information which was signed off by the fund's auditor. It was signed off by the board of directors and it was signed off by Wellington West, the underwriter. So these all have in it where GAAP, generally accepted accounting practices, are followed, and also it is signed off that

that information is full, plain and true disclosure of all material facts. If that is not the case, that is not for the government to go in and do a fiscal audit of every transaction in the fund. We were not the nanny. We were not supposed to do and conduct, and we did not sign off on the fund. The fund's auditor signed off on the accuracy of the disclosure. The board of directors did. The government would have been inappropriate to sign off on disclosure. That was not a response to legislation, that was not our fiduciary responsibility.

\* (10:20)

**Mr. Cummings:** Did the government have a representative on the board at that time?

**Mr. Rondeau:** The government appointed a representative on the board. It was a public interest appointment. What we had done is we had appointed civil servants to the public representatives on the board, and so their fiduciary responsibility was not to the government. It was to the public in general.

The other thing was, Mr. Chair, they had a workshop when they were appointed to the board by the government or any organization, and any organization or our representative understood that their fiduciary responsibility was to the public, and that it would be inappropriate for them to report what was going on in the board or to have the government control what was going on in the board.

They understood that they were arm's length; they understood their fiduciary responsibility; and they understood that it would have been inappropriate for them to come to the government with information that they obtained in the board meeting.

**Mr. Cummings:** The minister puts considerable stock in the auditor for Crocus being one of the governing factors. Who was the auditor?

**Mr. Rondeau:** Pricewaterhouse, Sir.

**Mr. Cummings:** I am sorry, excuse me just a moment.

**Mr. Rondeau:** The firm's auditor is Pricewaterhouse, and I understand that the firm's auditor had remained constant for a number of years.

**Mr. Cummings:** But the name of the firm is?

**Mr. Rondeau:** The name of the firm is Pricewaterhouse, and I understand that the firm's auditor had remained the same for a number of years.

**Mr. Cummings:** So the minister has stated that their reflection of what was going on at the fund should have been the basis upon which we trusted the information that was put forward.

**Mr. Rondeau:** Yes, and as the Auditor General attested, it is very common in the business world that, when you receive an audit instead of a financial statement, you rely on the audit opinion. The auditor has an obligation to provide full, plain and true disclosure. The auditor has an obligation to follow generally accepted accounting processes, and if there is a deviation from generally accepted accounting practice, then what would happen is that the auditor would have to either choose not to sign off or put it on a footnote if there was a deviation from these generally accepted accounting practices.

**Mr. Cummings:** Did the auditor note this transaction as being an exception?

**Mr. Rondeau:** No.

**Mr. Cummings:** Well, the obvious question is: Should he have? Or, should they have?

**Mr. Rondeau:** That will be an interesting thing in the go-forward basis. That will be shown in a court of law, and that is one of the things that I believe is in front of the courts right now.

**Mr. Cummings:** In what form is it in front of the courts?

**Mr. Rondeau:** I understand that Pricewaterhouse is a defendant in the class-action lawsuit that is before the courts now.

**Mr. Cummings:** Has the government taken any action in that respect? Why are we waiting for the shareholders? If the minister has, in a roundabout way, described that this is a problem, why has the government not taken action?

**Mr. Rondeau:** The Manitoba Securities Commission is also conducting an investigation into the Crocus issue. The Manitoba Securities Commission has a role under legislation to ensure that full, plain and true disclosure happens in the prospectus. And so I would assume that under The Securities Act, looking at what has happened in the Crocus issue, that the Manitoba Securities investigation would be finding out if they did not provide full, plain and true disclosure, why not, and what went wrong. That is part of the Manitoba Securities investigation. As far as redress, that is why it is in front of the courts as far as the civil suit.

**Mr. Cummings:** Well, the Securities Commission would have been my next question. I do not mind stating on the record that I am disappointed that their investigation has been delayed by a full year. Does the minister have any information he can share to substantiate the Securities Commission's claim that they cannot deal with this any sooner?

**Mr. Rondeau:** It would be inappropriate for me to get directly involved with either the Securities Commission investigation or their court case. It would be inappropriate for me to get involved with the class-action lawsuit. There is division of powers between the executive branch and judiciary, and I respect that. So these court cases and investigations, we do not get involved. When the government referred things to either Canada Customs, the Manitoba Securities Commission, any of the other outside organizations, when we referred to the investigations, we do not tell them how to investigate or how to proceed.

What we do is provide them general information. They conduct an investigation, and they move forward in their spheres of influence. It would have been inappropriate and career-ending should I have gotten involved, and I did not get involved in any of the investigations nor on how they proceed.

**Mr. Cummings:** However, in the last few minutes, the minister has said that it is possible—and I am paraphrasing here, so I do not want to be putting words in his mouth—but Hansard will show that he believes the auditor had a bigger role in properly displaying what occurred here.

But the Securities Commission had a role. Who is investigating the Securities Commission role?

**Mr. Rondeau:** I think what the auditor has said is that there could have been prompt action or more action. But what happened in most cases is that people believed the information they were receiving from Wellington West in the prospectus and the fund's financials. So there may have been cases where there was too much trust put on the information provided by the fund. However, that would have been normal course of actions.

There are a number of safeguards. There is PricewaterhouseCoopers, who was the fund auditor, who is a safeguard on making sure there is full, plain disclosure. There was Wellington West who signed off on full, plain and true disclosure. There is the board of directors. So there are a number of groups that were supposed to make sure that the information

was true and accurate. I think that my department officials relied on the information that was provided by the fund, its auditor and the underwriters. I think that may have been the case other places, but I cannot say.

\* (10:30)

What we can do is we can make sure that the experts in the field, the people who have the expertise to make sure that there is good ongoing investigation, we have to trust them. That is why, of course, we not only provided in 2001 the ability for the Auditor to go into the fund, but we also, when there were some issues and when people say, what did you do to facilitate the investigation? When the Auditor asked Crocus to go in, Crocus started to put up barriers and started to threaten legal barriers. What happened was we knew, because the Minister of Finance (Mr. Selinger) and myself both knew the acts—what we did was we facilitated the Auditor's unfettered investigation by making him an authorized person to make sure that he had access to all information because of the tax credit, and so he could follow the money, follow the transactions to do a complete and thorough investigation of Crocus, unfettered.

Now, had we not acted, it might have been left in the courts for weeks, months or years. What we did was we made him an authorized person so that he could act expeditiously. In fact, I have a letter from the Auditor basically saying thank you for allowing us, reacting very, very quickly to end the log jam and allowing him to do his job.

**Mr. Cummings:** Well, what the minister has just said, I do not dispute. Was this investigation initiated by the Auditor or was it requested by government?

**Mr. Rondeau:** I understand that the Manitoba Securities Commission was conducting an investigation before the Auditor General's investigation, and it was one part of what they would do in their ongoing work. It was not something that was directed by the government or the Auditor. I understand the MSC was conducting an investigation prior to the Auditor General's investigation.

**Mr. Cummings:** Just so I understand, is the minister saying that the Securities Commission raised the flags and asked the Auditor to get involved or suggested that the Auditor should be involved or was it the fact that the Securities Commission was investigating that piqued the Auditor's interest? Who initiated the Auditor's inquiries?

**Mr. Rondeau:** As of 2001, The Auditor General Act was changed so that he could go and investigate and do audits in any organization that receives government funds or tax credits. So, in 2001, the Auditor General had the right to go into Crocus or ENSIS or any other groups that received tax credits. What happened was we have found out that the MSC was conducting somewhat of an investigation prior to the Auditor General, but we did not direct the MSC to conduct an investigation. We did not direct the Auditor to conduct an investigation. What we did was we facilitated the Auditor General's investigation because, although he had, we believe, the right to go in as of 2001 under The Auditor General Act, what we did was, when Crocus started to say, wait, you do not have this ability and they could have hung them up and slowed down the investigation, the Auditor General requested us to make him an authorized person under the Department of Industry and also under Finance.

What we did was the Minister of Finance and myself sent letters to ensure that he could conduct the investigation by making him an authorized person under the Industry Department act and the Finance Department. So what we did was we allowed him unfettered investigation and what we do in all cases, when we send it to CCRA, we do not tell them how to investigate. We do not tell them specifically what to investigate. We say, there is an issue, here is the issue that was raised. So, in the case of Canada Customs and Revenue or the Manitoba Securities or the RCMP, what we do is we provide the Auditor General's report. We say, here are some allegations. We do not tell them how to investigate, we do not tell them how to proceed. That would be getting involved in things that we should not be involved in. So we provide the information and that is that.

But we also do not get involved in quasi-judicial bodies like the Manitoba Securities Commission and say, you must investigate instantly this. They are professionals.

**Mr. Cummings:** Well, just on that point, though, the minister, if he was convinced that it needed to happen, could ask the Securities Commission to review a file, could he not?

**Mr. Rondeau:** Well, part of the whole process is that people can always, in hindsight, be 20-20, and, if you look just to see—

**An Honourable Member:** I am not asking about Crocus; I am asking in general terms you could—

**Mr. Chairperson:** Excuse me. Wait until I, you know, recognize you. It will make it easy for Hansard. The Member for Ste. Rose. Go ahead.

**Mr. Cummings:** Sorry to interrupt, Mr. Chair, but I do not need to know whether or not the minister had a choice about asking them to come into Crocus. But I am asking in a general sense that if he was so moved that he felt there was an issue somewhere, anywhere, there is nothing precluding him, is there, from advising the Securities Commission that they might take interest in a particular file?

**Mr. Rondeau:** Any member of the public has a right to go to the RCMP or the Manitoba Securities Commission to bring up any issue. So, if you look at past history you have a person from your own party who might have had information. He was your former leader who might have had information on issues in Crocus, and, although he might have had a public reason to go to the Manitoba Securities Commission and give them information, understand that he might have had issues, and he might have had a public reason to protect the public by going to the Manitoba Securities Commission or RCMP and allege issues. Well, that did not happen.

Apparently, your former leader was visited by executives from Crocus, and I believe the term is "shakedown," and so he basically says that, Murray says he got a visit from Mike Bessey and Crocus boss, James Umlah, who basically tried to shake me down, and then he says that he decided that he did not have enough facts at the time to come forward with his concerns in the face of potential lawsuits. So, after the shakedown, he decided not to go to the RCMP; he decided not to go to Manitoba Securities Commission.

I understand the same sort of thing happened with a former Member for Fort Whyte, where the Member for Fort Whyte was going to call a news conference, chose not to go to call a news conference after he got information, and, I believe at the time, both the Member for Fort Whyte and the former Leader of the Conservative Party said that they were happy with evaluations which was far, far in excess of what the Manitoba government ever said. So the Leader of the Opposition, the Member for Fort Whyte said they were happy with the way Crocus was conducting business. They were satisfied that evaluations were accurate, which is far, far more of an attestation to the evaluations than the government ever would do because the government does not attest to evaluations. Also, at the time, the Member

for Fort Whyte invested in Crocus, he was so confident in the management practice and the investments.

So this government has not made any attestations. This government, I know in hindsight it would have been nice to have caught the problem earlier, but in fact that with the shakedown the former Leader of the Conservative Party could have gone to the MSC, could have gone to the RCMP, if he had allegations. He was satisfied with what was going on with Crocus, and the Member for Fort Whyte was so satisfied he bought shares and invested. So I think it is the right and obligation of every citizen and every member of this Legislature that, if they think something illegal, improper is going on, they go to the appropriate authorities. If you look, there was supposed to be a news conference. The news conference was cancelled, and then you have the Member for Fort Whyte investing money in Crocus and saying he thinks things are okay and agrees with evaluations. This government never did that, Mr. Chair.

\* (10:40)

**Mr. Cummings:** Well, I must be getting close to something because the minister wants to get nasty. If the Member for Fort Whyte were here, I would think he would get his head taken off verbally. I am not going to enter into that debate, although I have a grossly different opinion of what occurred than the events that the member has just described. Truth to tell, I think I am looking at the authority who had an opportunity to do something about this fund, and that was members of the Cabinet of the day who probably knew that there were a few things awry, but will not share with me or with anyone in the public what was really going on.

The reason that I ask about the fund or the Fonds—I love that word; it reminds me of Fonzie—the fact is that the reason I ask about that is that this was such an obvious approach to the edge of honesty by Crocus. I cannot believe that the government had a representative who sat on that board, who acquiesced in this development where there was a public proclamation via a press release, and no one in government—I mean, "don't know, don't ask and hope it goes away," seems to be what the problem is.

I am pretty sure, given the nature and the quality of the people that I am aware of who would have been, I think, knowledgeable about what occurred, I find it absolutely impossible to believe that there were not people in government, elected officials,

who were given an opportunity to realize that there was a problem there and that they chose to look the other way.

The characterization of a \$10-million loan as an investment—and the member talks about shakedowns. He knows full well that without parliamentary immunity, there have been a number of things said on both sides of the House about what occurred in this area that would be suable if they were said outside of the Chamber. The fact that a lawsuit is launched does not necessarily mean that what was said is wrong.

To think that the government saw what was going on with the events that the member just referenced and simply quietly chuckled with glee and did not start asking serious questions about what in the heck is going on over there. Even the auditor, as I recall, and the implication was—and I think it was actually stated—that he was accused of not knowing what he was doing and perhaps should be sued as a result of some of the comments that are in this. It became pretty much the modus operandi of the fund.

I do not think the minister would condone that. My concern is when did he first know that that was the way the fund was dealing with anything where concerns were raised. If you take out a postmail to flatten a mosquito, you know that person is not just worried about the mosquito.

There are problems, and at the very time that we are talking about how a press release was put out, the minister is saying the Auditor did not pick up on it. He is saying that his representative did not say anything about it. Certainly, he was part of the board. The board should have and would have had knowledge and approval of an arrangement of this magnitude. Ten million bucks is not walking-around change in anybody's business.

So is that what the minister is saying? Everything was fine. Nobody in any line of chain of command said anything?

**Mr. Rondeau:** What I am saying is that you have an auditor, a fund auditor, whose job is to audit the books, audit the way Crocus was doing business, and sign off on the financial statements as full plain disclosure.

Here is an example. If you read the information, Crocus underwriter, Wellington West, signed the following declaration every year, and this is the declaration in the financials: To the best of our knowledge, information and belief, the financial

statements of the Crocus Investment Fund, and it continues, and the Auditor's report thereon, together with this prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by part 7 of The Securities Act and the regulations thereunder, and do not contain any misrepresentations.

So what I am saying is that the auditor's fiduciary responsibility is to ensure that GAAP, generally accepted accounting procedures, are followed. The auditor's and Wellington West's fiduciary responsibility is to make sure that there are no misrepresentations, and it is the board and the management to ensure that they communicate with the fund's auditors and the underwriters to make sure that they have confidence that the information as provided is accurate. I look at the Member for Fort Whyte as a businessman. I assume that he also looked at the prospectus and the financials and made a fiduciary responsibility. That does not mean that I do not have a great deal of respect of the Member for Fort Whyte as a businessperson and as a member of this Chamber.

I believe that he was provided information as was said, that he was provided information from the fund, from the people who manage the fund that ensured that he felt comfortable with the information they were providing was accurate. If you read the prospectus and the financials, it looks like the company is very, very solid. It looks like the loan was, in fact, an investment. It looks like a lot of things. So I do not question the acumen of the Member for Fort Whyte. What I am saying is he, after he met with fund officials, said that he believed that they were providing information and that they were in sound, financial assistance. That is what he said.

Now, Mr. Chair, that may be because he trusted the financial statements and the prospectus. I do not know. I have not talked to the Member for Fort Whyte. But I do believe as a businessman and a very successful businessman whom I respect, he probably followed what would be normal business practice which is looking at the financials which are signed off by an auditor, looking at the prospectus which was signed off by an auditor and the underwriter and making appropriate decisions based on the information that they provided. That would be normal conduct. I have looked at hundreds of financials. I have looked at hundreds of prospectus when I was in investments and you make the

assumption that because they are signed off by an auditor and an underwriter that they contain full, plain and true disclosure of all material facts as they are required to under the Manitoba Securities Commission's laws.

So I understand, and I am not saying that the Member for Fort Whyte or the former Leader of the Conservative Party were involved in anything. What I am saying is that, after they met with executives from the fund and the fund's lawyers, they believed that the fund valuation was accurate and that may be because they trusted the prospectus and the financial statements.

**Mr. Cummings:** Well, the minister takes probably even a little bit of glee in recounting the events that he just has described, but should that not have triggered the thought process in government to talk to the Securities Commission and give us some level of confidence of what is being raised is wrong?

\* (10:50)

**Mr. Rondeau:** I do not think anyone from this government or the previous government that had any involvement whatsoever with Crocus Fund takes any glee of what has occurred in the last few years. I do not think members of the previous government, the former Leader of the Conservative Party, the Member for Fort Whyte, any member of this government or any MLA takes any happiness over what happened. We are all very sad about what happened. We are all very disappointed in what happened, and we wish that it had not happened, but all members want to look at what happened and move on.

We also want to make sure that we investigate to make sure that it never, ever happens again. So, Mr. Chair, what we do is you look at a situation, and in hindsight it would have been nice to have caught this earlier. In hindsight it would have been wonderful to not have had the losses and investment losses, and in hindsight it would have been wonderful to have had the legislation absolutely perfect in 1992-1993. It would have been wonderful, when we made some changes in reporting in 2001, to have known what was going to happen four or five years later.

But what was important to note is that we are taking action in Bill 51 and Bill 37. We make sure that we follow the Auditor General's report. We make sure that appropriate investigations are going to occur, unfettered investigations, and that we find out to make sure that in the future things like this

never happen again. I do not think anyone ever takes glee in what happened.

I know that if you look at the information provided, the picture may not have been accurate, but that is not for government to sign off on. It is nothing that government would ever be happy about, whether it was a Conservative government or an NDP government. These are people who invested money and trusted full, plain and true disclosure. I hope that something like this never happens in the future under any government.

**Mr. Cummings:** Well, for the record, I think the government would have and certainly should have looked at the circumstances that were unfolding, and any smart political body, which is what a government is, would have started asking questions.

The minister has cited his favourite expert on responsibility of board governance several times, and I have not chosen to challenge him. The name does not mean that much to me, but I think there could be an equal number of experts who would respond that, under similar circumstances where someone has been appointed in the public interest, that that person would also have a responsibility to make sure that the person ultimately responsible for the public interest, i.e., the minister that appointed him, would have some knowledge of events that would concern him or her. So that strikes me that, while the minister is pointing, I would say quite directly, at the auditor as perhaps not having done their job in the reflection of these numbers, can the minister tell me what happens to the minutes of the board at Crocus?

**Mr. Rondeau:** I can tell you, Mr. Chair, that I do not know what happens to the minutes at the board of Crocus because we are not involved in the day-to-day management of the fund nor are we the overseer of what goes on by the board in Crocus. The Crocus has a board that has fiduciary responsibility to the shareholders. It does not have a responsibility except for, under the act, the public policy objectives, the pacing and the investment requirements to the government.

So, when you ask the question: Do we get to know what exactly happens at the board? The answer is no. I do not see the board minutes, nor should I. What I do have is, in 2001, the government started a reporting structure where the public policy objectives of how fast the money is invested in Manitoba and where it is invested were reported. So have I seen those reports on the public policy objectives? Yes, I

have. Have I seen the board minutes? No, I have not, nor should I.

**Mr. Cummings:** Well, on that point, the minister knows and has reflected that it was important that they understand whether or not the fund is meeting its public policy objectives, which leads to the question of pacing. As I recall, that is sort of fundamental, so would the minister of the day—and it would be probably prior to this minister's appointment—but would the minister of the day, should he not, then, have had some information about the progress of the pacing?

**Mr. Rondeau:** From what I understand, the pacing was never off line. This was confirmed by the Auditor General. What would have happened is in 2001—prior to 2001 there was no formal reporting from the board to the government on the public policy objectives. I understand from 2001 on, there was a reporting system established and that the pacing, which is the public policy objectives, that means how fast the money was invested into Manitoba businesses, that was never offside.

**Mr. Cummings:** Well, again, it has to do with the quality of the information, I suppose, that the minister was receiving, and I do not want the minister to be too vindicated by that because that was really why, as I read the Auditor's report and try to piece together what really happened, it seems to me that that was why the Fonds was embraced because there was a liquidity issue, which is not disconnected from the pacing. Should the minister have been aware of any liquidity problems?

**Mr. Rondeau:** From what I understand from the fund, the fund had some issues with how they would address liquidity. So they had made no pretence of the fact that they would have had to use certain techniques to make sure that they were liquid enough, make sure that their pacing was done, but there was no time that the liquidity issues or the pacing broke the act or the public policy objectives of the act. I understand that from the Auditor General. So it is not something that I would have been reported to because basically the pacing was they had to invest 70 percent of the money within 24 months, I believe, and they were never offside on the pacing.

**Mr. Cummings:** Well, I would challenge that statement. It seems to be pretty common knowledge that they were on the verge of having liquidity issues, and that is why they embraced the Fonds.

Why would the minister not have had knowledge of that?

**Mr. Rondeau:** The reason why is because, if you read the prospectus and if you read the financial statements, and you realize that they were always, they may have not placed the loan as a loan. They had referred to it as an investment. The investment of \$10 million was signed off by the auditor, and by the firm's auditors, not by the government auditors. It was signed off on Wellington West as an investment, and what had happened was the branch, and all reasonable people, would have assumed generally accepted accounting practices were followed, and it would have been registered as an investment if it was an investment. If it was a loan, it would have been characterized differently. It was not on the prospectus or the financials, and so the fund was never offside on pacing or on its liquidity.

Now, whether or not it was portrayed accurately on the financial statements or on the prospectus is not something the Minister of Industry or the Minister of Finance would have signed off on or been aware of. It would have been the management of the fund, the fund's auditors and the underwriters who sign off on it. The Minister of Finance does not, or the Minister of Industry does not, say, go to every company or every fund that is operating in Manitoba and sign off on their books. This does not happen. It is the board of directors of the fund. It is the auditors, the fund management; those are the people who construct the books and the financials and the prospectus. It is not this government. This government has not and will not sign off on the financials of any venture capital fund. It is not our responsibility.

\* (11:00)

So, when you are asking the question of whether we knew pacing was a difficulty, the fund was never offside on pacing. The Auditor General in his investigation stated that. Whether or not in the future they were offside on pacing, I would never, ever be able to say. If there was a pacing issue, it would have been something that would have been discovered, because they were now reporting to the government, and if the loan was mischaracterized or misrepresented, that is not something that the government did or was aware of. It would have been something that the auditor of the fund should have caught and Wellington West, the underwriter, should have caught.

**Mr. Cummings:** Well, immediately prior to or about this time in the sordid history of this fund, I am led to believe that there were times when reporting of the fund was not up to speed and that members of the department actually had to initiate and encourage and compile some of the information on behalf of the fund.

Does the minister think that was appropriate and would the minister of the day not have been at least concerned?

**Mr. Rondeau:** Any of the reports that were from Crocus or ENSIS, were signed off by the individual funds, the directors of the individual funds. *[interjection]*

Sorry, I want to make sure the record stays accurate. They were signed off by the chief financial officer of the fund. So, in other words, any report on Crocus or ENSIS was signed off by the chief financial officer of the fund.

**Mr. Cummings:** Well, is the minister aware of any allegations that the department literally had to hold the hand of the people in the fund, and those are my words, but to direct and assist and get the reporting up to speed? Is the minister aware, or was the department itself aware that that was an issue?

**Mr. Rondeau:** Two points, Mr. Chair. First, prior to 2001, there were no formal reporting requirements, so, in 2001, this government prepared formal reporting requirements. The second point is this is no different than in my prior life, I would prepare tax returns for many people. I would prepare tax returns. Other people I know at H&R Block prepares lots of income tax for lots of people.

What happens is the individuals sign off on their own income tax returns, certifying that the information is accurate, certifying that they have portrayed a true financial disclosure to Revenue Canada, or in the case of Crocus or ENSIS, they would sign off, the chief financial officer would sign off to say that the information is accurate.

So, whether it is H&R Block preparing your income tax, or whether it is different people preparing the information, the funds itself signed off that it was accurate, and, no matter who prepares it, there was a signoff by Crocus that it was true, accurate information.

**Mr. Cummings:** Let me be very clear. I am not suggesting anybody in the department did anything inappropriate, but I think it is a signal of, perhaps,

the fact that the management at the fund resented and chafed at the idea of an ongoing reporting responsibility. The fund would have had, I hope, plenty of financial expertise, which they could use to compile information.

I am just asking the question if it is plausible or true that the scenario that I described occurred, and if that should not have been a signal to the minister that the fund was chafing under the idea of closer scrutiny, but, in fact, not necessarily all that co-operative.

**Mr. Rondeau:** Prior to 2001 there were no formal requirements. After 2001 there were formal requirements. And I think part of the issue was that the Department of Industry staff wanted to work co-operatively with both funds, ENSIS and Crocus, to develop a reporting structure, and I think what happened was they wanted to work with, and I think with the different funds. I think by having an independent administrator we have looked at Bill 37 to make sure that we now have not all the reporting and the monitoring and the working with the funds in one department. Now, what we have done in Bill 37 is we followed the Auditor General's report, who said in hindsight it might have been better to have more aggressive monitoring of the funds. Well, we have accepted that. We have split the monitoring into an independent administrator in Bill 37, and up to 2001 there was no reporting. So, in 2001 we instituted reporting. In hindsight, it might have been better to have more aggressive monitoring. Hindsight is always 20-20, Mr. Chair. So what we did have is we had a co-operative approach, a willingness to work in partnership with the funds to develop a reporting structure.

Now, I have never found many organizations or groups that wanted to do government reports. I have never found people who have been excited about creating more government reports and more government reporting no matter where I have been, even in the private sector. I never said, geez, Mr. Chair, I want to create more information to government, I want to create more reports to government. That generally has not happened, and I have never found anyone who has voluntarily been excited about creating more information to government.

So I can understand how, now in 2001 we wanted to set up a reporting structure, I can understand how the government department wanted to work co-operatively with the venture capital

funds, both of them, and I can understand how they wanted to do this and develop a reporting structure that recorded the public policy objectives. Again, hindsight is 20-20, Mr. Chair, and it would have been wonderful if we had seen this as it was. What we saw it as, I understand from the department, is that no one wants to create more reports to government, no one wants to willingly provide more time, staff time, to create yet another issue where they were reporting to government. So the government was trying to work co-operatively with the fund. They were trying to establish a reporting on the public policy objectives, and these reports were signed off by the funds, whether it was Crocus or ENSIS.

**Mr. Cummings:** Well, the minister did not answer my questions. Would that not have given the department and ultimately the government a pretty clear insight into what was occurring at the funds? And I say it in plural. Obviously, it was more than one fund being monitored.

**Mr. Rondeau:** By having these reports, these reports did not raise any issues as far as, you know, the Auditor or our department, because what we were trying to do is establish new reporting that had not been conducted in the past, and the reports never raised any issues as far as either funds being offside for pacing or for the liquidity.

\* (11:10)

**Mr. Cummings:** Just for the record, the government had a representative on the board of Crocus. Crocus did an analysis sometime during '02 that showed they were on the verge of having a liquidity problem, but the board would not have been aware of that, and, ultimately, the minister would not be aware.

**Mr. Rondeau:** As we said, it would have been inappropriate. First, Mr. Chair, there was no time that the public policy, the pacing or the liquidity were ever offside. That is important to note. The Auditor noted that, and that would have been plain in any of the reports. So the reports from Crocus and ENSIS have never said that they were offside on pacing or their liquidity. Okay, that becomes important.

Secondly, as was stated previous many, many times, it would have been inappropriate for the board member to come and tell me what was going on in the board meetings. The government appointed a representative to represent the public. It was not a government-board representative to tell the

government what was going on or to manoeuvre the board. It was a public policy person to represent the public interest. It was not to represent the minister at the board level.

**Mr. Cummings:** I would say the minister has his opinion, or I could conclude his lines, and he is going to stick to it. But the fact remains that it was unlikely that it would have been a secret around the board table at Crocus. Either that or there were a lot of board members who were derelict in their duty. The minister keeps pointing to the fact that they were not there to represent him. They may well have found themselves in a situation where they were privy to information, but the minister did not want to hear. I cannot, for the life of me, understand, given the events that the minister referred to earlier when considerable concerns were raised, people's reputations got booted around the block, at the same time there were real issues occurring at Crocus and no one talked to the minister. Am I still supposed to believe that?

**Mr. Rondeau:** Mr. Chair, I think the Auditor General says it very, very accurately when they are saying about what was going on in the finances, and I will just read a little bit from Hansard. Mr. Gerrard says that: Whether it was an accurate statement of what was going on in the fund, the question in this circumstance is that if it is unusual or—talk about the whole issue of the investments and whether they were accurately portrayed or whether the Québec Fonds was accurately portrayed—the question is to the deputy minister: Was this the first time that there had been such activity in Crocus, related to the fund, whether it was provided accurately, et cetera. And the Auditor General stated: Before the question is answered, I think it is important to understand that from our point of view Crocus did not do an open and transparent job of disclosing the nature of the transaction in its financial statements or in its prospectuses.

Then he started to talk about the prospectus and the information being portrayed in the financials, and the prospectus, and that it is the job of the auditor, the firm's auditor, to make sure that the information is disclosed accurately according to GAAP, generally accepted accounting principles. It is the job of the underwriter to make sure the prospectuses are portrayed correctly.

I do not know whether it would have been the job of what the board knew or did not know, because the minister did not appoint a board to represent the

minister. The minister appointed one person to the board to represent the public interest. We have gone over this, where it would have been inappropriate fiduciary responsibility to have the board rep telling what was going on in the board, et cetera. We have explained that the pacing was never offside. The liquidity was never offside, and it would have been inappropriate for the government minister to direct the board rep to do anything, because it was a public policy board rep, not a political board rep. That is very, very important. It was confirmed on December 7, 2005, by the Auditor General; it was confirmed by the deputy minister; it was confirmed in the press what the fiduciary responsibilities were and the board rep responsibilities were. I did not know what was going on at the board meetings, nor should I have.

**Mr. Cummings:** Well, in fact, this minister was not there a great deal of the time when we were concerned about what knowledge was available around Crocus. He was not in the current chair, but is the minister saying that there would not have been any reports to Treasury Board about the financial implications of activities at Crocus or venture capital opportunities that were being available or otherwise in the province? Because that is the underpinning for all of this activity is that, in the long run, and we are all pretty conscious of the fact that Manitoba needs a sound industry that is capable of pulling together risk capital.

Is the minister aware of any reports or does he believe any reports would have gone to Treasury Board about the function of venture capital funds and the condition that they were in?

**Mr. Rondeau:** Mr. Chair, Treasury Board would not have been privy to what was occurring inside the Crocus board.

**Mr. Cummings:** Would Treasury Board have been made aware of liquidity issues?

**Mr. Rondeau:** Because there was no issue with liquidity, in other words, Crocus was never offside on the public policy objectives of liquidity or pacing. That would not have been brought to the minister's attention or to Treasury Board's attention because there was no liquidity issue. In other words, it was still onside for public policy objectives of pacing and liquidity.

**Mr. Cummings:** The technicality of no liquidity problems is correct, but there is a close relationship between members of this administration and those

who were the managers of the board. And for the senior people in this government to have not known early on that there were issues arising on the function of this venture capital fund certainly stretches credulity when there was so many co-investments that were done.

Was the minister ever requested to look or to approve—"approve" is the wrong term—to encourage co-investments on behalf of Crocus?

**Mr. Rondeau:** Mr. Chair, I think it is very important to note that the government board members were civil servants under this government. In other words, we had actually a series of civil servants, many of which were long-term civil servants who have served both governments very, very well. In fact, one of our appointments was on the Conservative transition team, so these are not partisan people who are appointed to the board. These are civil servants under our government. They were not Order-In-Council. Well, sorry. They were not people appointed to political parties or political positions. These were deputy ministers, people in the Industry Department. These are civil servants, non-partisan. They did not donate to political parties under this government.

\* (11:20)

As far as due diligence, the member asked whether I would have influenced the investment from the Crocus board or others. I would not have said, as a minister, to Crocus or the board that I wanted them to invest in any particular way. That would have been inappropriate. Every fund does their own due diligence. It would have been inappropriate for me to walk into the Royal Bank or to any other group and tell them how to invest. Every organization has a fiduciary responsibility to do their own due diligence and do their own investing. It is not up to the government to tell people how to invest.

**Mr. Cummings:** The minister's answers have the implication that somehow I am trying to skewer what are capable and honourable civil servants. That is not at issue here. What I want to know is the relationship between the elected members of this government and the management and the board at the Crocus Fund.

On the surface, I do not think the minister could even attempt to deny—or it would fall into the category of the biblical, when the rooster crowed three times—the connection between his colleagues in Cabinet and his Premier (Mr. Doer) and the leaders of the labour community. Of course, this fund is a labour-sponsored fund for obvious reasons, one of

the net benefits hoping to be that we can create jobs and business activity in this province.

*Mr. Cris Aglugub, Acting Chairperson, in the Chair*

But it has fallen into a situation where there were some pretty questionable investments, and some of them were co-investments with this minister's department. Where there were co-investments, was there any exchange of evaluations and/or recommendations?

**Mr. Rondeau:** I think it is important to note that this government always does its own due diligence before any investment. I just look at the Manitoba Science and Technology Fund which was created in 1999, was announced by Merv Tweed, the Conservative Minister of Industry, and it put James Umlah in charge of a co-investment between the Conservative government, and Crocus was managing it, James Umlah.

It was interesting to read the press release issued by the Conservative government which put James Umlah in charge of a co-investment with the government and put Crocus in charge. It was interesting to note that they mentioned his management expertise and abilities in the press release. I look at that, and I look at this record of this government which never put government money to be managed by Crocus.

You look at the Manitoba Science and Technology Fund. It was a government fund. It put Crocus' James Umlah in charge of the fund, and we did not follow that pattern in this government.

So, when the member opposite asks about co-investing, the best example of co-investing was done by Mr. Merv Tweed, a Minister of Industry under the Conservative government. We did not do that, Mr. Acting Chairperson.

**Mr. Cummings:** Well, again, my frustration is that this minister was not actually the minister at the time when certain issues I would like to pursue occurred. But we were talking about liquidity and pacing, and, of course, there are a lot of other conditions that are put on these funds.

But the minister was talking about amendments that were made in order to make sure that the Auditor had access to the fund. In that same vein, there is a reference to the fact that investment in a particular company that occurred in '01 would not have occurred if there had not been amendments made to the governance. The best that I can

determine, it was his government that would be in authority at that time.

With those events occurring, and with what we are led to believe was a fairly consistent series of requests from the fund to have a more flexible operating regime, did that not raise any issues with government? Whether this minister was in this portfolio or not, I believe he sat on Treasury Board, and, of course, obviously, his other responsibilities that would have exposed him to debate about this, should that not have been of significant interest to members of the government?

Frankly, the bottom line is why would they be making changes.

**Mr. Rondeau:** Mr. Acting Chair, no, I was not a minister in the government when the Science and Technology Fund was created, which was the co-management of money from the government by Crocus and by Mr. Umlah, basically because I do not think the members opposite would have made me Minister of Industry in their Conservative government.

However, I am minister now under the NDP government, and I do look at what happened. I look at the past and you look at the financial losses Crocus has made, and you look at the Isobord plant, where there were millions of dollars lost by the provincial government and Crocus. You look at Westport. It was an interesting idea, but it did lose money for Crocus. You look at Westsun. These were huge investments that were lost by Crocus and sometimes the taxpayers, and they were made under the former government. I look at that record and I look at some of the investments that we have made under our government, and we have consistently tried to make sure that we have done our due diligence and made sure that in all cases we have made sure that we have appropriate security and have done appropriate due diligence to make sure money has been invested wisely.

That does not mean that in the future we may not have a deal go awry, but, so far, we have been successful in making sure that the MIOP program has made money under this government. I look at the record under the previous government—again, when I was not minister—and the program lost or cost about \$39 million. I look at our record, where, so far, it has made about \$180,000, because what we do is we charge an interest rate. We have had appropriate due diligence and, Mr. Acting Chair, I hope that in the future that we still continue the record.

That does not mean that we may not have a loan that does not perform. To date, we have done quite well in the MIOP program. We have done our due diligence and to date we have made money on the MIOP program. We have had very successful investments in CanWest Global. We have had successful investments in the MIOP program in the bus companies.

But we do make investments. We try to secure them appropriately. We try to make sure that they create jobs in the Manitoba economy and grow the economy, just as happened in the past. To date, we have been very successful in getting a return on our MIOP program. I hope that continues, but I cannot guarantee it. But we try to do our own due diligence, and I have to commend the financial part of the department for doing good due diligence and trying to always represent the public interest in getting appropriate security, and in investing in companies that will grow the economy.

**Mr. Cummings:** Well, Minister Mihychuk, has stated that she would be more than glad to discuss her concerns about this fund in a properly structured inquiry where others are also required to explain their role, I presume.

\* (11:30)

Was the minister, who would have been responsible when, in fact, the fund invested beyond its allowable maximum in June—but much to everybody's pleasure the act was changed by September prior to the reporting period, and it was back in compliance. So there were, I would think, one could conclude that there were pressures brought to bear on the government that would have been known by the minister, because, as we saw last night, you do not introduce legislation and have long-term impacts without having a reason for doing it. Either that, or you hope the opposition is asleep at the time. It could be argued that the opposition should have raised concerns in '01, but the government was in the middle of it and the government made these changes. Does the minister have any defence about why they would have made those changes in that fashion?

**Mr. Rondeau:** The changes, Mr. Chair, had to deal with changing some of the act. It also started the reporting issue, and I know that we have dealt with some of the changes in 2001, but part of the changes in 2001 was to make sure that we started to have actual reports from the funds that dealt with pacing and their liquidity and issues like that. Prior to 2001 there were not, there were no formal reporting

processes, so in 2001 there were some changes made.

I often look at our meetings. I meet with lots of companies, lots of organizations, lots of interest groups from the oil industry, manufacturing, investors who are coming through the business immigration program. I meet with many, many groups, and most groups give me advice on what they would like to see changed. In fact, Mr. Chair, I would say it is probably 9 to 1 where groups are asking me to change things or improve things or change legislation or change taxes or change this or that, and that is what happens. We try to be an open government where we listen to many groups who talk to us about what they want to see in the future. So I try to be open as a minister, and I hear lots of advice. Most of it has to do with changing taxes or changing legislation or changing issues, and we try to listen.

Now, that means that we are listening. That does not mean we always change legislation, but lots of groups lobby me and every other minister for what they want, and we try to listen to them. We do not always act. Sometimes we do, and we try to make the situation improved.

**Mr. Cummings:** Well, in some forms this would be circumstantial evidence that the government was trying to play footsy with the fund and make sure that they did not get themselves offside. Considering that the majority of the board was held by their union associates and considering that the government had a representative on the board as well, this would be, I assume, the person who would have recommended the changes that would keep the fund onside.

Again, I would suggest these are answers to this that we are not going to get until we have a forum whereby people have some opportunity for protection and retribution from their employer if they are given an opportunity to state what they knew was happening at that point.

There are a number of matters that are raised by the lawsuit that have been put forward, the most recent one from the Crocus Shareholders Association, and the government did not file a defence on the basis. They said that it has not yet been approved as a—that is not the right term, but the minister knows what I mean. It has not yet been accepted through the courts in the form that it is.

When we look at the number of issues that are raised there, they do make it very clear that they

believe, whether there is a written trail or not, there was certainly a trail of relationships that would lead one to believe that information could have, would have easily flowed between the Crocus board and the government. Of course, because it is close to the possibility of going into court, I suppose the minister would want to defer from answering any direct questions. But, in the lead-up to this point, the minister has been pretty clear about saying that he felt there were problems with the auditor at Crocus. He has indicated that he or his government had no idea of what was going down at Crocus in terms of some questionable decision making.

Does he believe that there is any veracity to the claim being brought forward by the Crocus shareholders that there is a charge that many people and too many to go through at this point, but frankly, many people were somewhat derelict in their responsibilities?

**Mr. Rondeau:** In the court case that will be in front of the judicial system soon, the government will endeavour to represent seven and a half years of Conservative rule and four years of ours. We will endeavour to represent the government interest and that is part of it. The lawsuit has not yet been certified, and we will defend seven and a half years of Tory government and four years of ours. We will represent the government of Manitoba for those two periods.

**Mr. Cummings:** Well, the minister was a little bit more forthcoming in talking about why he did not have any answers relative to the activities of the Fonds and the relationship with the Crocus and what went wrong there. He was very quick to point towards the auditor. Has he or his department had any discussion with the auditor about the situation they now jointly find themselves in?

**Mr. Rondeau:** Mr. Chair, I actually referred to what the Auditor General said, not the firm's auditor. So I was quoting the Auditor General's report and Hansard.

**Mr. Cummings:** I am not quite sure I understood that answer. Is he saying that he has not had any contact with his people representing government, i.e., the government lawyers would not have been in touch with the auditor to discuss the problems that are now starting to fall out of this issue?

**Mr. Rondeau:** I have not had direct discussions with the Auditor General about the legal case.

**Mr. Cummings:** I am not talking about the Auditor General; I am talking about the auditor at Crocus. The minister seems pretty willing to indicate that perhaps they are negligent in the reports that they made which, in his rationale, leads to the problems that we are now dealing with, particularly regarding the Fonds and how it was represented. Has he had any communication with that firm?

\* (11:40)

**Mr. Rondeau:** Mr. Chair, I actually was quoting from the Auditor General's discussion on Hansard. I was also quoting from the Auditor General's report. It would have been inappropriate for me as a minister to contact Crocus's audit firm.

**Mr. Cummings:** I do not think it would be inappropriate for people representing him, given that the government is now finding itself embroiled in a court case, to be obtaining information and/or confirmation. He was not quoting from anybody, I do not believe, earlier when he answered my question saying that the auditor may have inappropriately represented or allowed the \$10-million loan from the Fonds to be represented as an investment. Am I interpreting him wrongly?

**Mr. Rondeau:** I think that if you read, I think it is December 7, page 34, in Hansard, you will hear the Auditor General's comments about how the Solidarité loan was discussed by the Auditor General.

**Mr. Cummings:** Well, to some extent, this is a circular argument. I just wanted to link the comments of the minister earlier where he was concerned about and, I would suggest, believed that the auditors for Crocus had not appropriately represented the situation at Crocus, which then led him to overlook the Solidarité agreement. Now that this lawsuit is closer to proceeding, that could be one of the central items, as far as I can see. I would simply ask the minister whether or not, taking the initiative, to have someone in government who is going to have to file a defence pretty soon, if they have had any opportunity to discuss this with the auditor in question.

**Mr. Rondeau:** Mr. Chair, I refer the member opposite to December 7, 2005, page 34, on the second side of the page, on the right-hand side of the page. In it there is a question from Mr. Gerrard, and the chairperson of the committee referred it to the Auditor General. The first quote was from Mr. Singleton, the Auditor: "Just before the question is

answered, I think it is important to understand that, from our point of view, Crocus did not do an open and transparent job of disclosing the nature of that transaction in its financial statements or in its prospectuses." That is a quote from the Auditor General.

He goes on to state: "It is very common in the business world that, when you receive an audited set of financial statements, you rely on the audit opinion. When you receive a prospectus, you presume that appropriate due diligence and appropriate disclosures are contained in that prospectus." He goes on: So I would think it would be highly impractical for anyone to say, well, I do not believe the prospectus or I do not believe the financial statements, because you would not be able to do any kind of monitoring on that basis unless you had some specific evidence that came to you in some way that caused you to ask questions. I do not think anyone raised this as a particular concern until we brought it forward.

So that is a quote from the Auditor General. It is in Hansard, and that is what I was referring to earlier. It is very appropriate that the Auditor—we listen to the Auditor—it is very appropriate that we look at what he said in his report and in Hansard, and I think it is not appropriate for me to get directly involved in a lawsuit.

**Mr. Cummings:** Well, nevertheless, the government is embroiled in one. My leader asked the Premier (Mr. Doer) and I will ask this minister: Are you going to be filing a defence?

**Mr. Rondeau:** I do not believe, Mr. Chair, that the lawsuit has yet been certified. The lawsuit defends seven and a half years of government oversight of the fund or discussion of the fund. It deals with seven and a half years of Conservative government rule, and it deals with four years of NDP, so it deals with about 70 percent of the time that the government will be defending will be during when the Conservative government was in power in Manitoba, and four years of NDP government in Manitoba. That is the first one, and we will at the appropriate time issue a statement of defence.

**Mr. Cummings:** Well, the minister also passed legislation last night; we passed legislation last night as a committee, collectively, that provides, in my opinion, some opportunity for government, and it is clearly stated, to waive the clawback clauses for tax credits, which leads me to the question: Is the ministry or anyone on behalf of this government currently in negotiations to examine and oversee or

to provide input into an offer that is currently on the table, I am led to believe, from GrowthWorks, which was hanging out there about three months ago, frankly?

The report I saw yesterday did not look a lot different from what I heard them offer the shareholders when they first presented to the people here in Manitoba. Is the government involved, to the knowledge of this minister, in any discussions?

**Mr. Rondeau:** The honourable member might know, Mr. Acting Chair, that the GrowthWorks proposal goes to the receiver. It does not come directly to the government. It goes to the receiver who has the obligation, the financial obligation, to manage the fund and sell the assets. It is overseen by the courts. So the government does not sell the assets of Crocus. It is actually the receiver who has the fiduciary or financial responsibility for the management of the fund and the selling of the assets. It is not this government.

So GrowthWorks would make a proposal to the receiver who is managing the assets of Crocus and disposing of them. The receiver then reports to the court. This government does not sell the assets because we do not manage the fund. We have never managed the fund. We do not administer the fund. It is the people who are legally responsible to do that. This government is not legally responsible to operate, sell or manage the fund.

*Mr. Chairperson in the Chair*

**Mr. Cummings:** I recognize that, but the government has responsibility for management of the clawback or otherwise of the tax credit. That is one of the basic underpinnings of these types of funds. So the government has a role. What is that role then?

**Mr. Rondeau:** We have said on the record that we will not clawback the tax credit. In fact, it is interesting to note that Bill 37 has it so that there is a discretion that in the future should a fund involuntarily or voluntarily cease trading or stop business, that the Minister of Finance, in the future, has the discretion to not clawback the tax credit.

**Mr. Cummings:** It is a discretionary decision. I am assuming that the government is not going to just lay back and not be actively pursuing this responsibility or actively overseeing this responsibility. Because it is discretionary, I am assuming that GrowthWorks or their representatives would be approaching government to determine whether or not that discretionary authority would be used, because that would

certainly sweeten any deal for anyone, GrowthWorks or anyone else.

Whose department does that lie with? Is it this department or the Department of Finance solely?

**Mr. Rondeau:** The Minister of Finance (Mr. Selinger) has stated on the record that we would not claw back the 15 percent in the case of the Crocus issue. I understand from the federal government that, if the Province does not claw it back, they will not claw back their 15 percent.

\* (11:50)

**Mr. Cummings:** So the minister has not had or does not know about any discussions or approaches that may have been made from people within the industry about the possibility of enacting this clause that we just passed last night?

**Mr. Rondeau:** The government has already stated its position on the clawback. We are not going to claw back the 15 percent tax credit we issued, and I understand the federal government is not going to be clawing back their 15 percent on the Crocus issue. So we have been on record. We have been consistent, and that is the position I understand it from the Minister of Finance.

**Mr. Cummings:** What is that number? It would be a known number, I suppose. Can the minister tell us what the value of that action would be?

**Mr. Rondeau:** That is an interesting question because we have already issued the tax credits. People have already got their tax credits. It does not cost the government any more to not claw back the tax credit. In other words, people, when they purchased the shares, received the 15 percent additional tax credit from the provincial government and the federal government. So this is already given to investors in the Crocus Fund. The not clawing it back is not an additional cost to the provincial government.

**Mr. Cummings:** Well, there is such a thing as value for dollar in government, I hope. I am not going to get the full value for the dollar on this one. What would the amount have been, then? Because technically, and more than technically, in reality there is a considerable loss there.

**Mr. Rondeau:** From what I understand with the tax credit, people got the tax credit when they bought the shares. Crocus and ENSIS would have then invested the money in Manitoba businesses. They would have put the money, 70 percent, that is the pacing issue,

into Manitoba businesses. So we already got value for the tax credit. They created Manitoba jobs, invested in Manitoba businesses. That has already occurred.

So, Mr. Chair, the actual public policy objectives which are in this department, of creating jobs, investing in Manitoba businesses, have already occurred. That is the public policy objectives in the Department of Industry. The financial issues would have been in the Department of Finance. They would have more information on that should there have been a clawback, but we have already stated on record we are not clawing back the 15 percent tax credit.

**Mr. Cummings:** Well, we know that there are a number of companies who were participating in investments or had investments participating in their operations who are probably seeking relief somewhere else from other financial institutions. So it is not like the original objectives have been thoroughly realized now that Crocus is in some trouble, and in fact is frozen. Those companies may well be seeking other sources of investment.

So a little bit of an overstatement on the part of the minister to say that you already accomplished your goals. Mr. Chair, you may have, on an up-front basis, accomplished them, but the long-term objective of providing investment capital is still going to create some heartburn for some of the companies that are in Crocus as the receiver winds this up. He has either got to find a buyer or he has got to have the portfolio bought out.

I am assuming that the amount of money that was available for the tax credit would be a known amount. Is that amount available to comment on in the minister's department?

**Mr. Rondeau:** Mr. Chair, it is up to the receiver to get money and wind up the fund. It is not up to the Department of Industry or the Department of Finance. The receiver has the financial objectives of winding up the fund, managing the fund and getting the best price of the fund.

I am shocked at the member. I hope that he is not suggesting that we should not or we should claw back the tax credit. I think it is good. The people who have invested in Crocus, we have said publicly that we would not claw back the tax credit. We believe that it is appropriate not to claw it back. People have made an investment in Crocus. There has been an issue. We have been publicly on record that we

would not claw back the tax credit. The federal government has decided to follow the Province's lead and so they will not get the tax credit they received earlier. They got money up front when they bought the shares. We are not going to claw back that 15 percent that they got. That would be, I believe, inappropriate. So we are not doing that, and the Department of Finance has said that they would not do that.

The Department of Industry has the public policy objectives. We had to make sure that the money was invested. The tax credit was in the Department of Finance. If they have chosen to not claw it back, that would have been a financial issue by the Minister of Finance (Mr. Selinger) as in this case or in the future cases as we talked about yesterday. We have said that, as a policy, we would not claw back. I assume that the Conservative Party is agreeing that we should not claw back the tax credit, that we should ensure that if any people get some money out of the receiver for their shares, they get it without the government taking some money from them regarding what they got in the previous tax credits.

We want to make sure that, whatever money they get from the receiver, they get the entire amount, and we do not take a share from the government. We have given them a tax credit which we believe that they are entitled to in this issue.

**Mr. Cummings:** I would advise the minister not be putting words in my mouth. It seems to me that I am going to have to put on record the fact that we supported the amendment providing the flexibility. No one is suggesting that the government should not do this in terms of waiving its obligation regarding the tax credit. Given, I would suggest, the culpability of government in this whole situation, that is probably the least that they could do in order to try and provide some relief to the Crocus shareholders.

The fact is that there is an implication and reality in terms of providing the tax credit and then the ongoing benefits are not there. So that was my reason for answering the question and asking the question. Obviously, the minister is not going to answer it, and at some point, the public will recognize that there has been a real cost to Treasury. It is a neat reflection to say that the benefit has already been allocated. It has, but the actual benefit of the success of the program has failed. At some point, the government will have to held accountable for its oversight and whether or not that money that

was put out in tax credit actually benefited the economic activity that we want to have occur in this province.

\* (12:00)

I have always said, and I do not mind putting it on the record, that this is a situation where the government—it is another way of citing what I said a moment ago, that the government can help extricate everyone from this situation by taking the action that is described in terms of its willingness to waive the clawback clause. The very fact that that now has to be exercised probably demonstrates as well as anything to the public that government has more of a fiduciary responsibility, if we want to use that word, to oversee and to be involved with the regulation and the management of the regulation of functions such as this so that the taxpayers are able to have some satisfaction that it is not just a loophole, that, perhaps, we should have been more cautious about in the first place. You know, we need to consider that there is a real dollar value that is attached to that, and I will let the minister think about that, if we want to take a two-minute break.

I did not know where that message came from for a minute.

**Mr. Chairperson:** We will have a two-minute recess. Thank you.

*The committee recessed at 12:01 p.m.*

*The committee resumed at 12:04 p.m.*

**Mr. Chairperson:** Will the Committee of Supply, please come to order. The floor is open for questions.

**Mr. Cummings:** Well, I do not think the minister is likely to give me an answer, so I would conclude what I was asking by saying, does he have any concept of what the amount of tax credits that were issued on the amount of money that is—I mean, it is a calculation that I can make myself, I suppose—but the amount of tax credit that has been issued on the money that is now at risk in the fund as it is being wound down? Obviously, we are not at full value, but someone knows the total amount of money that was invested. If we know that amount, we would come pretty close to knowing how much tax credit would have been extended. Does the minister have that number at his fingertips?

**Mr. Rondeau:** No, I do not, Mr. Chair, have the figure, and you are right, it is 15 percent of the value of the shares that were sold.

But the reason why I do not have the number is because we very quickly determined that it would have been inappropriate for us to claw it back. So what we said was that we did not want to claw it back. We wanted to make sure that if the receiver sold the assets of Crocus, that the monies would flow to the shareholders. The taxpayers have already been provided a tax credit when the money was invested in Crocus or in ENSIS, and we said that we would not claw it back.

So the reason why I do not have the figure is that I did not look at the figure because we knew that we were not going to claw back the tax credit.

**Mr. Cummings:** Well, just on that question or on that aspect of where the fund is at today, the receiver has, as I understand it, two or three legal challenges facing him right now, including a challenge from the—I believe it is the federation that is taking a position regarding the wind-up of the fund. Without going into detail, the object of my question is, does the government have any involvement or status or need to take a position relative to the to- and fro-ing of the legal activities around the winding-up of the fund?

**Mr. Rondeau:** I do not believe we have to take a position because it is rather simple. The fund is in receivership. There is a receiver in charge of the fund. It is overseen by the courts, and, basically, the receiver's job is to wind up the fund, manage the fund until it is wound up, get the best price possible for the assets of the fund, and when that is done, it will present to the court. It presents periodically to the court, and the court is overseeing the receiver.

So the government does not have a direct role in the wind-up of the fund. What we do is we have said that we are not going to claw back the tax credit, and we will stay out of the way of the receiver whose job it is to sell the fund. I think that is appropriate.

We do not want to be involved in the management, and I believe the court's and the receiver's fiduciary responsibility, of course, is to the shareholders. Whatever money the receiver can get for the assets, we have said we believe should go to those people who invested as Class A, and we are not going to try to claw back and take our 15 percent, or whatever, out of the assets that are sold. We want the people who have made the investment to get any

money that the receiver realizes from the sale of the assets.

**Mr. Cummings:** Well, there are a number of co-investments, MIOPs being one example, I guess. That does not change what—and a simple yes or no will do. I do not need to extend this any longer, but that would not change the position of the minister on this matter?

**Mr. Rondeau:** The only co-investment with Crocus is the Manitoba Science and Technology Fund. Other than that, there are no co-investments. There are MIOPs, but not joint investments. The joint investment is the Manitoba Science and Technology Fund that was set up by Mr. Merv Tweed, when he was the Conservative Minister of Industry. So the joint investments are through the Manitoba Science and Technology Fund, and, other than that, there is no joint investment.

\* (12:10)

**Mr. Cummings:** Well, we know how many angels can dance on the head of a pin. MIOPs, it was my terminology, and the minister can play with that if he likes, but when MIOP and Crocus are in the same company, to me that is a co-investment or a co-risk. That does not change the minister's answer.

**Mr. Rondeau:** Our job when we do a MIOP is to ensure that we do appropriate due diligence on behalf of all taxpayers, make sure we have appropriate security. So we try to get assets secured against businesses or machinery or whatever, and we also charge an interest rate. We try to make sure that we try to grow the pie economically at the same time as we have security for the Manitoba taxpayers. That is what we have done in MIOP and, as I mentioned earlier, that is probably the reason why we have made about \$180,000 in MIOP in the last few years versus previously where there was not money earned or it lost or cost about \$39 million. So we have done two things; one, we charge an interest rate and we try to get appropriate security.

**Mr. Cummings:** How many files would be impacted by the wrapping up of Crocus?

**Mr. Rondeau:** One.

**Mr. Cummings:** Mr. Chair, including MIOPs, how many would there be?

**Mr. Rondeau:** Two.

**Mr. Cummings:** Okay, that is a smaller number than I had in mind. The minister should know, so I will be happy to leave that there.

I think we should probably start moving through wrapping up the expenditures and go to the Minister's Salary. I get a chance to ask a few questions at that point without his expertise at his ear. Before staff leave, Mr. Chairman, there are only two files that would be impacted. That is not quite as small as it sounds if we put it in dollar value. How big is the dollar value of that?

**Mr. Rondeau:** Mr. Chair, I understand that one loan was initially set at \$1.2 million, of which \$500,000 has been repaid, and there is about \$700,000 outstanding which we are now in a process of trying to realize. We do, I understand, have security on that loan and we are trying to realize the proceeds from that transaction. Just give me a second for the second part.

The second part of that is \$2.4 million has been committed to the Manitoba Science and Technology Fund and I understand that Manitoba Science and Technology Fund is still operating.

**Mr. Cummings:** That is actually what I wanted to know. Thank you.

**Mr. Chairperson:** We will begin with passing the resolutions.

Resolution 10.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$14,682,200 for Industry, Economic Development and Mines, Business Services, for the fiscal year ending the 31st day of March, 2007.

***Resolution agreed to.***

Resolution 10.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$8,827,600 for Industry, Economic Development and Mines, Mineral Resources, for the fiscal year ending the 31st day of March, 2007.

***Resolution agreed to.***

Resolution 10.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,891,300 for Industry, Economic Development and Mines, Community and Economic Development, for the fiscal year ending the 31st day of March, 2007.

***Resolution agreed to.***

Resolution 10.5: RESOLVED that there be granted to Her Majesty a sum not exceeding

\$142,700 for Industry, Economic Development and Mines, Costs Related to Capital Assets, for the fiscal year ending the 31st day of March, 2007.

**Resolution agreed to.**

The last item to be considered for the Estimates of this department is 10.1(a) the Minister's Salary contained in Resolution 10.1.

At this point, we request that the minister's staff leave the table for consideration of this last item. The floor is open for questions.

**Mr. Cummings:** Is the minister currently a member of the Treasury bench?

**Mr. Rondeau:** Not at this time.

**Mr. Cummings:** Was he previously?

**Mr. Rondeau:** No.

**Mr. Cummings:** As a member of the Economic Development Committee of Cabinet, would it not be true that Treasury would provide analysis to that committee on various projects?

**Mr. Rondeau:** No.

**Mr. Cummings:** If some analytical evaluation of projects is not provided to this committee, what stage would that occur? Is that entirely within the department?

**Mr. Rondeau:** The department would provide information to the CEDC and then CEDC would provide analysis. If Treasury Board wanted to do a separate analysis in front of Treasury Board, they would do their own.

**Mr. Cummings:** The minister's answer causes me a little bit of concern. If his department does an analysis, then of course they would be the lead, but would that not be done in conjunction with Treasury Board?

**Mr. Rondeau:** What we would do is that the department would do its own analysis, its own investigation, its own recommendations.

\* (12:20)

**Mr. Cummings:** And that, to the best of the minister's knowledge, is not then vetted through Treasury Board?

**Mr. Rondeau:** That information, the analysis, would be provided to the Treasury Board, but Treasury Board would do its own analysis at that point.

**Mr. Cummings:** So, when the minister's department does the analysis of a project, what are the financial limitations that are imposed on his department or on his decision-making authority? Do the projects, as proposed through his department, at what point are they approved solely by his signature or at what point do they go to Cabinet?

**Mr. Rondeau:** Generally, Mr. Chair, if it is a new project requiring MIOP or support or something like that, that goes in front of the CEDC that is then vetted through Cabinet. It has to be approved by Cabinet. Vetted is backwards.

**Mr. Cummings:** I was going to ask the question about the difference between vetting and approving. The minister corrected that. So I do not need to. I think that we can probably proceed.

I just want to make one comment for the record. I think the minister and I seriously disagree upon the accountability process as I see it and as he sees it for the Crocus Fund, but I think it is fair to say that we have been reasonably civil with each other.

I am now prepared to deal with his salary.

**Mr. Chairperson:** I will read the Resolution 10.1 into the record.

RESOLVED that there be granted to Her Majesty a sum not exceeding \$3,640,700 for Industry, Economic Development and Mines, Administration—

**An Honourable Member:** You missed something. *[interjection]*

**Mr. Chairperson:** I will read this resolution again. I will read the entire resolution as written from the record and into the record.

Resolution 10.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$3,640,700 for Industry, Economic Development and Mines, Administration and Finance, for the fiscal year ending the 31st day of March, 2007.

**Resolution agreed to.**

This concludes the Estimates for the Department of Industry, Economic Development and Mines.

The hour being 12:30 p.m., committee rise.

**HEALTH**

\* (10:00)

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

This section of the Committee of Supply meeting in Room 255 will now resume consideration of the Estimates for the Department of Health. As had been previously agreed, questioning for this department will proceed in a global manner.

The floor is now open for questions.

**Mrs. Myrna Driedger (Charleswood):** Normally, as I recall in the past, every April, numbers were crunched in terms of coming up with nursing vacancies in Manitoba. I do recall that, in the past year or two, those numbers might have been crunched a little later in the year. I wonder if the minister could tell us if the most recent numbers have actually been put together in April.

**Hon. Tim Sale (Minister of Health):** I think the member is correct in saying, well, not I think, I know the member is correct in saying that we changed the time of the compilation so that we would catch the graduating class because people tend to register or re-register on an annual cycle. So that time was changed but I cannot tell the member, and we do not currently have the information at the table as to whether this cycle's numbers have been crunched and entered into—[interjection]—whether this cycle's numbers have in fact been compiled. We will try to get that information for the member.

**Mrs. Driedger:** I appreciate that undertaking by the minister. Does the minister have any numbers in terms of how many nurse practitioners we have in Manitoba practising now?

**Mr. Sale:** Immediately, no, not without getting that information for the member. I know the number is growing and I know our enrolment is growing but in terms of actual numbers, if she is referring to extended practice nurses which is the full registry because as she knows better than I, that the term "nurse practitioner" has been used to cover a variety of positions and not necessarily all nurse practitioners would be on the EP register. So I can find for her the number in the EP register relatively easily, but I am not sure that I can tell her quickly the number of jobs that are filled by positions called nurse practitioners.

**Mrs. Driedger:** Now I received a letter, and I do not have it with me, so I am going to try to go from

memory. It might have been a copy of a letter to the minister from a nurse in an advanced practice situation where they were asking for a name change, I think, or a protection of the name "nurse practitioner" because all of the other provinces, I believe, use the term "nurse practitioner." So Manitoba seems to have gone off on a different track, and I believe she was asking for us to change the legislation here in Manitoba to use the term "nurse practitioner." I wonder if there is any movement towards following along with what the nurse practitioners want.

**Mr. Sale:** It is an interesting question. I recall at least one letter to that effect. Whether it is the same letter or not, I cannot say, but I do recall one letter to that effect. The common term that people use is nurse practitioner. I think that that is absolutely true. The development of the regulation took over four years of discussions among and between the College of Physicians and Surgeons, the association of pharmacists and the college of nursing. There was a great deal of debate about this issue as to whether nurse practitioner was the right term or not. At the end of the debate it was the recommendation of the three bodies together, which, I think, was actually quite a unique development in Canada—the decision was to use this RN(EP) nurse designation. I think it was at least in part because the nursing college wanted to be able to get across to the public, as well as to their own members, that the registry for EP nurses is not unlike the College of Physicians and Surgeons registry in that it is EP in an area, so within a scope of competence based on a process of accrediting that competence.

So there might be an EP in primary care, an EP in public health, an EP in trauma, an EP in anesthesia. In fact, I hope there is an EP in anesthesia at some point relatively soon in Canada; it would solve a lot of problems. So that was the decision. I am not aware of any decision to revisit that question at this point. Although it is possible there are other letters that I do not recall, but I have only one I recall. I think probably in part it is a matter of getting used to it. I think that over time people will get used to that designation and will probably become more comfortable with it.

The member had asked about numbers. In terms of practising RN(EP)s, which means people who are actually on the registry, as of February 22 of this year there were 13 on the registry. The first offering of the Canadian nurse practitioner examination was November 9, '05, and 11 people from Manitoba

wrote that exam. We are hoping that this number will grow quite quickly, because where they are in place in rural Manitoba, Thompson, Norway House, Beausejour, one in the pediatric ICU in Health Sciences, the remaining EPs provide primary care in Winnipeg. But we have a large number of nurses in many different places doing very much the same functions by delegation, as the member knows. So the big difference is that if you have a nurse working by delegation, doing many of these things in say an emergency unit, they cannot discharge a patient without the physician's signature. So what that really means is that the ability to use an EP nurse in an emergency ward does not speed up the treatment of minor issues as quickly as having that person having a full EP designation would because they could then discharge people after having done whatever tests were necessary and prescribing drugs if necessary. They could then complete the treatment with a discharge. So the quicker we can move in that direction, the more we will be able to extend our support of emergency rooms.

**Mrs. Driedger:** The minister indicated that there were 13 on the registry, and 11 wrote the exam. Does that mean it is going to be in total then, if the 11 pass, 24 in Manitoba?

\* (10:10)

**Mr. Sale:** No. What I was giving the member was the total as of February of '06 was 13. Of those 13, 11 had written the exam in November, or challenged the exam. So the other two presumably had that status, and had it grandparented for whatever reason. I do not know. I cannot tell the member that. The college would have to let us know that.

**Mrs. Driedger:** The number seems small, I think, compared to what I have noticed in other provinces. Does the minister have any sense of why there are not more writing or out there or why our numbers are that low?

**Mr. Sale:** I do not have numbers for other provinces so I cannot comment on whether fully qualified EP or NPs are in greater quantity in other provinces. I would be a little surprised if the registers have that many more people on them, but I think this is part of what we were discussing at the beginning.

There are a number of places where, in Ontario for example, there are nurse practitioners practising with primary care doctors. They are called nurse practitioners, but whether they are licensed to do the kinds of things that an EP nurse here under a

regulation and a scope of practice is, I simply cannot tell the member. She may know whether this is the case or not.

We are supporting the expansion of the training program at the university and very keen to see that happen. There are jobs available for any nurses we can recruit both in urban and rural Manitoba, and we have instructed the RHAs that when they decide to hire an EP nurse that they are to treat this as a permanent hiring and not as a stopgap. In other words, it should buy system change in the way in which we practise whatever it is they are hiring that nurse to do, whether it is primary care or some other form of care.

I am not interested in seeing nurses hired into these kinds of positions and then let go when there is a doctor available. I think we need to buy the change and make it plain that this is expected to be system change, not just temporary, because I think we have seen that happen at times in the past, and I do not want to see it happen again. I am sure the member does not either.

**Mrs. Driedger:** Considering the person that wrote the letter to the minister, and I believe she is probably speaking on behalf of a large number of the nurse practitioners out there, would the minister be willing to have a closer look at her letter and give some consideration to the request to change the name from extended practice to nurse practitioner?

There is across Canada a nurse practitioners' association and that is the term they are using. I just wondered if Manitoba would be willing to have a closer look at that request because I do not think she was just a nurse on her own putting forward that letter. I do believe that it could be bigger than that. I just would ask if Manitoba would have a closer look at that and see if there might be a willingness to do as they are requesting.

**Mr. Sale:** The principle of what the member is suggesting I have no problem with, but the way in which a professional college or association regulates itself is through an act that they put forward. Obviously, the Legislature has to consent to it, but they put it forward.

The EP regulation did take a lot of conscious effort by a lot of people not just in nursing, but as I have said earlier, in other professions. So I would think that that kind of request would properly have to come from the association, from the college, and certainly, if their recommendation is to review this

and canvass members, you know, do a process and then, say, come forward with a recommendation, I would think that any government would probably accede to that recommendation, but I really do not think it is up to the government to intervene with the question of a name that is protected under title, title protection. Maybe the member disagrees with that, but I think I would be more respectful of the profession as a whole and say, this issue has come up, do you want to look at it? But I do not think I would initiate that process.

**Mrs. Driedger:** I do not have any problem with that way of looking at it. You know, I can certainly follow up, too, with the person who wrote us the letter as well and just indicate that that maybe should be the process that they follow is to work through their college and formalize it. I mean, it would probably be fairly easy to do after the fact then or later on through an amendment to the legislation in the fall or something.

**Mr. Sale:** We would have to check to be sure, but I am actually fairly sure that it is not in the legislation. I think it is just a regulation. I think the legislation provides for, in a generic sense, the ability to have sort of, I do not want to use the term "ranks," but whatever that would mean and then the regulation prescribes it. So I think it is actually just a reg, but we can check that if the member wishes.

**An Honourable Member:** No.

**Mr. Sale:** No, okay. Thank you.

**Mrs. Driedger:** How close is Manitoba to looking at nurse anesthetists?

**Mr. Sale:** I am glad you asked that question. Some 60-plus percent of anesthesia in the United States is administered by nurse anesthetists, and there are over 90 programs that train and certify nurse anesthetists that are university-based, usually in a medical college allied with a nursing college. I have forgotten the absolute numbers, but I think it is over 6,000. I think when we looked at this last year, I think it was over 6,000 nurse anesthetists. They are not doing the very complex eight-hour surgeries, but they are doing the vast majority of surgeries and therefore freeing up considerable numbers of a profession that are in very short supply. So I am very favourably disposed to this issue.

The member probably knows that the medical profession is somewhat reluctant to investigate these kinds of newer models of providing care. So I think it is something that does bear careful thought

because, with the newer anesthesia techniques, the automation of monitoring in terms of blood gases and where a patient is at in terms of sedation level and the brevity of a lot of surgery, in fact the localizing of a lot of anesthesia. I was watching someone yesterday at Seven Oaks with a spinal block having pretty complex surgery and fully conscious and quite absorbed in watching the process, which I must give that person credit for because I am not sure I have that level of courage, but apparently it was pretty fascinating.

So I think it is a very good question, and I think it is one that is well worth having more public dialogue about because it is frustrating to have a profession that is in very short supply and takes 12 years to produce and recognizes long hours anesthetists are working but is anxious about exploring alternatives.

I do not think there is ever going to be a shortage of work for trained anesthesiologists, and it seems to me that it is the same issue we are facing with nurses who become EP nurses and extend the capacity of primary care and specialist physicians. We are looking at it with physician assistance. For example, there is a proposal currently before the U of M to expand our physician assistance training capacity.

We already train Canada's armed forces PAs at Winnipeg and we are the only province in the country that actually does that, and we are the only province that licenses and uses PAs in our civilian operating theatres. A lot of our success at Concordia is directly related to having PAs available to the orthopedic surgeons to extend their capacity and make their productivity so much higher than it was in the past.

\* (10:20)

So I think the medical profession itself is changing. I hope that relatively soon there will be an interest in saying where are all the places where optometrists, nurses, pharmacists, physiotherapists, all of whom have specialist knowledge that can greatly extend and support the physician. That is, in a general sense, we are well aware of the opportunity. There is no training program for anesthesiology in Canada for nurses. It is simply not a recognized profession. My own view is that it should be.

**Mrs. Driedger:** I certainly would support that. I would certainly support looking at it fairly aggressively in this country, and if Manitoba could play a leadership role in any of that, that would be

fabulous. I note that we are consistently short of anesthetists here, and right now six and a half, according to the last Freedom of Information. I am not sure that is ever going to change much so this sounds like a really good opportunity. If there was a way to look very closely at that and move more quickly in that area, plus other areas where there would be, I think, good opportunities to look at the shortages of professions down the road and find out where we can plug some of the holes with other disciplines.

I like the new Pharmaceutical Act, where pharmacists are now going to be having an ability to prescribe medication. I have always thought there is a big role that they could be playing in the communities. They are right there. I sometimes stood and watched them talk to somebody who has come to pick up medications and noticed that we have really got an untapped source there if we really looked at a lot of the professions out there that could play more of a role than what traditionally maybe has. So I am glad to hear that the government is open to all of that.

Can the minister tell us how many fast-track systems are in place in our city ERs? I understood that one of the recommendations was to establish fast tracks run by nurse practitioners.

**Mr. Sale:** If I can just revert to the previous comment first. I see the pharmacists act as a non-partisan act. It is not one that I think we have a particular, you know, there are no partisan elements in it, except I guess in the sense that we think, along with the member, that the additional role of pharmacists is something that is needed, and it provides us with an opportunity that I do not think we should turn down. So I really hope that we can facilitate this act to get to committee as soon as we possibly can.

I know that the member opposite has indicated support. I believe that the Leader of the Liberal Party has also indicated support, so it would be good if we could get that moved, because the sooner we can get into the regulations and get them done the sooner we can actually start to use that capacity. So I just hope we can figure out how to get that act completed before the Legislature rises.

In terms of how many fast-track programs exist, I am not sure we can tell you without checking with the RHAs. I am told that at the present time there is a minor injury clinic at Pan Am which is essentially a type of fast track. It has been very successful. We

have put about 24,000 through that in the first year, about 2,000 a month. It has flattened out at about 2,000 a month. I think as the public begins to understand more clearly that Pan Am is a wonderful place to go for injuries, particularly any kind of soft tissue or bone, joint, mechanical type of injuries that this is a great place to go, because they have immediate access to physio. They have all the diagnostic equipment required to deal quickly with those kinds of things.

It is absolutely fascinating when you look at—I get a report weekly on ER use, volumes, and when you look at Pan Am, it is absolutely consistent that Monday, they get a great big demand on Monday and it tails off to Friday and then it grows again, as all of us take seriously the need to become fit but perhaps more aggressively than we should. It really follows the weekly pattern, and it seems to be absolutely predictable. Summer or winter, it does not matter. It is busy in the beginning of the week and tails off towards the end of the week and then gets busy again.

So that clinic is now open seven days a week, Monday to Friday, 8 to 8, Saturday and Sunday, 10 to 6. If we saw more demand outside of those hours, we would be open to extending that further.

New positions have been created in each of the emergency departments, reassessment nurses. I think the member knows that. The minor treatment stream fast-track was initiated at HSC on July 1 of '04. The point here is to try and use nurse practitioners and get as many hired as we can. That is our problem, is the supply. So the nurse practitioners are present there 12 hours a day, 7 days a week. Minor treatment fast-track stream was initiated at Miseri some years back and Seven Oaks currently, and as quickly as we can hire nurses for the other hospitals, we will move to do that.

I had a chance yesterday, a very nice opportunity to visit Seven Oaks. In the lobby of the hospital now, on the main floor, if the member might be interested, if she is heading out on the weekend towards the north, dropping in at Seven Oaks and taking a look at the schematics for the new emerg there, is posted in the lobby.

I was talking with the head of Emergency Medicine there, and he said this is the first time that, in Winnipeg, they have had an opportunity to design an ER based on traffic flow, that instead of starting from architectural design principles, to start from treatment principles.

So it was very interesting to see how they had aligned the minor fast-track side of that department with a separate waiting room and separate treatment areas completely segregated with their own capacity to provide a degree of isolation from the trauma or more acute emergency side with its negative pressure room, resuscitation rooms and treatment rooms quite clearly separated so that you can staff them differently, but the entrances are the same.

The triaging takes place obviously in the same place, but it will provide for privacy in triaging, which we generally do not have a high level of in most of our ERs at this point. The triaging takes place pretty much as you come in the front door, and most people do not mind that because they really want to get in quickly, but it is not state of the art, that is for sure. That is where we are at this point in terms of fast-track.

In the Children's Hospital, there is also a separate fast-track staffed by a doctor and a pediatric nurse. It has been very successful at quite quickly taking parents whose kids appear to have a problem but it may be relatively minor or relatively easily dealt with, and all of us have gone through that with our kids, where we know there is something wrong, but we do not know what it is. So, if you can sort out the serious from the ordinary quickly, it sure reassures parents in a hurry. That works really well.

**Mrs. Driedger:** In *The Globe and Mail* yesterday, the federal Health Minister, Tony Clement, indicates that he is frustrated by what he sees as the apparent unwillingness of the provinces to move quickly to develop lists of acceptable waiting times for critical medical procedures. He indicates that with the exception of Québec the provinces have been reticent, and he said he could not explain that.

\* (10:30)

I understand the minister is on record as saying he does not support wait-time guarantees. It sounds like Québec is the one province, I guess, that is moving in the area, or toward what the federal government was hoping would happen.

Can the minister indicate where this is going to end up in terms of where Manitoba is at, if the minister is not supportive of a wait-time guarantee, and what kind of dynamic is that going to set up with the federal government?

**Mr. Sale:** The member may not have had a chance to read this morning's *Globe*, but it has the rebuttal

article from—I do not know if the member has had a chance to see that yet?

**Mrs. Driedger:** Not yet.

**Mr. Sale:** George Smitherman gives, let us say, a spirited rebuttal.

Let us, first of all, distinguish between benchmarks and guarantees. I think the member with a medical background will know that if you set a benchmark, it is a standard of practice. There is no such thing as a standard of practice that is achieved 100 percent of the time. A standard of excellence is something you aim for. So, usually, you set some kind of acceptable level of the benchmark, and it might be 90 percent or 95 percent. Depending on what the issue is, it might be 99 percent, but it would not be 100 percent for most complex practices.

The member would know, for example, that a person with a heart condition that is serious might have an acceptable wait time of a week, but they also might have co-morbidities that were so serious that they cannot do the surgery safely, even though the acceptable wait time is only a week. So they have got to stabilize something else, whether it is platelet levels, or something. There are various, the member would know much more than I what those kinds of things can be. So a benchmark is not a guarantee. In fact, in that case, a guarantee would be unsafe as opposed to more safe.

Let us think about breast cancer, for example. A few years ago, say, 10 years ago, you would diagnose cells as cancerous and you would immediately begin some form of treatment. Today, the pathology requirements to distinguish whether you are looking at someone who has the HER receptor, the Herceptin receptor, or does not is a very major clinical decision in terms of which oncological drugs are appropriate and which are not. So the process of deciding on a course of treatment is far more complex today than it was 10 years ago. Rushing to treat that particular cancer before you are absolutely sure of the pathology would be bad care, not good care.

So the complexity of setting any kind of guarantees that are disease specific, I think, is obviously really challenging. Cancer is what, 240-something separate diseases? We have guarantees for each one of them, and would they be the same. Clearly, probably not. You know prostate cancer, as Dr. Dhaliwal said, you will likely, looking at me, you will likely die with it, but not of it. That is a very

important distinction because as we are learning, particularly with prostate cancer, early intervention may actually be medically negative, not positive. What needs to be early is differentiating those cancers that are aggressive and potentially life threatening from those cancers that are very slow growing and may well be with you when you are in your nineties and die from something else.

So I think that the concept of a guarantee is, and I do not mean this pejoratively, it is politically attractive. It is medically incredibly difficult to say what is the appropriate wait time. Some people have high pain thresholds. You know, I think women have higher pain thresholds than men, generally speaking, but some men have very high pain thresholds.

So someone with a serious amount of osteoarthritis and real pain in their joint—I have at least one friend in his seventies who tolerated a level of pain that I thought was quite incredible, but he was choosing not to have surgery. Another person, and maybe it would be a person like me, does not do really well with pain, and I might be saying that, not from a medical point of view but from a life quality point of view, I want that done right now. Is the guarantee on the basis of anything other than medical evidence, or does it take into account quality of life, and how does it take that into account? So, Madam Chair, it is really easy to talk about guarantees, but it is really hard to say what is the appropriate wait time beyond which it is unreasonable. People should be offered alternatives.

So I think that is the background of the problem of guarantees. If you begin to go down that road and say we will guarantee you treatment within a benchmark for hips and knees, which Québec is apparently going to do, now this is six months from decision to treat, not six months from diagnosis, but six months from decision to treat. So, if you look at that question, there are a whole other bunch of issues that arise. That is how long did it take you to get the diagnosis?

I was talking to a doctor yesterday who was concerned about the area in which he practises in terms of the time between the case being referred to him and surgery. So he is seeing that time as the wait time. In my discussion with him—it was a really interesting discussion—after we talked through it, it was clear, and he was certainly supportive of this view, that there is actually a longer time before the decision to treat. If you can shorten that time you still are having the same effect on outcome as you are by

shortening the time from decision to treat to treatment. So diagnostic wait time is just as effective a target for reduction as decision to treat. So a guarantee based on decision to treat and treatment ignores the fact that your system can be backlogged because of, say, a shortage of pathology or a shortage of CT time or a shortage of MRI or stress MIBI or whatever.

So to look at guarantees based on only one aspect of the course of a medical need is to ignore the opportunities to improve that system at other parts of the system. So, for example, single intake triaging and cancer with a single intake point would dramatically change the way we get into that system. That is one of the things that Dr. Dhaliwal is working on is how can we change not just time from decision to treatment but how can we change and shorten that time to decision in the first place by using, particularly, what he is talking about is oncology nurses, trained oncology nurses who can be both the point of first referral and the navigator for the patient.

So that is another area of complexity that it is very hard to talk to the public about and politically it sounds negative. It sounds like, oh, you are avoiding the issue. To me, the issue is extremely clear, and that is how do we provide better care sooner, closer to home. That is what people want. So, sooner means getting people through all of the system sooner, primary care, diagnosis, decision to treat, treatment. All elements of that should be targets for wait time reduction.

The question then of what is an appropriate guarantee: Manitoba already offers two guarantees. People forget that. When we formed government we sent people out of province because of the lengthy time for radiation therapy. We said to people, do you want to go out of province? Quite a number did and we paid for that care, the whole shooting match, we did not just pay for the actual treatment. We also, when people exceed their appropriate waiting time, which happens from time to time for heart surgery, we always ask them, do you wish to go out of province for treatment? Even though you might only be waiting another week or 10 days, we are offering that. Since I have been minister no one has ever taken us up on that, and I do not believe people did in the previous couple of years either, but we offer that because that is a life-saving, potentially, issue.

\* (10:40)

So when people say are you opposed to guarantees, no, I am not opposed to guarantees in

very specific situations where there is a serious potential that this is a life or death kind of situation, but I am sure the member knows well all the things I have said about the guarantee problem, but the bottom line on guarantees that are extended beyond those two areas, which I think are areas where we should be alive to sending people elsewhere for treatment, is that there is no funding put forward to make this possible, and there is no extra capacity in Canada, which we have said to Tony Clement on several meetings.

Where would we send these people? The only option would be the United States at two to three or four times or more the cost that we experience in Canada. Who is going to pay for that? Am I going to spend four times for one person's hip instead of doing four hips? No, I am going to get what I announced last week. I am going to get progress in doing hips so that people do not have to wait too long.

**Mrs. Driedger:** Mr. Clement, in the article yesterday, apparently pointed out that cash for waiting time reductions was included in the \$41-billion health care accord the provinces signed with the previous Liberal government in the fall of 2004.

Now, when that 2004 accord was signed, was part of the commitment then, in order to get that money, did the provinces make a commitment to bring down waiting lists and account for it?

**Mr. Sale:** Absolutely. That is what we have been doing, as the member knows, Madam Chair, and we have announced progress. We put out that lovely, informative, colourful, easily read, non-partisan report to our citizens, which the member had some comments about last time we met. In fact, I have had comments from our citizens. For example, I got a letter from Rivers the other day thanking us for putting out this piece of information and thanking us for mentioning the Rivers rehab as a very positive addition to both their hospital and the treatment of people with osteoarthritis needing knee or hip surgery from Brandon.

So at least one community which is not represented by—*[interjection]* Well, there are other communities that were happy about it, but I was just sort of giving the member, you know, some information about a community, in a riding represented by one of her colleagues, that is very happy with the brochure. Sure, to be serious, we agreed that we would report on wait times and that

we would bring them down as best we possibly could.

We were under an obligation in the '04 accord to, by December of '05, establish benchmarks where possible, in other words, medically appropriate benchmarks. We did that, I think it was the first week in January. I do not remember when we did it in Toronto. I think it was the first week in January of '05, and with the help of all provinces. Particularly B.C. took a lead in this area, and with Brian Postl's involvement on behalf of the federal government, there was an agreement on a number of benchmarks which were announced.

But, again, I just remind the member, a benchmark is not a guarantee. A benchmark is a standard of practice. Under the accord, the provinces agreed that by December of '06, in other words, six months from now, we would establish targets for wait time reductions. A target for a wait time reduction is not a guarantee either. It is a best-practices target. So what we are obliged to do by the end of this year is to say okay, we had a benchmark of 26 weeks for hip and knee surgery. How are we planning to meet that target specifically and what are the mileposts along the way that we commit ourselves as our target?

Right now, for example, we do 40 percent of our hips and knee surgery within the benchmark. So what we are obligated to do, to use that example, by December of '06 is to say okay, by December, it will be 50 percent; by June of next year, it will be 60 percent; by December of '07, it will be 70 percent, and so on. We would be obliged to do the same thing for cataracts, diagnostic cancer, heart.

The problematic area is diagnostic imaging, because there is no medically evidence-based benchmark for diagnostic imaging. So we are going to have to say, okay, there is no evidence base, so what do we try to do in terms of a standard of practice? I think the member knows that in each of those areas, we have different problems.

In the MRI area, initially it was a shortage of equipment. We now have the equipment. We do not have the capacity to run it 12 hours a day in all cases. We are moving up in that. Pan Am is running 12, I think at this point. I think I am correct in that. But we need to do what we will be doing after June of this year. We are going to be getting a batch of grads from our tech programs, and we will be able to extend the hours on our equipment after June, and, next year, we will be able to extend it more. So it is

not a shortage of equipment anymore. It is now the staffing that relates to the fact that training programs were eliminated in the 1990s, and we are still catching up from that issue.

So I think establishing standards of practice for elective, and we keep having to underline that we are talking about elective here. We are not talking about emergent, because emergent MRIs, CTs, ultras, those are done when they are needed. Nobody in Manitoba who needs an MRI immediately waits an inappropriate amount of time. We have cut our MRI wait times in half. We are very proud of that. We are also very frustrated that the ultrasound wait times have not come down in the same degree. It is also frustrating, if the member looks at the Web site, to see the vast differences between wait times. In Portage for CT, it is one week. That is partly because they have a brand new machine, a 16-slice machine, so they can do more. It is partly because they have a relatively small catchment area in terms of population, and so they do not have the level of demand that, say, Winnipeg does.

But it is frustrating to look across our system and see huge variations in wait time. That is one of the reasons why DSM Manitoba is a very important strategy to bring diagnostic services into an overall management so that we can smooth out the load. That is what we have done in Winnipeg with St. Boniface and Pan Am, for example. We have moved a lot of the MRI requirements from St. Boniface, the ambulatory electives to Pan Am's new machine and dramatically reduced St. B.'s waiting time. So by December of next year, we have got to set targets and plans. In fact, all provinces, without exception, are already doing that.

We have got our targets for hip and knee. We are running ahead of target, . We monitor what the target volumes are and we measure progress towards those volumes. We have clear goals provided to us by Dr. Koshal in cardiac, and we use the Ontario cardiac network framework for determining appropriate wait times. Those benchmarks, we are well in excess of 90 percent consistently. Our cancer wait times, the access to radiation wait times are below the national benchmark of four weeks. We run at an average of one week which is remarkable and a great tribute to CancerCare Manitoba.

So, again, to remind the member, a benchmark and a target is not a guarantee. It is a best practice. So when she asks was there funding, is there reporting requirement, absolutely. But there is no

word like "guarantee" in the '04 accord, and no funds were attached to implementation of guarantees in the '04 accord. So, if someone wants us to suddenly start sending people to the United States for hips, then they are going to have to find a pot of money to do that, because I am spending that wait-times money to produce, at least to date, dramatic progress in reducing wait lists and wait times.

\*(10:50)

So I think the goal that all members should underscore in Canada is to make our system so effective that citizens are not saying give me a guarantee, because they are experiencing timely care. They understand that you cannot have a guarantee for one thing and have that have negative effects on 27 other things, because then you have everybody focussed on one kind of illness, and those who are not in the favoured group suffer. We do not want to see that happen. We want to see our whole system perform effectively. I think we have shown that we can make big improvements if we work to extend the role of nurses, extend the role of physician assistants, pharmacists, get teams working together and use technology in a strategic way.

So that is a long answer to the member's question but I think it is really important to understand that benchmarks, access targets are not wait time guarantees and that we do already provide people in life and death areas with options. Generally speaking, those have not been invoked in a number of years.

**Mrs. Driedger:** When there is a determination for a patient to have radiation therapy or when somebody has a diagnosis of breast cancer, what are the measurement points in here? I know that the government has always said, we brought down radiation therapy waits dramatically.

In speaking with a person at CancerCare they indicated that there was an actual change in when that was counted rather than in any significant operational change that actually brought the wait down, that the wait was brought down because the time of determining it was changed. There are a lot of front-line workers who do the radiation that have been very upset that this has not been an honest reporting of wait times in terms of the fact that they were not dramatically decreased, but in fact there was just a change in when that wait was counted. Some of these front-line radiation therapists have indicated that that really has had a negative effect on

morale by some of those front-line radiation therapists because in the annual report they are always talking about, well, the waits have dramatically decreased, when in fact they indicated to me that what changed was how it was counted.

Does the minister have any comment on that?

**Mr. Sale:** This is a very complex area and one in which I think I am well beyond my depth. My understanding of the question of when a time is counted is that it is from the time at which the patient is ready to receive that treatment. So when you have a breast cancer and you have surgery, depending on the kind of cancer and obviously all those other variables the member would be aware of, you may or may not receive chemo and radiation, chemo only. I do not know whether there are situations where we see radiation only. There may be, I do not know.

So the time of waiting for radiation therapy, the wait time calculation, my understanding is it is from the point at which the patient is ready to receive that therapy to the beginning of the therapy. That method of counting has been consistent since May of 2001. That may have been a change at that point but it seems to me that is a consistently correct way of measuring a wait time. It is when are you ready to receive the surgery, the therapy, the whatever, to when you actually begin to receive it.

I think the thing that the member should also know is that since September of '02 wait times have declined significantly. So, based on a consistent measurement, wait times for access to radiation therapy have decreased, and the measurement has been consistent since October of '01. The member is correct—[interjection] I think it was October. Let me see. Previous note says—I am sorry, you were right, May. It is May of '01, and we have seen declines in radiation therapy wait times consistently and significantly since September of '02.

That is the best information that I can give the member, but I think the mechanism for measurement is a medically appropriate measurement. If you are not ready to receive a therapy, then counting time before you get it is not particularly appropriate. I will give the example of the patient waiting for a hip replacement who decides to go to Florida for six months. I am somewhat reluctant to count that six months in Florida as wait time if they have said, no, I cannot have my surgery because I am going to Florida for the winter to play golf. Then you would not normally say that is a wait time, even though you were not available for surgery

A likely, similar example in the area of heart: If you have really serious coronary obstructive disease, but you are morbidly obese at the same time and you just absolutely cannot tolerate surgery because of all of the risks of whatever, pneumonia, or whatever else, then you may very well need that surgery quickly, but you cannot have it. So counting the time while you are getting rid of a hundred pounds, or whatever it is, as wait time is not really very appropriate. It is are you ready, then how long do you have to wait, and I think that is an appropriate measure.

**Mrs. Driedger:** I do not disagree with the minister that consistency in counting is important as long as we are comparing apples and oranges, but I would like to ask, prior to May '01 then, if in May '01, the method of counting changed, can the minister tell us what method of counting was used prior to May '01?

**Mr. Sale:** I have no idea. I really do not know, and I do not think we would be able to say other than that it was not what we just said, but I do not know what it was. All I can say is that it was different. I can also tell the member that there has been a 75 percent reduction in radiation therapy wait times since September of '02. That is a pretty impressive reduction after the change in determination of the appropriate way to measure wait time. For example, in prostate it was 13 weeks in September of '02. The average for September of '05, which is all that is on the sheet, is 1.8 weeks. That is a pretty dramatic change. Breast, from 6 down to 2.9 in the same time, September of '05, and it has fallen further since.

Yes, there was a change, but there has also been substantial progress since that time in terms of reducing the wait times, but I cannot tell the member—I could tell her what the difference was, as I did—but I cannot tell her what the mechanism was prior to that.

**Mrs. Driedger:** My guess is that prior to May '01, there was a very different way of counting, obviously, because the method of counting changed, and so prior to May '01, then we are not comparing—and I know the Minister of Health and the previous Minister of Health have used this as a political message out there. You know, back in 1999, it was awful. But back in 1999, my guess is the counting was probably very, very different from what happened when the change was made in '01. So, to compare 1999 to anything after May '01 probably is not very fair because we are not comparing apples to apples. We are comparing apples to oranges. The

government has had an opportunity to make some political hay, when in fact it has probably not been a very fair way of comparing.

\*(11:00)

So I guess I would just say to the minister, rather than making any political hay saying the radiation therapy waits in 1991 were awful, I think the minister needs to be more careful in how they want to politicize this issue, because there is not a comparison of apples to apples then at all. Madam Chair, those front-line workers, radiation therapists, have indicated a real discomfort with having to spin things a certain way that is not accurate and that has put them in an unfair position. So when we look at radiation therapy, it is important, I think, to be open and up front about the fact that that counting was changed.

**Mr. Sale:** Well, I think that we have canvassed the appropriateness of the measure, but I have pointed out to the member that since the change there has been a dramatic decline. I will go back to prostate which is one that I think makes the point, that in September of 2000, prior to any change in the measure, September 2000, the wait time was 15 weeks, and today the wait time is two weeks. Sorry, no, that is September of '04. The wait time today, I do not have it. In September '05, I have 1.8 weeks.

So let me just recount that so it is clear to the member: 15 weeks in September of '00, right, but after the change in counting, in September of '02—that is, they changed the place in May of '01—in September of '02, 16 months, 17 months later, the wait time was 13 weeks; the wait time today, less than two weeks.

There has been dramatic improvement. I do not have with me—I guess we can probably go back into the records to try and find it, but we did send significant numbers of people out of province and we did not do that for cosmetic reasons. We did it because the oncology people said these people should have the opportunity to get radiation therapy sooner than we can provide it. So we did that on the basis that this was potentially a life and death issue.

So I do not think the member should be too sensitive about this. The previous government made decisions about health care expenditures and about training programs. I am sure they believed they were the right decisions. I do not think they were ill-motivated in terms of wanting to deprive people of needed care. I do not believe that for a minute. I

do not believe the member would ever want to do that. So I think that her predecessors, before she was elected, made decisions. They presumably made them with the same kind of moral intent that we all make decisions in government, that we believe these are the right decisions at the time with the best evidence we have.

In retrospect, which is always 20-20, we can see that they were not the right decisions, and they sometimes have minor consequences and they sometimes have tragic consequences. I am not standing in moral judgment of that. I am simply saying that when we formed government we were clearly told by the people who were responsible for CancerCare that people were waiting too long and medically too long for radiation therapy. We responded by spending a chunk of change to support care outside the province while we remedied the problem inside. We have done that. I would think the member would be glad about that because she has a lot of friends, as I do, who have benefited from CancerCare.

I also know that the previous premier and particularly his partner—she was a leading proponent, advocate and worked tirelessly to see the new building, CancerCare, into being and to celebrate it. I have spoken with her on numerous occasions about her commitment to improving the quality of cancer care. So I am not making that as a particularly partisan statement.

All parties will compare their record in government with a predecessor. I think we do that in a number of areas and, on many of those areas, we do very well. I do not apologize for that. I think that is the nature of public policy. You set commitments. You make targets. You attempt to improve the lives of your citizens, and all of us do that when we are in government. The previous government tried to do that. This government tries to do that. That is our job.

So I do not think we should apologize for that. I do not think we should shy away from pointing out successes and accepting responsibility for shortcomings. That is why we have said, we have got more work to do, no question. But we have also made great progress. I think we should celebrate success, and we should also be very focussed on areas where we need to do more work, and that is what we do.

**Mrs. Driedger:** I think progress has been made in terms of bringing down waits in radiation therapy, and it was the right thing to do. I certainly

acknowledge the efforts that were put in place to make that happen. That was the right thing to do. I do not have a problem at all. I said it before, I do not have a problem with patients having been sent out of country to bring down those lists because I think that was the right thing to do.

*Mr. Andrew Swan, Acting Chairperson, in the Chair*

What I think I have a problem with is just, and I do not want to belabour it, is just—and I know that we are in a partisan arena here—it is just that there are some things where it is just not right to make political hay on some areas when you are not comparing apples to apples.

I would remind the minister, too, that he is able to spend a chunk of change doing some things because he has had a large chunk to play with, compared to what happened in the nineties. The minister knows that almost a billion dollars was held back from Manitoba by the federal Liberal government. There was about a four- or five-year period in the nineties where the federal Liberals held back almost a billion dollars unilaterally from Manitoba, and some tough, tough decisions did have to be made in terms of where could we find the money to address all of the challenges in health care. Yes, some tough decisions did have to be made. Inevitably, I guess, people pay the price for making some decisions. But, boy, when you are putting the glue because a billion dollars almost was held back from a province by a federal government, it was not an easy road. This government has had an easier road with a billion and a half more dollars. So that is a pretty big chunk of change. The minister is not having to make the kind of really tough, tough decisions that had to be made in health care in the nineties, so he has had an advantage.

What I would ask him is whether or not there is, while we are talking about some of these areas, whether or not there is a second CT scanner planned for Brandon.

**Mr. Sale:** I think the member is correct, the nineties were tough. There is no question, the nineties were tough. I do not think it serves our purpose to remind each other that these were governments that the NDP did not ever represent. We have never had the privilege of being the national government, so we cannot really be saddled with the responsibility for policies that started in '85 with cuts to the Established Programs Financing Act, under the Mulroney government, and culminated with a zero

percent increase in the formula from 1990 forward. By 1990, the levels of transfers were frozen.

\* (11:10)

Actually, it is interesting, the member might want to look at the National Council of Welfare report. I am sure she knows the National Council reports. There is one called Medicare Danger Looming. I have to be honest and say I helped write that report and did the research for it, but that report, built on work that was done in both Québec and Manitoba, pointed out that the mathematical end point of the change in the formula that was done first in '85 and then '87, '89 and '90—there were four changes—that the outcome of that mathematically was an end to federal cash transfers. It would be first in Alberta. It would have begun just after the turn of the century. I think it was 2002 or 2003. There would be no more cash transfers. The revenues to the provinces would be based entirely on the tax point transfer that took place in 1987, sorry, 1977-78, with the beginning of the Established Programs Financing Act. Manitoba would have lost its cash transfers by about 2009 if my memory is correct.

We pointed out that in the Danger Looming report this would lead inevitably to tremendous, tremendous pressures on the poorer provinces. We thought that was pretty bad, but when the Liberal government came into power in, I think it was '94, '93-94, and our former prime minister, Mr. Martin, removed \$7.5 billion from the transfers to the provinces for the Established Programs Financing Act, that was the real candles on the cake in terms of the ability of all governments to meet their needs. What happened was you could see it across Canada in the statistics. The money went to health care, as best the people could, and social services and higher education took a bath. You can see that in the spending of every province. So the member is right. The nineties were tough times.

The consequences, though, are not arguable, and they are that we have shortages now of key personnel. We had tremendous infrastructure shortfalls, and, as a result, some people were facing extremely difficult life-and-death choices, and our government moved in 1999 to give people some options. We did not have a bucket of cash at that point, if the member remembers that particular time. At that point when we formed government, we were facing a deficit of over \$280 million. We still made the decision to send people out of province because it was the right thing to do. Yes, we have had good

revenues since that time for a range of reasons, but we did not have a pocket full of cash then. In fact, the Deloitte review that we undertook when we formed government to find out where we were at was a scary piece of information for us.

What happened after that was that the federal government came back with new calculations for equalization in January of 2000 which made a significant change for all of the equalization recipient provinces at that time. But we made a decision based on the needs of people in October of '99 before we had anything but bad news in terms of the potential fiscal situation. So that is just the fact, and I am not suggesting that the member would have made a different decision. I do not think that. I am not suggesting that. I am simply saying the fact is that we made a decision in the light of need, not based on buoyant revenues, but, in fact, based on a projection of a significant deficit.

**Mrs. Driedger:** What I recall about the Deloitte & Touche report was that this government was doing everything it could in order to try to make it look like things were worse than what they actually were.

I have a question for the minister, and it was information that came to me just a couple of days ago about a woman who was recently diagnosed with breast cancer, needs surgery, and her breast cancer surgeon told her that she would have to wait several weeks for the surgery because there was a movement afoot to try to get as many orthopedic surgeries done right now. Her breast cancer surgeon said that breast cancer was being pushed back, in this case hers was at least, to make room for orthopedic surgeries. Is the minister aware of that happening?

**Mr. Sale:** Before I respond to that, let me provide the member with information about the nursing issue which I have received. The point of the change in the date of the data collection was to pick up the registrations, if you register on a calendar year, I understand. So we moved to gathering data at the end of December because apparently the registration renewal period is in the fall.

We are now looking at in terms of permanent position vacancies about 6.5 percent. Remember that this is a snapshot. This is at December 31. It is not an average over the year, so as new grads come in the vacancies go down. As people retire they go up, so this is not an average. This is a snapshot.

I think the really critical thing to understand here is that 6.5 percent vacancy is against a growth in the

labour force, full-time positions, of about 2,200 positions since the year 2000. The member will know that the number of nursing positions declined sharply in the 1990s, and the peak of that problem was experienced in 2001 or 2002 in which the number of nurses available was just lower because of retirements and because of low graduation levels. So the 6.5 percent translates into total vacancies of 1,237 permanent positions at that point in time in a workforce of 19,014. So that is 6.5 percent. The total vacancies at the peak year was not quite twice that, 2,075 in 2002 which was the peak year for vacancies because of the fact that we had not yet begun to graduate more nurses. We had not yet begun to reap the harvest of increased graduations. Mr. Acting Chair, 2002, was essentially the third year of the beginning of the expansion and so we began to get the very major increases in grads by 2003, 2004, 2005 and 2006. We are now up to over 800 projected graduates as opposed to 284 at the low point.

We have gone from total vacancies of 2,075 down to 1,237, which is a reduction of about 40 percent in the total number of vacancies. The vacancy rate declined in that period of time from 11.3 percent to 6.5 percent. So substantial progress. I think a normal turnover rate in a profession is around 3 percent or so. That is about what you would look at normally so we still have a way to go in this. We lost something over 1,580 nurses in the nineties in terms of people in this count. We have about 1,300 more than we had in '99, so we still have a shortfall, and we are going to have to keep graduating at the rate we are graduating now for a few more years until we make up the shortfall in terms of the vacancies and get it down to what would be a normal vacancy rate. That is, as the member knows, because we have a workforce whose age profile follows the baby boomer profile and so we have a great number of nurses who are going to be eligible for retirement in the next few years. So we are not just catching up from the loss in the nineties. We are also replacing a very high retirement rate.

That is the best information I can give the member in terms of why we change the count. There is the pickup registration date and what the progress has been. Now, if the member will remind me what the other question she asked was, I will try to respond to it.

\* (11:20)

**Mrs. Driedger:** I cannot remember what, but before I go back to that one, I just need some clarification

on this. Mr. Acting Chair, 1,237, I think, was the number the minister put forward as permanent vacancies. Does that include term, no it would not.

**Mr. Sale:** The answer is yes. In other words, this is taking the entire full-time equivalent nursing workforce and essentially disregarding whether the people filling them are term or temps or permanents or permanent part times. It simply says, here is your whole labour force, here is your whole list of vacancies, in terms of EFTs. You could fill those in 100 different ways. So it is a global measure.

I do not know if the member wants to have the breakdown between the various professions within the overall workforce. I could give her that if she wants that.

**Mrs. Driedger:** I would appreciate it. I know in the past there has been actually a document that was made public, and if there was any chance of getting that I would certainly appreciate a copy of it. Out of that, could the minister indicate what percentage of the nursing workforce right now is full time? I know it has been going up a little bit over the years, and I wondered if he had a percentage number of what that would be now of the number of nurses in Manitoba that are working full time.

**Mr. Sale:** I think the member will find the most recent report, which is really very recent, I think it is a couple of weeks, three weeks old. It is on the Web site. So I would just refer her to that. It is the Health Human Resources report, HHR report. It looks at doctors, nurses, technologists. It is the report that we were required to do to fulfil I think it was the '03 accord. I know that it was a reporting requirement which we have complied with. I believe, if she looks, she will find all other provinces have done a similar health workforce report.

In terms of the percentage of full time, it is about 42 percent of which the RN component is 45 percent. The RPN is 64, the LPN is 32 and the health care aides is 39. The numbers of positions vacant: RNs 661, RPNs 48, LPNs 105 and health care aides 423. We continue to have a shortage in the health care aide area. In terms of the number of positions, you might as well have all of this vital information, but she will find it on the Web as well, but it would be slightly different—

**An Honourable Member:** It would be nice to have that briefing note.

**Mr. Sale:** It would be nice to have the briefing note. Well, there are pieces in this that you could probably

have. Of course, you would not call it a briefing note. The RNs are 8,848. That is the total number of positions, EFTs, not full time, but EFTs. RPNs are 689, LPNs are 2,018, HCAs are 7,459.

*Madam Chairperson in the Chair*

**Mrs. Driedger:** I note in a Freedom of Information document that there are over 300 health care aides short in the WRHA. That has to have a significant impact. Does that shortage have anything to do with the changes that are being made at St. Boniface Hospital in moving things around a little bit in terms of nurses and aides?

**Mr. Sale:** No, it does not. St. Boniface, I think, I hope I am right in this, is the last of our major hospitals to move to the nurse managed care model which was what we moved away from in the 1990s. I know the member is smiling, and I will not go into the history of that, but that was a move away from a nurse managed care model.

So there are 17 new nursing positions coming into St. B. There are jobs for all those people in the system. They have all been offered employment, many at St. Boniface, but others throughout our system. We made all the vacant positions available to that group of staff, so there are not any layoffs likely in that area unless people choose to go to a different profession or, say, move to a nursing home as opposed to a ward.

The member probably knows, but we also were transferring a number of what really were personal care home beds which were in St. B and were occupied primarily by older order members, member of the Grey Nuns or other orders. Those beds have been moved to a more appropriate place related to Taché Nursing Home. And so there are a number of positions associated with the care of that particular group that simply were terminated because that care was no longer there. Those people were all offered opportunities in the system. That is the space that is being renovated for the Bergen Cardiac wing.

**Mrs. Driedger:** Back to my question about whether or not orthopedic surgeries are pushing breast cancer surgeries back.

**Mr. Sale:** Are you finished?

**Mrs. Driedger:** Yes.

**Mr. Sale:** If I heard that was happening, I would be most upset, so if there is any documentation on that, I would be glad to receive it.

I think that this is, and I will be frank with the member, I think this is one of the problems of focussing on the highly, and I use the small "p," politically visible areas. Somebody who has acute gall bladder disease can be pretty disabled in terms of daily functioning. So saying that all the newspaper coverage is about hips and knees is cold comfort to someone who has regular gall bladder problems or kidney problems or anything, it does not matter what it is, pain related to spinal deterioration or injury.

There is a real Cinderella problem, I think, that we have to be wary of, and I think every health minister has said that publicly. I certainly have. I am very concerned that we not lose sight of the fact that this is a whole system. We cannot have heroes and villains or heroes and non-heroes in our system. So, if there is any evidence that that is happening, I would be sad, but I would be glad to know that, and we would be very clear that if that is happening, it should not happen.

There is no question that we are focussing on areas that we agreed to focus on and the public wants us to focus on, but there should not be any question either. The necessary care in other areas should not be compromised by that. If the member has a letter that I do not believe I have, and if she has any way that that could be checked out, I would be more than delighted to check it out because it is inappropriate. She and I would agree on that.

**Mrs. Driedger:** I do not have a letter. It was a friend that phoned, a friend of the patient. There was a discomfort about putting anything in writing, so all I can really do is indicate to the minister that I have heard from one person that that is happening. I suppose I am just asking him just so that maybe if he is hearing anything in any reporting that is coming his way, that that just might be something to stay tuned to.

Now I heard there is a woman out there who has had a severe gall bladder attack in April, cannot get into surgery. The minister twigged me onto this. It was just a call I had yesterday. The woman—

**Mr. Sale:** I had mine out, so I know what it is all about.

\* (11:30)

**Mrs. Driedger:** I have had one too. The woman cannot get in for surgery until July at Seven Oaks Hospital and she was told there were no beds. So from April to July, she is on apparently extremely strong painkillers in order to get her through to July.

Now this one I may be able to find out more information about. Is the minister aware of this type of surgery being pushed back due to a lack of beds or OR time or maybe a lack of anesthetists or something?

**Mr. Sale:** No, I am not aware of any deterioration of those kinds of normal wait times for elective surgery. I waited about three months, I guess, from the date of decision to have it out to having it out, but I was not in acute ongoing kind of chronic attacks. I had had a number but I was not in that kind of disabling situation.

If the member can provide us with specifics, I would be glad to have our system take a look at it because we do respond every day to situations that people think are not appropriate. Sometimes it is a problem; sometimes it is not.

I do not know about painkillers for gall bladder. I am not sure. I do not know anything about that. I have never heard of painkillers for gall bladder. It does not quite ring bells for me, but it is her in acute pain. But I do not know that you have it ongoing, all the time. I will try and get more information, and if you have information we would be really pleased to aggressively look at it.

**Mrs. Driedger:** I appreciate the minister's willingness to look into that. I have one more question and then I wonder if we could take about a five-minute break. That was just is there any chance of Brandon getting a second scanner?

**Mr. Sale:** There is no second scanner planned at this point. Because they have a state-of-the-art stroke program in Brandon, they have 24-7 capacity. That is a pretty important machine. It is an older machine. I think it was bought in '98. It is also the second busiest machine in the province because of the catchment area that they serve. They did about 12,000 scans on that machine last year which is a heck of a lot of scans on a CT.

We committed in November to a new, up to a 64. I do not know whether they really need a 64-slice or whether a 32 would be perfectly adequate for them, but, anyway, we committed to \$1.6 million. I am not clear why it has taken this long for them to select a scanner. Although it is high-tech equipment, it is pretty standard equipment these days, so I have asked Brandon, what are you doing? Let us get on with this and I think they have heard that message. I believe that they were about to select the make that they were going to buy. They were doing site visits

this week. I am not going to get into that, but I am being very aggressive at them, saying get at it because this is a busy and a vital scanner.

When we were there we said, why do you not look into keeping the existing scanner as a backup, and they said they would do that. The price came back on that at about \$400,000 which they believed was not a good investment because it is a machine that has a lot of miles on it and they just did not think this was a good investment. Fair enough.

I do not know if the member knows but we announced in 2003, I think, that our long-term plan was to install a Linac—linear accelerator—for cancer in Brandon to provide radiation therapy in Brandon. Part of a Linac is a CT, and so when the Linac goes in, there will be, as part of that, a second CT scanner as part of that program. But the vault for the Linac has to be constructed because it is, as you know, a radiation-containing vault. So that capital project is in the early stages of being designed and all the stuff you have to go through to put the Linac in place. So they will have when the Linac is in place a second scanner. In the meantime, they will have a brand-new scanner which just is not going to break down very often, and a scanner that will have far, far more capacity. When you can do 16 or 32 or even 64 slices at one time, obviously the time of treatment is going to be much shorter so the capacity of the machine will be significantly increased.

That is a somewhat longer answer perhaps than the member wanted, but that is the reality. We cannot afford to keep that old machine going at that level of cost. It is also occupying the space where the new machine will go. I think the linear accelerator is the proper answer to the problem.

**Madam Chairperson:** A recess has been requested. Is there agreement to?

**An Honourable Member:** I think so.

**Madam Chairperson:** Okay. It is agreed. We will recess for five minutes.

*The committee recessed at 11:36 a.m.*

*The committee resumed at 11:45 a.m.*

**Madam Chairperson:** Will the committee please come to order.

**Mrs. Driedger:** Can the minister tell me if the X-ray clinic at the Pan Am Clinic is privately owned?

**Mr. Sale:** We will try and get the information for the critic. I do not know the answer.

**Mrs. Driedger:** I understand that CIHI, in 2002, was reporting on a study, I believe it was, and a Benjamin Chan was the source, and the topic was From Perceived Surplus to Perceived Shortage: What Happened to Canada's Physician Work Force in the 1990s? He is indicating through CIHI that—and I will just read these two short paragraphs that were reported on: Throughout the 1990s, the real doctor population ratio in Canada declined, as fewer physicians entered practice. Much of the blame is placed on cuts to medical school enrolment numbers, but a new report shows that having fewer grads had little to do with the drop. In 1993, 10 percent of medical school spots were cut, following a research report by Morris Barer and Greg Stoddart. These changes have, so far, accounted for only an 11 percent drop in the net inflow of doctors entering practice between 1993 and 2000. The factor that had, by far, the greatest impact was an increase in the amount of time doctors spend in their postgraduate training. More doctors are becoming specialists, and those that do go into family practice must now spend two years in residency training instead of one.

Has the minister had any discussions around this particular study that shows that the shortage we are seeing right now is not so much impacted by a 10 percent decrease in medical spots but by the fact, now, that so many more students want to become specialists and that some of the specialist training spots have increased in length of training time, with the impact that that is, indeed, having on the physician shortage?

**Mr. Sale:** I think before being able to answer that in a thoughtful way, I would need to know the data period for which the report is actually commenting. I do not know whether the time series that is in there ended in '99 or ended in 2000. I think the member is indicating that it looks like it is 2000. Am I correct? *[interjection]* Okay.

Well, I think that the amateur researcher in me would say that when you look at the year 2000, you have not yet begun to see the significant effect of enrolment declines because the pipeline still had the 85 students a year in it from '93—the cuts were made in '93 to the school—so the classes graduating in '93, '94, '95, '96 still had 85 in the cohort. So the impact of that shortage would only have had, if the data time series is to 2000, a maximum of four years of impact.

So I think that probably at the time that it was done, it may well have statistically shown that.

\* (11:50)

It is interesting the member does not reference—but it may be in the study, I do not know. I do not know the study, so I am commenting off the top of my head here. She does not reference the degree to which the exodus of doctors from Canada to the United States also had an impact on the physician numbers, because there was a net outflow of doctors that was very significant in the later nineties. It peaked in our province, I think, in '98. It was the worst year if I am remembering correctly. So I think there were a number of factors. The factor she references is a real concern.

It is now, I believe, the case that there are almost 80 recognized medical subspecialties, and I think if the members thinks about that, as I have, I do not know how a smaller province could ever have either the full range of specialists or the capacity to train across that whole range of specialties. All professions have a tendency as knowledge increases to subspecialize, but I think medicine has got to the point where one has to really question whether you need to think about each of those as a separate subspecialty. It seems to me we have got to start thinking about areas of expertise with people who have lead competencies, but when you start licensing specialists and limiting scopes of practice and then defining best practices as having only that particular specialty doing that particular thing, we are structurally creating shortages. That is what we are doing.

Probably the clearest example of that is in emergency medicine where the specialty of emergency medicine barely existed 20 years ago. Fifteen years ago it began to be recognized, and we began to train people, and in the whole of Canada we only have 500 certified emergency medicine trauma specialists. We have 19 of them here in Manitoba, which is slightly greater than our percentage would be on a population basis. So we have got them, but if the member can even begin to think about what would it mean to staff every ER in Manitoba with an emergency medicine specialist. Well, to be blunt, what it would mean would be massive boredom on the part of the specialist because in rural areas if you see one resuscitation every two months that is probably busy, and what you see in most rural ERs, 80 to 90 percent of what you see is primary medicine, primary care, and all of our ERs until 10

years ago were pretty well staffed, maybe 15 years ago, were staffed by GPs. It might have been GPs with some extra training in trauma medicine or extra training in resuscitation or whatever, but they were GPs. They were family docs. That is how we staffed our ERs, and in the rural areas of Manitoba that is still significantly the case.

So the tendency to subspecialize and take more and more and more training, it seems to me, is more appropriate to the research scientists who want to spend more and more of their time doing research and less doing patient care. Maybe we need to go down that road in the future, a bit more. But I am not sure that the Barer-Stoddart report of, I do not know, 1990 or '91, somewhere in there—

**An Honourable Member:** '93.

**Mr. Sale:** —'93, Barer-Stoddart recommendations were simply seen as a way of cutting costs. I think the implementation of their report in the period of time that it came in was seen as an easy way to cut costs. Unfortunately, it has been an easy way to increase costs in retrospect but, you know, 20-20 vision. It is hindsight every time.

But I think by now it is just pretty self-evident that if you have had 30 fewer graduates per year from the 1980s when the college actually had 100 in it, to this year when we will have our 100 enrolment again in September, that has got to be a major contributor by this time to the shortage of family physicians and specialists because it is one of those things, should you start doing it in '93 but the impact of it is anywhere from eight to 12 years later in terms of the impact of that cohort coming into the workforce.

I would be interested to receive a copy of that if the member has it and it is available. It would be interesting to read.

**Mrs. Driedger:** I just found it interesting. It is apparently on the CIHI Web site. It says, click on Analytic Reports and look for *From Perceived Surplus to Perceived Shortage: What Happened to Canada's Physician Workforce in the 1990s?* This little summary is printed in the newsletter of the Canadian Health Services Research Foundation, Volume 5, No. 3, fall of 2002, but I guess this full report is on CIHI's Web site.

It is interesting because it does do a breakdown and it says: reasons for decline in net position inflow 1990 to 2000. It said that medical school enrolment decreases was 11 percent. So 11 percent less people

entering med school. In that period of time: 17 percent retirement; 22 percent fewer international medical grads entering practice in Canada; only 3 percent exodus or emigration from Canada elsewhere, so that number is actually really small. Then, 47 percent increase in training time due to the elimination of one-year rotating internships for GPs and increase in number of doctors becoming specialists.

So it does paint a little bit of a different picture and that is on the Web site. It would be interesting to know if anybody is following up and looking further to see what the other changes are going to be since that period of time and the change in all of those percentages.

**Mr. Sale:** Just a brief comment on that. From a sort of statistical point of view, one of the really important things that happened was that the family practice training went from I think it was one year to two in that time. So that would be a one-time change which would have a big impact over a short time, but once the change was made, it would not have a continuing growth in the problem. But I think a big part of that was that one decision to go from one to two years.

The other thing the member, I am sure, knows. It is one of the real frustrations when we talk about Barer-Stoddart because both of them are very competent medical sociologists. I know both of them actually personally, and I think they have taken a terribly unfair hit because what they said in the Barer-Stoddart report was: significantly increase the training of nurse practitioners. That was the other side of Barer-Stoddart and they were saying to change the model of primary care, recognizing what can be done by an extended practice nurse and what the costs were because both of these folks are medical economists, right. And so we were looking at very rapid increases in the costs of medicare. We were in a recession at the time that they wrote the report, 1990 Recession, and so they were saying, Madam Chairperson, here is a way to significantly increase the sustainability of our system, particularly primary care.

Government said, oh, let us cut enrolment at medical schools and they forgot chapter 2, which was, let us massively increase the training for nurse practitioners, standard practice nurses. So it is one of those unhappy histories that you take the easy advice and you ignore the harder advice. I think at that time, the member will probably remember as well, there

was much more antipathy against nurse practitioners and against nurses having increased role. We still see some of that today, but it is much diminished from where it was in the early 1990s. That was seen as a radical deterioration of care standards. I mean, letting mere nurses look after families with serious concerns; my goodness, that would be bad medicine. That is what the attitude of the 1980s and nineties was. I think that attitude has shifted but it has not shifted enough.

So I think the politics of implementing nurse practitioner training were seen as difficult and that the politics of cutting medical school enrolment were seen as less difficult. Unfortunately governments took the less difficult approach. But, actually, I commented on that Barer-Stoddart report when it came out because I was in private practice as a consultant and doing work for organizations. I said at that time, you have got to read the whole report, folks, not just the part about cutting medical school enrolment but increasing nurse practitioners. But at that time, that was seen as second-class. In fact, there were headlines about second-class care, and I do not think it is second-class care.

\* (12:00)

**Mrs. Driedger:** In the latest report from the College of Physicians and Surgeons, they show that there are 228 doctors practising in Manitoba that are over 65 years of age, 349 doctors practising in Manitoba that are between 56 and 64 years of age. So that is a total of 577 who could potentially retire tomorrow if they wanted. We are not moving very quickly with nurse practitioners getting in there or probably a lot of change that needs to happen in health care does tend to move slow. Can the minister indicate how he is preparing for the retirement of this cohort?

**Mr. Sale:** Sorry. I was just asking a question of my staff. I am sorry. What was your last question? Last point?

**Mrs. Driedger:** I was just asking the minister how he is preparing for the retirement of this particular cohort, knowing that that could have a huge impact and that changes in health care do move slowly. We do need more nurse practitioners. We probably need a huge acceleration of primary care changes, physical fitness. But everything tends to move so slow. So what is Manitoba doing, especially if you want to look at 228 doctors over the age of 65, and a lot of these doctors are the old school of putting in a lot of time whereas younger doctors do not want to do that.

Knowing that we lose 150 doctors from the province every year and half of our med school grads do not stay here after practice, and now we have got maybe in the vicinity of almost 600 that could retire, it seems to me that when you add all of those together, you have got a catastrophe in the making. I am sure there must be discussions going on about this. But what are we going to do as a province to look at that or deal with it?

**Mr. Sale:** Well, the member is right when she says that these are structural problems and that they are easier to create than to resolve. She is certainly right to point out the crisis in the number of doctors who are able to retire. She knows, and we talked earlier about this, that the similar situation applies to nurses. We have an equally significant portion of the workforce of nurses, and they are at least as critical to delivery of care as physicians are. They are both critical obviously.

In terms of physicians, I am sure the member knows that you cannot just add enrolment. You have to add clinic space. You have to add preceptors. You have to add the existing docs being willing to train and have more people in their residency programs. You have to add a residency for every initial undergrad. Four years later, there has got to be a residency position for that person. So, when you expand enrolment in the medical college, it is not like expanding enrolment in arts; it is a very complex and costly process. It probably costs us close to a million dollars to train a doctor to the level of a specialist. So these are big, big—*[interjection]* Yes, average. I am talking about an average of from family through to the longer term, neurosurgeons, for example. Maybe it is higher than a million, but it is certainly a million.

So what we have done in regard to retention is to focus on two things. First of all, supporting undergrads with grants in return of service, and we have a very significant number of grants being provided. At any one time, we have about 360 or 350 undergrads currently going up to 400 when the new enrolment cohort works its way through starting this September. There are 146 return-of-service grants in the '05 year; 139 in '04; 147 in '03; 120 in '02; 152 in '01. So we have a total in that area of, let us do it quickly here, about 600 years of service in the existing enrolment in the college. We have about 600 return-of-service years committed to.

The first return-of-service grads come out now, this year, and they will be available. In fact, they are

starting. I believe there are nine, I think, is the first number of grads who had return-of-service commitments graduating now. They will be available in the fall. So you, first of all, increase the likelihood that the existing class will stay here.

We have also worked very hard in the family medicine area to strengthen that program, and I think that is showing some significant improvement. Of the 22 residents in family medicine who completed their training in June of '05, 15 stayed in Manitoba to go into practice immediately, so that is a very good retention rate, and three more went on to additional training. So 18 out of 22 are either in practice or increasing their training. That is also happening this year, so the retention of family docs has been much improved over the last couple of years, and that is a very good piece of news.

The second area where we have been, I think, extremely successful, and I know there are always questions about vacancies and turnover, but our specialist recruitment fund provides up to \$15,000 cash grant, in effect, as a relocation allowance for coming to Manitoba. I think, if I am recalling the number correctly, is it 150 additional specialists we have recruited? We will check that number, but during the last whether it is four years or five years, whatever it is, we have been very successful at recruiting physicians. I think last time we met we talked about Dr. West and his team.

I was at Seven Oaks yesterday, and the director of nursing there was saying what a tremendous success their neurosurgery recovery unit is because people having surgery at HSC are transferred fairly quickly after surgery to Seven Oaks to have their rehab and recovery process there. She talked very specifically about the number of congratulations and successes they have had with this program and how keen their staff are on doing that. So we have been very good at recruiting specialists. My memory was good this time. It was 150 exactly more specialists in 2006 than in '99, and many of those have been facilitated through that recruiting device. We would love to have more than 200 more doctors than we had in '99, but that is what we have. The member knows that we had about 116 fewer doctors in '99 than in '90. We have turned that around, but there is lots and lots more to do to deal with that.

Now, in terms of increasing support at the college of nursing, I do not have the number of the enrolments in the EP or nurse practitioner program, but we will get those numbers. We have also

strongly, strongly supported the increase in that saying, you know, this is something from a wait-list point of view. One of the ways you get your wait-list down is to have the right people in the right places, so training is one component of our wait-list strategy. The member probably has seen the five areas that are the national areas, the four Manitoba priorities and then within those critical areas there is information technology, there is equipment, there is training, there is prevention in each of those areas. So it is like a matrix of four interventions for each of the areas, and certainly training is one of the major interventions.

\*(12:10)

**Mrs. Driedger:** Can I ask—

**Mr. Sale:** Can I just provide the member with some information that she, I think, was discussing earlier. In the year '99-2000 and the year 2001-2002, we sent a total of 225 patients out of province for radiation therapy between November of '99 and March of '02. There were 14 in the balance of '99-2000; 138 in '00-01; 78 in '01-02; and none since that time. So that is the numbers. Sorry, I apologize for interrupting the member's question.

**Mrs. Driedger:** I guess just going back to something earlier, I am wondering with the nursing vacancy numbers if the minister has any sense of when he might be able to get those to me?

**Mr. Sale:** Well, Madam Chair, I thought we had indicated they are on the Web site.

**Mrs. Driedger:** So everything is there?

**Mr. Sale:** Well, the Health Human Resources report, it is called, has docs, nurses and technologists and quite a lot of data about each of those. If the member can look at that on the Web and there are areas that she still wants further information on, then I will certainly undertake to try and get it for her.

**Mrs. Driedger:** Can the minister tell us why his government never agreed to do an evaluation of regionalization of health care that created the regional health authorities? I know in 2000, which would have been about the third year after the Winnipeg area was regionalized, I asked at that point whether it could be considered, and the Minister of Health of the day said it would create too much chaos in the system to evaluate regionalization.

Other provinces have done it, or at least British Columbia I know has. I know that when B.C. did it, they looked at structure, governance, management,

operations, results. I guess I would like to hear this minister explain why an evaluation of regionalization has never occurred under his government or under him.

**Mr. Sale:** I think that is a very important question that the member is asking. We did do some regional reviews. As the member knows, when we formed government we amalgamated the two authorities in Winnipeg, the long-term care and the hospital authorities into one, which I think has proven to be the right direction. It has certainly reduced overhead costs and reduced the number of difficulties in relating two big bureaucracies to each other. Our overhead costs are below national norms in terms of total administrative costs, and I think it has been more effective. I hope the member would agree with that, that basically we are able to deliver care across a whole spectrum now in a much more integrated way than when long-term care was separated. It is really hard to separate those two things, particularly in an urban area.

We also as the member knows, amalgamated two RHAs in western Manitoba. I think that was a wise move. Frankly, I think we need to look at that area from an overall point of view. I think, increasingly, the regions believe that. Some 38 percent or 40 percent of Brandon's patient days are for people from Assiniboine. In the last year, we have now seamlessly integrated orthopedics, using Minnedosa, Rivers and Brandon as one system, arthroscopic in Minnedosa, rehab in Rivers, surgery in Brandon. Brandon surgeons are providing that service. Assiniboine is providing the rehab staff. Increasingly, as you look at Assiniboine region, the ambulance systems, it makes lots of sense to be thinking about one ambulance system, because so many of the trips from Assiniboine are to Brandon. So it seems to me there are just lots and lots of reasons.

So that is why we have two cross-board appointments in Assiniboine and Brandon. There are two positions on each board that cross, which I think has also been helpful. There are regular meetings between the senior staffs of the two regions to collaborate, and they do collaborate very effectively.

So I think the member makes a good point, that we should be looking at how we can increase productivity and efficiency and co-ordination across our whole system. I guess what we want to be clear about is that we are not I do not think much interested in evaluating whether regionalization is a

good idea or not. I think it is different to look at how you can take your existing system and make it more effective, remove roadblocks, create efficiencies, create productivity versus going back to square one and saying, well, let us take a look at whether we should have regionalization at all or not.

There is no province in Canada, absolutely none, that is saying that they should go back to the old system of a central department of health, trying to manage independent hospitals with independent boards and create, somehow, out of that chaos, centres of excellence and modern standards of care. There is just no evidence anywhere for that. Europe works on a regional system. Britain works on a regional system and Canada does. The only jurisdiction in the world that does not think about regions is the United States of America, and we all know what our feelings are about their system of care.

So I think the member has a good point that we should be looking at potential further productivity and efficiency measures that could be taken within our regional system. But, if she is meaning that we should review whether regionalization is a good idea or not, then I would disagree with her because I think that is what would create chaos in the system. We are just really reaping now the rewards of being able to think regionally and dispose equipment regionally and create centres of excellence, and to try and unscramble that egg right now would be a recipe for total chaos in the system.

**Mrs. Driedger:** But could the minister indicate why in the early day, when a major project is ever done it is just good practice to evaluate what you have done? You know, British Columbia did it and they looked at regionalization and they looked at a number of those issues, and before some of the ineffective practices became entrenched, you could then get in front of something.

It just, to me, I guess coming out of the nursing profession, that when you even look just simply at patient care, you assess, you plan, you implement, you evaluate. I guess in my mind, if you have something as big as regionalization, you assess, you plan, you implement, you evaluate. There was a huge component that never evaluated all of the aspects of regionalization to see what is good, what is bad, what can we make better, where could changes be. What are the results of all of this? But now it is so entrenched. Now it does make things more difficult.

I am sure I am not the only one hearing it. I am sure the minister must be. I hope that communication does go up to the minister's office from front lines, that it can get there. I am hearing actually some pretty strongly worded criticism of various aspects of regionalization. A lot of it comes from front lines, and maybe it is because there is such a disengage between the front line and the layers that it takes before you can get to the top. And sure, maybe with this you can see some economies of scale, that maybe it is also so big that you do not see economies of scale in some ways, too. But I am hearing enough concerns come my way that I have some huge anxieties about some of the things I hear. Certainly, staff morale is one amongst front lines. The disengagement of people in feeling an ownership like they used to in the health care system, because they are so far removed from the bosses, I guess, because it is depersonalized health care in many ways.

I used to work at a hospital in my very early days where people maybe did not feel so valued. Then I worked in another hospital where when the cleaning lady was retiring, we gave her a corsage from a couple of the wards, and we took her out for dinner. You knew individuals and you cared about them at many, many levels. I think we have lost that with regionalization.

\* (12:20)

You have a real chance of losing volunteers who are more prepared to work for their community hospital rather than this big entity. I know one of the guilds had indicated that if they ever lost their board that guild would dissolve because they were not prepared to do that for a big impersonal regional health authority but they were quite prepared to do that for their small hospital that meant a lot to them within their community.

The information that is coming my way is actually in some instances very, very distressing to me. I spent an hour and a half with a specialist on the phone the other night who had some huge concerns, particularly what this was doing to morale at all levels of the front lines, doctors, nurses, other health care professionals. That is the part that really, really troubles me and because an evaluation was never done—you have for instance the Winnipeg Regional Health Authority getting bigger and bigger and bigger and people feeling so far removed from decision-making or that their decisions even matter.

I do not see it getting better. I, actually, over the last several years see this pervasive feeling getting

worse and worse to the point that you have to start to wonder whether or not it plays any roles in the doctors' exodus if they have trouble dealing with the particular people involved in the administration of certain regions. In the end, what happens with all of this could be a real, I think, downturn in terms of quality of patient care. I do not know if the minister has information coming to him or discussions about this. I would be curious to know what we are doing in Manitoba to look at these issues.

**Mr. Sale:** Well, the member raises very important points. My experience in big systems is that there are always people who do feel not heard, not valued, and that is sad. All of the regions do workforce surveys every year. They look at the relative happiness, unhappiness, morale of staff. Brandon was in the newspaper actually quite recently about their survey. So I think everybody is aware of this issue.

There is not an exodus. I think it is very important to keep saying to the member there is not an exodus of physicians. There is a turnover, but there is a net gain. There is a net gain and a net recruitment of very good people into Manitoba, and part of the morale question is not helped by suggesting that there is a big exodus when, in fact, there is not an exodus. There is a net gain. There is an improvement in the number of specialists. There is an increase in our retention rate of family physicians. There are vastly increased rates of graduation. There are employment opportunities for most of these people. So I think we have to characterize this system correctly, but I would tell the member that our foundations in rural Manitoba have never been more successful at raising money.

Boundary Trails set out to raise, and I am going to have trouble remembering the number, but I think it was \$1.4 million, \$1.5 million. They started the campaign in October and closed it in January, what an astounding campaign.

**An Honourable Member:** It is Mennonites; they can do that.

**Mr. Sale:** Sure, I mean Driedger is not a name that I am unfamiliar with and I would not refer to the member, of course. There are other Driedgers, so I would not be using the name inappropriately, according to our rules, but you know Portage did the same thing. Portage raised a whack of cash for the CT installation there.

I have been in Brandon where their local foundation is very proud of the work they have done

and the money that has been raised. So I do not see a link between regionalization and local volunteers or foundation activity. In fact, HSC has over 600 volunteers active at any one time. Their volunteer appreciation dinner, which has happened every year and I have been at every year, is a wonderful event packed with people who are celebrating the volunteer roles. CancerCare Manitoba has hundreds of patient accompanists who walk with people through the journey of cancer and do a wonderful job of compassionate care.

We should look at regionalization in terms of how we can strengthen and improve it, but the member has used the example of B.C. B.C. went down from a larger number of regions to six in total, one provincial authority and five regions, so in fact increased the scale, not decreased the scale.

Ontario is just going through the same process. They are now into health planning regions. I have talked with George Smitherman about that. It is a very complex and difficult business in Ontario because they have waited so long to do it. They have now got more entrenched interests than might have been there a decade ago.

I think the tendency to go in the direction is—we cannot go back, but we can pay great attention to the issues the member raises and make sure that we are open to input about the morale and the opportunities to strengthen volunteer roles. If we do not own our medicare system at the grass-roots level, that is the risk of losing it, and every time I do a speech or a ribbon cutting or anything, I always say to the people there, it is critical that you own this system. It is not ours in government, it is yours, and you have to own it, and we have to be accountable to you for how it functions.

**Mrs. Driedger:** I appreciate the minister saying that we have a net gain of physicians coming in, but we do also lose 150 that do leave, which does lead to disruption. When you have 150 physicians every year that do not want to stay here, again retention is—and I know the minister has been out there indicating, I know, I think, at the southeast, maybe, board meeting or AGM or something, southeast region, you know, indicated that retention is a serious problem. So, while we do have a net gain, we still do lose 150 doctors that for some reason do not want to stay here in Manitoba. That does disrupt the system.

We keep just over half of our medical grads. I wish there was a way—

**An Honourable Member:** We are up in the seventies now.

**Mrs. Driedger:** Is it seventies now? Just because in the last College of Physicians and Surgeons, on their last report, it has shown pretty consistently over many years that we do not retain about half of our medical grads so that is sort of nothing new over many years. I am hoping that we can get really good at that because we do lose a valuable resource, but when we do see 150 doctors leave every year, imagine how much better off we would be if they did stay. Yes, while we have the net gain, we still do have a loss, and we still are sitting with a shortage right now of almost a hundred specialists just in Winnipeg alone. That just sort of adds to some of the disruption.

Does the minister have feedback coming his way about how the front lines are feeling about what is going on in health care?

**Mr. Sale:** I would say very little that is of a negative nature in terms of concerns. In any system that has 37,000 staff, there are going to be negative concerns inevitably, but in terms of volume, no, I do not see that kind of volume. I see events like the joint affair the other day at Concordia where there was a huge celebration of successes and other staff gatherings that I have been at where people are very proud of the work they do and very positive about it.

I also saw a lot of personal relationships between staff in hospitals that I have been in where people knew each other's names: cleaners, clerks, nurses, very good relationships.

**Madam Chairperson:** The hour being 12:30, committee rise.

### WATER STEWARDSHIP

\* (10:00)

**Mr. Chairperson (Conrad Santos):** Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of the Department of Water Stewardship.

Does the honourable minister have an opening statement?

**Hon. Steve Ashton (Minister of Water Stewardship):** Yes, Mr. Chairperson.

**Mr. Chairperson:** Proceed, please.

**Mr. Ashton:** Thank you, Mr. Chairperson. It is a great pleasure to once again be able to bring forth a brief summary of some of the highlights both in terms of our Estimates and in terms of our department.

Certainly, I want to begin with the clear recognition that water is of tremendous importance to Manitoba, of tremendous importance to Manitobans. We often tend to forget the degree to which we are very much a province that relies on water, is dominated by water. We either have too much of it, too little of it, in some cases a combination of both in different areas of the province.

Certainly, I do want to begin with an acknowledgment that this spring and throughout much of last spring and summer, we faced significant flooding in Manitoba. I think it is very important to note the efforts of the department working with other government departments, municipalities, First Nations and Northern Affairs communities in dealing with these tremendous challenges. I do want to really note the degree to which we have also seen the value of permanent flood protection, the degree to which we are moving in other areas of the province in that direction, certainly the work that is happening in terms of the permanent diking following the initial emergency diking last year on Lake Winnipeg and the need for further flood protection for communities such as Ralls Island, the R.M. of Kelsey, and also Deloraine.

We are looking very much at that, and, of course, the most prominent way in which we as a province are moving ahead in terms of protection in case of severe flooding is the floodway. We are very pleased that construction has begun on that over the past year and will continue in the upcoming year.

This has also been a significant year with the introduction of The Water Protection Act. This follows on The Drinking Water Safety Act and the various initiatives of the water strategy, and I think it is important to acknowledge that we are moving very significantly on many of the quality and in some cases quantity challenges. When I say quantity challenges, we do recognize the need for some significant measures in terms of conservation, and certainly that is part of that.

I am very pleased that we have a significant increase in funding for the Department of Water Stewardship. I would point to the fact that we have an increase of over \$1.8 million. That is 3.8 percent.

In terms of highlights, there is \$1.2 million for the new Water Stewardship Initiatives, and that includes \$250,000 for additional incentives for farmers to adopt beneficial nutrient management practices; an increase of \$100,000 for an infrastructure safety initiative; an increase of \$350,000 for drainage licensing and enforcement and for reconstruction and maintenance of provincial drains; an increase of \$200,000 to implement The Drinking Water Safety Act regulations; an increase of \$125,000 for a clean water education campaign; an increase of \$200,000 to expand the conservation districts program. There is also a 30 percent increase in funding for water infrastructure projects, bringing it to a total of \$10.4 million, and a doubling of funding for drainage, now a total of approximately \$3.7 million. This is, of course, not including the floodway, and with the floodway there is an anticipated capital funding of \$108 million. Very significant investments in water, and, I think, it certainly is in keeping with much of what we have been talking about the last number of years, the overall strategy.

I want to just briefly highlight a number of key issues. The health of Lake Winnipeg. The Lake Winnipeg Stewardship Board has been working on this for three years. We announced the Lake Winnipeg Action Plan. We prioritized funding of \$475,000 for initiatives related to Lake Winnipeg including the stewardship board itself; collaborative science research support for the *Namao*; E. coli research in the Clean Beaches Program; long-term water quality objectives for the lake; water quality drainage research; watershed processes. In addition, many of the recommendations will probably be addressed through the measures to implement The Water Protection Act and the water protection initiatives. The implementation of the act does have additional funding along with the incentives, and that totals over \$1.5 million.

I want to also profile the work we are doing to protect and manage ground water. We have an additional \$150,000 of funding to map and evaluate the long-term sustainable yield of our major aquifers. We have \$80,000 to assist watershed management groups develop source water and wellhead protection programs to protect ground water, and that continues the priority. Devils Lake continues to be an issue that certainly has been very much in the news, and we have been very active on that. The NAWS project, Red River Valley water supply projects were also introduced and we are watching very closely. We

also have the introduction here of a Shoal Lake management plan implementation, \$25,000.

In terms of Fisheries, I want to stress that we are doing very well in terms of recreational fishing, one of the leaders in the country in terms of commercial fishing. We continue to maintain the Northern Fishermen's Freight Assistance Program that our government brought in when we came back into office. It is \$410,000. We are working very much in co-operation with the federal government in terms of aquatic ecosystems, and of course we want to continue to note the importance of the Fisheries Enhancement Initiative. I think it is one of the best programs we have, very significantly supported by the public and by many organizations. There is an overall budget allocation of \$2.1 million; that is an increase of 15 percent from last year.

I want to stress a number of areas, and this is in terms of the Office of Drinking Water, by the way, in terms of the 15 percent increase. Two new regulations are being introduced under The Drinking Water Safety Act: this ongoing surveillance of Manitoba's public water systems and the new requirements under The Drinking Safety Act. Those are very significant activities. I mentioned earlier the implementation of The Water Protection Act. There are also the water protection incentives. I think that is a very positive program, certainly something we receive a lot of feedback from many people in the field. Many organizations have been pointing to that as a key issue.

What I want to stress—I can get into more details, given the time constraints, though—is the degree to which we are moving very significantly ahead, whether it be in terms of The Water Protection Act, whether it be in terms of significant capital improvements like the floodway. I am very pleased that we have been able to put additional funds into drainage. Certainly, that is an ongoing concern in rural Manitoba.

I do want to acknowledge, by the way, that I believe we have the ability here as a province to take a lead role in terms of water issues. Many of the issues involving quality or quantity management are areas where we are already leaders of CDs or leaders across the country. Much of what we are doing in terms of The Water Protection Act, the water strategy, again, we are very much leaders, and I do not think Manitobans would expect anything less.

\* (10:10)

Our goal, our vision, remains the same, and it is to leave our water in better shape than we found it. That includes not just the quality issues, but also our quantity management. Mr. Chairperson, when I say quantity management, whether it be in the case of drought or floods—so I think our vision as a department is very much our vision as a province, and the key element, and I just want to finish on this, is ensuring that we are all part of the solutions. I think that very much is the key approach that we have in the department.

So I look forward to the questions from the acting critic, the former critic, who, I know, we seem to follow each other around in terms of Cabinet and critic portfolios, going back to Highways. I know that the Member for Portage does have a very significant interest in water-based issues, has actively raised those in the House and certainly has been active in his own capacity, both in terms of his community and his previous life, as we all do have previous lives. So I certainly look forward to the questions, and I think it is very important that we take the time to look at many of the issues that are facing us in terms of water issues because we have a lot at stake. Thank you.

**Mr. Chairperson:** The Chair thanks the honourable minister for those comments.

Does the official opposition representative have an opening statement?

**Mr. David Faurchou (Portage la Prairie):** Mr. Chairperson, I would like to defer to the honourable colleague from Steinbach for opening remarks at this time. Thank you.

**Mr. Kelvin Goertzen (Steinbach):** I appreciate the opportunity from the Member for Portage. I also know that the honourable Member for Turtle Mountain (Mr. Cullen), who is the official critic on some of these issues, was unable to be here. He was offering to allow me an opportunity to speak in his place today, Mr. Chairperson. I think it is important to recognize some of the important comments that the minister put on the record. I think every member here in this Chamber would agree on the importance of quality of water which the minister spoke of, quality drinking water.

We know also that the health of our rivers and our lakes, and Lake Winnipeg is the one that often garners the most attention, is also very important. I say to the minister that we share many of those similar concerns, and I think that we as a party have

tried to work with the government on some of these issues in a co-operative way where we saw that the interests were aligned.

There are other areas, perhaps, where we have more divergent views and more challenges. Certainly, we understand that there have been some concerns raised regarding water regulations that are being brought forward here in the province, and I would say to the minister, it is not just simply the nature of those regulations. I think discussions could happen about the value of them and whether or not they could be improved upon. But also I think the process, and, as is often the case, the process sometimes seems to trump things because you need to have people who buy into these sorts of regulations and these understandings, then be sure that there is a rationale for how things happen. There is a good feeling about why things are going forward, and then when you get that sort of buy-in through a good process, then things seem to just go along in a way that is more productive for everyone in the long run.

I have had the opportunity, as I know my colleague from Portage has, I believe, to attend some of the meetings regarding the water regulations that have come up through the province. Some of them, I would say, to be gentle, were fairly charged emotionally. Certainly, the one I attended in Steinbach in particular, where there were more than, I believe 300 people in a hall to discuss these regulations, very concerned about what impact they were going to have upon their livelihood in agriculture and in other areas. Some who are in more tertiary areas, there are spin-off areas related to agriculture, and were concerned about the regulations. But, you know, it dawned on me not long into that meeting that, not only were they concerned about the regulations, but they were concerned about the process.

More than one person who went to the mike to ask questions wondered where the minister was. I certainly know it is not parliamentary to refer to the absence of somebody in a Chamber, but, in a meeting in an average hall in Manitoba, it certainly is within the rights of ordinary Manitobans to question whether or why the minister was not at this meeting or other meetings. I do think that it is important for the minister to come, and not just to read transcripts when you have reports from officials. I am sure that the minister would tell me he got a report from officials, but to actually hear the emotion from individuals, I know that ministers past—I think of

Harry Enns, who sometimes had to make difficult decisions, but went into halls filled with people to explain why it was that decisions were being made, and, I think, at the end of those evenings, everybody was better for some of those discussions. I say that he had the courage of his convictions, and did what people expect representatives of government to do. So I would encourage the minister to certainly consider that in future processes or meetings that might be taking place.

I appreciated that the minister mentioned the floodway. It has been sort of a topic of conversation, one of my more favourite topics in the past. The minister and I have had the opportunity to talk about the floodway at different stages of my short political career and his more extended one. I know that when I was doing discussions on the floodway a couple of years ago, I sort of got the pat on the back by the minister and said that everything was going to be okay and not to worry, that costs would not be driven up, and I do not remember if he called me a fearmonger, but it was certainly along those lines, suggesting that I was a little off the rails, I guess, and perhaps a little green under the bark to be asking these sorts of questions. He knows that I was asking them on behalf of constituents, on behalf of Manitobans who were concerned about the costs of the floodway, and as it turned out now in more recent days, we seem to see that the concerns that Manitobans raised and that I have the good fortune to voice those concerns here in the Legislature and beyond, the concerns that they raised seem to have had some foundation and seem to have had some rationale.

So perhaps the minister might have a bit of a different reflection on some of those discussions that we had in Estimates a couple of years ago and in Question Period here in this Chamber. I know he was quite boisterous about ensuring that the floodway project would provide a one-in-700-year flood protection for \$665 million and was committed to that expectation. We will see if that commitment holds as strongly today as it did two years ago.

So, with those few comments, Mr. Chairperson, on behalf of my colleagues who are here in the House, I think we are looking forward to moving on to some good discussion, both today and in the days to come.

**Mr. Chairperson:** Under Manitoba practice, debate on the Minister's Salary is traditionally the last item considered for a department in the Committee of

Supply. Accordingly, we shall defer consideration of item 1.(a) and proceed with the consideration of the remaining items referenced in resolutions.

At this time, we invite the minister's staff to join us in the Chamber. Once they are seated, we will ask the minister to introduce the staff in attendance.

**Mr. Ashton:** Mr. Chairperson, I was going to, first of all, introduce all the staff that will be available for Estimates and, given the limited seating, we have brought in some of the senior staff members, but as we move into other areas, what I was going to suggest, if members opposite have—you know, Fisheries, or any other areas, that we can also make those staff available. We may be a small department, but we have some very capable people in it. I think most of our senior staff are here this morning. Good thing we are outside of flood season.

What I was going to do was introduce first of all in the Chamber, initially, Gerry Berezuk, deputy minister; Don Norquay, assistant deputy minister, Ecological Services Division; Steve Topping, executive director, Infrastructure and Operations Division; and Ernie Gilroy, the CEO of the Manitoba Floodway Authority. Rather than introduce staff when they do come in, the other staff who are available include Bruce Gray, assistant deputy minister, Corporate Services; Dick Menon, general manager, Manitoba Water Services Board; Don Rocan, manager, Office of Drinking Water; Dwight Williamson, director, Water Science and Management Branch; and Joe O'Connor of the Fisheries Branch. I do have that available for Hansard to be of assistance.

\* (10:20)

**Mr. Chairperson:** Does the committee wish to proceed through these Estimates in a chronological manner, or have a global discussion?

**Mr. Faurschou:** Mr. Chairperson, with the co-operation of the minister, we would appreciate if we were able to undertake the Estimates evaluation on a global basis, and we would like to start with the consideration of the floodway expansion project.

**Mr. Chairperson:** Is there an agreement that the committee shall go global? *[Agreed]*

**Mr. Ashton:** Again, the qualification that if we do move into other areas, even to keep things moving, time is fairly limited now with Estimates, that if we are moving into other areas maybe just even some

indication on the record of which section might be coming up next, then we can rearrange the seating in the Chamber.

**Mr. Chairperson:** The floor is now open for questions.

**Mr. Goertzen:** I do have a couple of questions that I want some clarification on regarding the floodway project, and I appreciate the fact that staff is here, senior staff from the department. Just in regard, and I believe I heard Mr. Gilroy, actually, on the radio this morning, talking about the budget for the floodway project, the original budget that I think the terms that he used on the radio program was that a budget was tabled for the floodway project. Is that a budget that is publicly available? Is that the same one he was referring to?

**Mr. Ashton:** Well, Mr. Chairperson, I am pleased that the member is actually asking some questions in terms of the floodway because, certainly, it has been very apparent from the last several days that members opposite either do not know or do not care to know some of the key elements of what has been in place. What we have done, very clearly, is put forward the scope of the project, the two phases: the first, and I just remind the member opposite that it was \$160 million, was expanded to \$240 million cost-shared, the federal-provincial governments, and that the second phase is obviously the area that we are moving into now. And, indeed, I have indicated on the record, and I think it is important here in Estimates to reiterate that we are optimistic, based on our discussions with the new federal government, that we are going to see a follow-through. In fact, when we get the Prime Minister of Canada saying that the commitment of the previous government will be honoured, I think that is something that we respect and it certainly is something that is echoed in my meetings with, certainly, Minister Cannon, Minister Toews, along with Manitoba M.P.s, who have all indicated this is a priority.

We also, Mr. Chairperson, and I think this is where, again, members opposite have shown a real misunderstanding of what has been happening in terms of the project. We are now in phase 1 and, indeed, in phase 1 the current project is on budget. For the information of members opposite, the way that this project is managed is no different from any other major project.

The Floodway Authority, each year, based on the scope of the project, assesses construction costs. We did that initially in 2003, when the first

engineering estimates were made of the cost. At that time, by the way, it is important to note, even at the point in time that we were finalizing the scope of the project, that the original general scope of the project that was put forward as an option by KGS to the IJC was for a 1-in-500-year protection, approximately \$770 million. It was put forward, by the way, as one of the options, the Ste. Agathe detention option being the other option. I do not need to get into the history of this, but it is important to note that the original budget estimate was in 2003.

The \$665 million number resulted from the follow-up to the 2003-2004 construction season, both in terms with the experience with tenders, and also an analysis of the market. Indeed, this fall was no different than any other fall. The Floodway Authority reviewed the experience, not just with the tenders but, obviously, with what is happening in terms of construction projects here in Manitoba and across the country.

The report recognizes that, in 2005, we had a 20 percent increase in Winnipeg. Mr. Chairperson, we had major projects, such as the Vancouver Olympics, the Alberta tar sands and over and above the increase in the competitive nature of the industry, in terms of major projects. We also factored in fuel costs. The excavation portion of the project is a very significant portion. I want to put on the record that there have been very significant increases in fuel.

Similarly, in terms of bridges, there have been increases in steel costs, concrete costs. The latest estimate of costs for the floodway is, indeed, based on the current scope of the project; again, 1-in-700-year flood protection. I think it is very important to note that we have asked the Floodway Authority to go back and review, as anybody responsible for a major project would do, given the cost trends, to determine if there are ways in which we can achieve the same goal, the hydraulic capability, which will lead to 1-in-700-year flood protection.

I think it is important to note, because we have said very clearly, that the current estimate of the project, if it were to be unchanged, is something that we are asking the Floodway Authority to review, and that is what they are doing.

I think if you are building a house or you are building a new business or you are building a major project, if you do run into cost pressures, what you do is you look and see if there are ways in which you can accomplish the same goal and do it in a more inexpensive manner. So I think it is very important to

note that. The Web site has been available in terms of that, in terms of information.

I think it is also important, by the way, to put on the record that the Leader of the Opposition (Mr. McFadyen) yesterday, I think, Mr. Chairperson, really misled Manitobans. I am very surprised, given his previous life at City Hall, because there were references, and I actually do have the Conservative press release to the City of Winnipeg permanent dike and other measures that have always been identified.

I point out, Mr. Chairperson, if you go back to the KGS report, the scoping report, the EIS, that these are the City's responsibility. The EIS, I referred it to an ancillary project. It is not included in the project labour agreement, the master insurance policy and, by the way, there has been clear acceptance by the City that it is the City's responsibility. The CEC itself indicated that is the case and they also called on other levels of government to look at cost sharing, along with the 2015 time frame.

The important point to note here, by the way, is that the same flooding protection can be accomplished through temporary measures, sandbags and other temporary measures that are done currently. This year there was sandbagging on Scotia Street, for example. It was done in '97 and would be done in a 1-in-700-year flood.

Mr. Chairperson, to suggest that there was somehow anything new in this, I think, it was interesting that the Leader of the Opposition tabled the presentation to the CEC by the City, but did not table the CEC's report. The report is very clear that this is the preferred option to the standard practice of temporary diking. The City's proposal, by the way, would involve extensive permanent diking. We do have people in the city of Winnipeg that have, in the city up until now, for example, on Scotia Street, not wanted permanent diking.

So I do want to put on the record that, if we are talking about the project, it is really important to recognize that we are in phase 1, the \$240-million phase. We have phase 2. The identified work has been put forward. It is public information, subject to many public hearings. The work that the Leader of the Opposition referred to yesterday was referenced a year ago in the CEC hearings.

\* (10:30)

In fact, there are ongoing discussions with the City of Winnipeg who made that very clear, even

yesterday in public comment, that they are working with different levels of government. We are working within the spirit of the recommendations, the direct word of the recommendations of the CEC. I think it is very important for members opposite to recognize the key elements, as I said, phase 1, phase 2.

Indeed, when it comes to phase 2, if we can accomplish the same for flood protection goals through any ways of restructuring the project, either the order or any of the components, we will do it. I point out, by the way, that since the project started, we have made some significant changes. We are now at 1 in 700 years, and that remains what we will achieve for Manitobans.

**Mr. Goertzen:** I know the acoustics are not always good in here. If the minister did not hear the question, I am certainly always willing to restate it for him. I think I asked very specifically about the reference to the budget that Mr. Gilroy said was tabled.

I would like to know if there is a publicly available budget either for the 240 stage of the project or for the 665, because the minister talked about responsibility and the need to be responsible with public funds, and I appreciate that. I think most Manitobans would assume that if we are going to be responsible for funds, that there should be a budget that is available.

**Mr. Ashton:** Well, Mr. Chairperson, it is obvious that the member has not even done the elementary step of checking the Web site. He talked about attendance at public meetings. Perhaps he did have the opportunity to attend some of the meetings held by the Floodway Authority. There were numerous meetings, 13 meetings.

The list of projects has been made very clear. In fact, if you go to the Web site, you will see a map outlining the specific projects. They are listed. It is very important to note that what we are doing now is proceeding through phase 1. We are receiving the tenders in terms of that. You have an overall global budget for the second phase of the project. It has been very clear in terms of the 665. Obviously, right now, we are reviewing the specific components of the project to achieve the same goal. So that may change, not the 1-in-700-year flood protection but the specific work on the projects. We have already done that. Indeed, the actual cost that will come in will be based on the experience of the tenders. That is why we have done the fiscally responsible thing in

this particular case, based on the analysis by the Floodway Authority, by the way.

I do want to stress that this is done by our engineers, our staff who have expertise in the construction field. So this is not politically based. You know, I may be an economist by background, but I would never presume that I would know more, and I certainly would not, than the professionals who are out there, the engineers. By the way, we have some of the best engineers in this province and in this country working on this project, both for the Floodway Authority and also our partners in the consulting engineering field. So, again, we have been very up front, with phase 1 being \$240 million. The specific projects that I think the member is aware of that are underway, I can spend the time or perhaps try to provide a list to the member opposite of some of the projects that are already underway and will be completed as part of that.

As we move into phase 2, we have indicated we are, indeed, working with the federal government on the federal-provincial cost-sharing side. But we are reviewing that global budget and the specific items within it, because I do not think Manitobans would expect us to do anything other than to look for efficiencies. I should point out that we already have achieved a number of efficiencies in terms of pre-purchase, particularly related to materials for our bridges. We are looking at cost efficiencies in terms of the bridge components, in terms of having standardized components. When you are replacing, in this case, a significant number of bridges, there are some real opportunities for some economies of scale. So we are working as we speak.

We are working on various project management approaches, again, to look at efficiencies. I do not know a major project where you would not do that. We cannot control the price of oil. We cannot control the price of steel. We cannot control the price of concrete. Quite frankly, the one thing we can control is the cost of labour, with the exception of, perhaps, overtime costs if there are any shortages of labour.

In fact, the one predictable area, and I know the member does not like to hear this, for phase 1 and phase 2 is the project management agreement. If anybody doubts the degree to which that reflects the reality in the market, I would remind them that we just received unanimous support for the construction industry wages agreement update, which basically has established a very significant increase in the construction area.

If the member wishes more detailed information in terms of the projects that have been awarded, I can either read it into the record or provide him with that information because I think—and just so the member knows, it is the floodway east embankment gap, the channel excavation inlet from PTH 59 south or PTH 59 south bridge, Trans Canada Highway bridge, highway detours, highway barriers, the CMR bridge steel girders, the highway girders, pre-cast pure segments, temporary detours, this involves the Sprague bridge, and the Sprague bridge itself.

These are all items that have been tendered. I can provide that information to the member perhaps to save time in a follow-up document, but clearly again we have the overall global budgets for phase 1. We are reworking the budget for phase 2, given the cost pressures, and I am quite prepared to provide him with a complete list of all the tender projects that have gone forward from this point. I think this information would be, I am sure, useful to the member. For him to say that, in fact, the floodway has been in a very significant amount of work, and I do stress we have already increased the flood protection to 1-in-140-year protection, something I have raised in the House, and it is very much because each and every one of these projects will have a significant benefit to Manitobans.

**Mr. Goertzen:** Mr. Chairperson, I think that the minister knows that what we are looking for on behalf of Manitobans is a detailed budget for the project so that comparisons can be made in terms of original expectations and what the ongoing costs are. That is something that we have been discussing and asking for for a couple of years. The more things change, the more they stay the same in some ways.

I would ask the minister, and certainly I know he referenced the Web site, this morning on the Web site for the Floodway Authority it still references the budget for the floodway of 665 for 1-in-700-year flood protection. So I am assuming, then, that the minister is saying that nothing has changed, that it is going to cost 665 for 1 in 700 years, because the Web site which he referenced, which he commended, still says that as of this morning. So I am sure he would not on one hand say that it is an important thing and, on the other hand, say that, well, we agree with some of the things on the Web site but not some of the other things. So I will take him at his word on that.

I would ask, however, regarding any recent design changes in the project, whether or not—and I

am just asking for information—there have been any significant design changes on the floodway project from when it was originally brought forward to what has happened in phase 1.

**Mr. Ashton:** Well, first of all, I indicate I can provide full detailed information on the tenders that have been achieved to date. I think that is important information to be made available, and if the member is interested, that information will be available.

Second of all, I just want to restate that in terms of phase 2, based on the work that was done this fall, based on the report both to the province and to the immediate funding partner of this component of floodway expansion, the federal government, we are reviewing the phase 2 in terms of not the 1-in-700-year aspect, but basically, ways in which we can get greater efficiencies. So that number has not been adjusted, and, in fact, we are working on that. I think that is important, but I do want to stress, by the way, to the member, and I am sure he is probably aware of this, but maybe other members of the public may not be aware, there was a very significant design change from the original scope of the project to the current scope of the project.

\* (10:40)

The original KGS report to the IJC was scoped on a 1-in-500-year flood event, protection to that level, and I mentioned that was the alternative to Ste. Agathe detention. What that was estimated at the time was being around \$770 million, but that was a scoping study. I think if members know anything about what happens on a major project, you scope initially and then, obviously, you do the detailed engineering work that did follow afterwards.

We did basically look at the situation in terms of the engineering, mostly based on the environmental concerns that were expressed in the 1960s that were some significant impact on aquifers, and the floodway does go through two aquifers. What we did as a result of that, we did significantly redesign the project, and what we did is we made it wider rather than deeper. This was something that also involved the raising of bridges. As well, it achieves the same hydraulic capacity. I refer the member to the Clean Environment Commission report because, certainly, this was a major issue that was raised at the Clean Environment Commission and certainly our actions do reflect that.

As I said, we have throughout the project taken the approach that flood protection is a fundamental

goal but also other factors, including limiting or eliminating any impact in the environment. And it was also a fact that we were looking at the costs side as well. We are looking at that right now in terms of the scheduling, ways to save money. We are looking at various different issues involving timing of construction, for example, of various bridges.

The key thing again, though, is I just want to stress we went from 1 in 500 years to 1 in 700 years. What we are working on now is the same goal of 1 in 700 years, and I am not going to play games with words when I say the same goal, the same end result. That is a process we are looking at right now, based on the latest information over the last number of months on cost projections.

I guess, to sum it up, the major re-engineering that was done initially was really prior to the most recent information and was done very much going up to and including and through the Clean Environment Commission last year. So there has been no major re-engineering since that point of time, but we are looking at all of the various components with that same bottom line, which is cost efficiency and 1-in-700-year flood protection.

**Mr. Goertzen:** I thank the minister. Can he indicate if there were any design changes since the original application on bridges, particularly making two bridges at 59 and at Highway 1 as opposed to having one span, which is what was in place previously?

**Mr. Ashton:** I think my previous answer is probably the best explanation in the sense that we are reviewing all the elements of phase 2 based on the same bottom line, cost efficiency and 1-in-700-year flood protection. There have been no decisions that we have looked at. Actually, probably the third component I should list is also being consistent with the licensing requirements of the Clean Environment Commission report. Again, that includes some of the issues I already referenced. So we are looking at all of the timing issues, the component issues. The key thing, again, is those bottom lines, the 1 in 700 years, the cost efficiency and the Clean Environment Commission licensing requirements, quite frankly, the commitments that have already been made.

If you read the Clean Environment Commission, it lists its reports in two categories, licensing requirements and non-licensing. We are already committed on many of the non-licensing requirements, as well and including the issues that were raised yesterday in terms of the city of Winnipeg, because that is not under licensing requirements, but

the Clean Environment Commission did raise it as a major issue that was raised by the City of Winnipeg, and we have indicated that we are working with them right now. Actually, this is the city flood works. They already have their own separate system. This is very much in keeping with what any municipality does; municipal dikes, or you go through the Red River, you look at what we have done with Lake Winnipeg. There are municipal diking systems in place. This is also, again, part of their involvement and contribution towards the overall project.

But, in terms of the core project, we are still re-looking at phase 2 and we have made no final decisions. Quite frankly, I should stress, too, that we also do work with the federal government. There is an oversight process, oversight committee, and any and all adjustments would also be done in consultation with the federal government, as have all of the stages of the project up until this point.

**Mr. Goertzen:** Is that an oversight committee the minister references that Mr. Gilroy and Mr. Kostyra sit on, in terms of approving expenditures?

**Mr. Ashton:** It is a federal-provincial committee. The member has pointed the two provincial reps, and there are also two federal reps, I guess the assistant deputy minister of Infrastructure and the Western Diversification minister. So there is a four-person, federal-provincial committee.

**Mr. Goertzen:** Just for greater certainty because I might not have heard. Are the two provincial reps Mr. Gilroy and Mr. Kostyra?

**Mr. Ashton:** Yes.

**Mr. Goertzen:** I thank the member for that.

Regarding in the Estimates books, page 210, under the Activity and Expected Results classification for Manitoba Floodway Authority, one of the expected results is to successfully conclude negotiations with the federal government on cost-sharing. Can the minister indicate what the contents of those negotiations are, because certainly some of the statements he has indicated in the House is that commitments were already in place? If he could indicate what the negotiations are that are ongoing.

**Mr. Ashton:** First of all, I want to indicate a bit of the chronology, and I will just restate it very briefly because I think that is very helpful in looking where we are at now in terms of phase 2. The initial contribution from the federal government was for the

original \$160 million, later upgraded to \$240 million, on a 50-50 cost-share basis.

We are in that phase right now. The federal government, and there is a whole chronology that I am more than willing to make available in terms of letters, meetings, et cetera; it might save a bit of time in terms of that. The former federal government did commit to the phase 2, which would bring the total project contributions to \$665 million. This was confirmed, obviously, in the fall but was all subject of meetings, correspondence, et cetera. I know I have stated that some reference to the cheque being in the mail. One of the problems with the commitment from the former government was that they essentially did make the commitment, but it was not a budgeted commitment. Certainly, we did pursue those discussions with the former government.

With the new government, I think in a matter of days, we flagged this as a priority issue. The Premier (Mr. Doer) raised this with the Prime Minister early on, raised it again, and I do want to give the new government some credit, as well. I mean, they are a new government, obviously dealing with a rather unfortunate number of unfulfilled commitments. I could mention a number that are outside of the jurisdiction of this department that seem to be in the cheque-is-in-the-mail category.

We understood there were some timing issues. They had to get their Cabinet in place, they had to get their budget in place. I want to stress, in each and every stage of any communication, there has been a clear recognition by the federal government that this is seen as a priority for Manitoba, and it is seen as a national priority in terms of infrastructure. What we are, I think, dealing with now—and, again, I think it is important to restate that the Prime Minister again in Gimli did, in fact, signal very clearly the federal government's commitment to the next phase.

\* (10:50)

We are under some time pressures. I think that is important to note, but we have received every indication from all of our communications and discussions that the federal government is making very significant efforts here to not just live up to the commitment but also accommodate the time frame in terms of construction tenders. Probably our key element is over the next few weeks, which is when we will be preparing and sending out the tenders for the next part of the construction season, but I do want to stress that I think with the current federal government they have indicated clearly that they will

live up to the commitment made by the previous federal government and go one step further and actually fund it.

I want to stress on the record again because I know when you are dealing with deadlines it would be very easy to get frustrated with the deadlines, but for a new government, to give you an indication of how quick the response was on the floodway, Minister Cannon I think phoned me within about 24 hours after the meeting between the Prime Minister and the Premier (Mr. Doer) at the Prime Minister's request. So, as much as we often are used to asking for meetings, sometimes you get them more quickly than others.

I just want to make one brief comment, by the way, too. I think also Vic Toews has been very aware of this and very supportive as well. So it is not just Minister Cannon. The member's own M.P. has been very significantly involved with trying to move this to the actual funding stage.

**Mr. Faursschou:** I just want to take a moment at the present time to recognize visitors in the Chamber here today from Winnipeg Beach. They are with us under the direction of the teacher, Larry Moore, of the Grade 7 class that has joined us today, and we want to welcome you to the Chamber to observe the proceedings of the Committee of Estimates. So, welcome today, and the honourable member speaking is the representative for Thompson and the Minister of Water Stewardship, joined here in the Chamber with myself the Member for Portage la Prairie, the Member for Steinbach (Mr. Goertzen) and the Member for Inkster (Mr. Lamoureux).

We are very pleased that you have taken time out to observe some of the legislative process. At times it might be a little boring, but it is all valuable to our legislative democracy which we enjoy here in Manitoba. So thank you and welcome.

**Mr. Ashton:** I see the visitors have to leave, but I also want to put on the record that we welcome them here. I visit Winnipeg Beach many times, and they are lucky to live in a place like Winnipeg Beach, Mr. Chairperson, and we welcome them here anytime.

**Mr. Goertzen:** I almost felt like raising a point of order when I was told this was boring. I am having the time of my life here. I can hardly believe it. Anyway—[interjection] I know we could but we will not because that is just not how we are.

I would ask the minister, the Premier made reference last week to part of the cost overruns that

are now being faced by the expansion project as being in relation to demands or requests from the R.M. of Ritchot. I wonder if the minister could expand upon the Premier's comments about the cost pressures being put on by concerns from the R.M. of Ritchot.

**Mr. Ashton:** What I want to flag—and this is something that I am sure the member is probably aware of through Minister Toews who also happens to be the M.P. for the area as well, for the R.M. of Ritchot.

One of the issues that has been raised that was initially certainly outside of the scope of the original floodway expansion has been the Seine River diversion. I do not know the exact context of what the Premier was talking about, but I do know that that has been an ongoing issue that the R.M. of Ritchot has raised in addition to all the other floodway-related issues. Again, that has been outside of the scope, but we have all sorts of projects throughout the province that had been outside of the scope of other projects.

I mentioned Deloraine and the R.M. of Kelsey. They are outside of the scope of the original Red River flood protection program which did put in \$130-million worth of ring dikes and individual dikes around the Red River Valley. I mean, obviously, they are not in the Red River Valley.

But we are looking at some very legitimate concerns, and I can get into details on that later. I am not sure if that was the context of the discussion, but I suspect that was probably the reference. I know, certainly, I do not think there is any public—it is not a secret here, but I know Minister Toews has certainly raised that issue with me, as has the Member for La Verendrye (Mr. Lemieux), and we are certainly looking at that project on its own merit, even if it was outside of the original scope of the original floodway. So I assume that is probably what the reference is to, but not having, you know, the exact transcript, I do not know if it referenced other R.M. of Ritchot concerns, which I know the member is more than aware of.

**Mr. Goertzen:** I thank the minister for that. I think that was certainly part of what the Premier (Mr. Doer) was referring to, and I would suspect that the minister talks about it being outside of the scope of the project and that might be. I find it interesting that the Premier referenced that as part of the reasons for cost overruns, and yet when we talk about the diking required within the city of Winnipeg, the \$220-some

million, which I understand is also outside of the scope, according to what officials with the Floodway Authority have mentioned, that that does not get included into the cost overruns.

Can the minister maybe indicate why the Premier would be including certain aspects which he considers to be outside of the scope, and excluding others which he considers to be outside of the scope in the cost overruns?

**Mr. Ashton:** Well, I think the important thing here, and I want to stress what I said in the answer to the previous question is projects that have merit, in and as of themselves, whether they are in scope or out of scope, deserve consideration. I want to stress again about the City of Winnipeg, that they have always been in a situation where they basically have been responsible for community dikes, and I think that is very important because that is the situation any municipality, I mean, it is no different from any of the municipalities that the member represents in the Legislature, or the Member for Portage does.

Our approach is consistent with the City of Winnipeg, with what is in the CEC report. The CEC report did list it as a non-licensing requirement, that the city itself would be, you know, should move to permanent diking. It is Chapter 11, by the way, in the report, and just in case the member wonders if I actually ever do read these reports, and I do.

I would also let the member know that on page 120, the Clean Environment Commission report, it states that "By 2015, the City of Winnipeg complete permanent raising of the primary dikes and needed improvements to control gates and pumping stations to allow the City to permit the safe passage of 2,270 m<sup>3</sup>/s of water down the Red River" and "11.2 The City of Winnipeg, the Government of Canada, and the Government of Manitoba work cooperatively toward the financing of improvements to" that flood-control infrastructure.

So, even though it is a non-licensing requirement, even though it is outside of the scope of the actual floodway, and that is documented by the floodway, I think, on page 27. The member can go through the report; I am sure he probably has already. But what we have said is, it just makes sense. Simliar to what the CEC is talking about, to be looking at what the City has put forward, and it makes sense with the Seine River diversion. Again, items can be out of scope, but it does not mean they do not have value, and it does not mean that they cannot be done through other programs. We are not

necessarily going to be trying to suggest the R.M. of Kelsey is part of the Red River. We know that; it is not. But we are right now looking at a commitment.

I just want to mention, by the way, there is another case where the previous government talked about cost-sharing a dike and did not do it. We have been approaching the new federal government on that, and we certainly hope they will consider it.

\* (11:00)

So, in this case, the two issues, really, are consistent to my mind in the sense that we will look at projects on their own merit. The Seine River tributary has been raised on a number of years. We will look at its own merit, and we will look at the city of Winnipeg permanent diking, recognizing that there is always the temporary diking as listed in the report, \$7 million. That is always the available option. We do temporary diking right now. We did this year, again. When I say "we," the City of Winnipeg did, but we worked co-operatively with them, so, you know, what we are looking at here is actually, I think, going beyond the temporary diking approach. That is what the CEC basically put forward in its report. I want to just stress those are items we will look at on their own merit.

**Mr. Goertzen:** I want to ask a question regarding the project labour agreement. If the minister could indicate—I guess they kind of tie into each other—whether or not there have been any significant changes to the project labour agreement over the course of the last year. Also, I note on the Web site for the Floodway Authority a document from April 24 that indicates that the Floodway Authority will require that regular progress reports on the performance of the agreement be made public over the course of the project.

So two related questions. One, have there been any changes to the PLA over the last 12 months? Also, if those reports on the performance of the PLA are coming out regularly.

**Mr. Ashton:** Yes, there have been a number of MOUs that have resulted primarily in some technical changes. I believe their number is 11. The technical changes have been dealing with issues such as the hiring process in many cases, in fact in all cases, subject to consultation and agreement, and a number of cases, I know, came from direct initiative with employers. There have been, as I said, 11 technical changes over that period of time. Not being able to fund all provisions, obviously, the project

management agreement has been dealing with issues such as streamlining the hiring process.

**Mr. Goertzen:** Yes, and just on the other question, again, I note on April 24, 2004, it says the Floodway Authority will require the regular progress reports on the performance of the agreement be made public over the course of the project. Could you just point me to the direction of those reports?

**Mr. Ashton:** Well, I think the key thing I want to stress there is, clearly it is the one thing that we have got predictability on and we have in phase 1, and we have in phase 2. We are getting into the major part of the construction now with the end of phase 2, moving into phase 3, and certainly there will be more formal postings of reports over the next period of time. But I do want to stress this is the one area of predictability that we do have, and what we are dealing with now with the escalation in other costs, the only real area that we are seeing a potential impact right now in terms of labour costs is really due to the labour shortage, and that is not, by the way, strictly driven by projects in other provinces, but we are looking at the potential for—you have got the Hydro project, you have got the Hydro building, you have got 20 percent increase in construction last year, so that will be potentially an issue, although we are looking at training as well.

I should mention, very briefly, that our equity policies have been working very well. We have been getting very significant progress. We will be having reports available in terms of that, as was indicated, but generally the experience of the project management agreement is we are getting cost certainty. We are getting guaranteed no strike, no walkout, and very significantly we are getting employment for equity groups. I really want to stress again—I know there was some criticism early on—but there are many minorities, many women, many Aboriginal people that are not only capable of working in terms of technical skills, but they are actually second to none, and I think that is really important. We do have updated information on the PMA, the project management agreement, in terms of some of the revisions that have been made, like in terms of the immediate changes. That information is available. If the member wants a copy, I can give him a hard copy.

**Mr. Goertzen:** I would like a copy of the changes that relate back to a couple questions of mine. I just, perhaps, am confusing the minister. So I will be more clear.

On April 24, 2004, there is a document entitled Fact Sheet: Project Labour Agreement. It is on the much-discussed Web site lauded by the minister. I will just read one of the, it says, "Fact: The labour agreement will be a public document." There is no dispute about that; I know that it is. "In addition, MFEA," the Manitoba Floodway Expansion Authority, "will require that regular progress reports on the performance of the agreement be made public over the course of the project."

So I am sure that the minister is not telling me that a third of the way through the project there has not been one performance report because he has certainly indicated that things are going well. So, if he could even indicate to me when the last performance report on the PLA was made public, that would certainly suffice, at this point.

**Mr. Ashton:** There will be a report. I just want to point out that I would not describe this as being a third of the way through. Obviously, we are still in phase 1. A lot of that work is ongoing. By the way, the actual cash flow of the works is not there, but there will be a report posted, and the major part of construction we started last fall. I mean, there were subsidiary aspects. So, in terms of the actual time frame, we have been into the major part of the project essentially since September. So we are not dealing even with a one-year period. So we will be doing that, and that will be one of the activities, actually, that will be undertaken after the known part of the construction period. We have done that with the construction costs, and we will have an updated report on the project management agreement available this fall, based on the experience of the first major season of construction.

**Mr. Kevin Lamoureux (Inkster):** Mr. Chairperson, I do have a number of questions that I would like to ask the minister in regard to the floodway, maybe start off on a bit of a different note.

The floodway is going to provide wonderful protection to the city; there is no question about that. It has done a great job in the past, will even do a better job in the future. The question that I would like to start off asking is: Is the potential for alternative usage outside of just draining water or getting water re-routed around the city? Does the minister or the Floodway Authority have any responsibility in terms of what sorts of alternative usages the floodway could be used as?

**Mr. Ashton:** No, and I appreciate the question from the Member for Inkster because, clearly, the project

is oriented at flood protection, bringing a significant increase in flood protection. But we have said, right from day one, that we can do a number of things differently this time around. I am not being critical at all of the vision and foresight of the then-Roblin administration in building an initial floodway, but obviously the focus was very much on the engineering side, getting the job done.

Two of the key elements we have looked at, one is the environmental side. I mentioned that earlier, I will not go into details. But, also, the potential for recreational use, and we have been involved in public consultations with Rivers West. I am not sure if the member is aware that we have had a number of meetings as a working group that has been set up. Our basic approach here has been based on the philosophy of obviously maintaining the flood protection, but the degree to which we can use the infrastructure that will be there. There is a real potential.

I think there is potential for significant recreational aspects in that area. It is a very strategic area of the city. It would serve not only that area of the city, but the surrounding rural municipalities. We have received, through our public consultation process, many suggested ideas, some of which may be more feasible than others, but we are anticipating through our public process with Rivers West and with a wide variety of stakeholders. I have had an opportunity to meet with a number of them on a number of occasions, that we will be able to ensure that while we do the construction, we are able to open up some potential opportunities. I would stress that there has been nothing finalized in terms of that. That is an ongoing discussion, and it will be very much driven by many of the people that have actually come forward to us on their own initiative.

\*(11:10)

There have been discussions of trails, parks and other activities that will be consistent with that area. There is a small park there, the Duff Roblin park, and I certainly feel that it is important for us to look at perhaps a more appropriate park to recognize Duff Roblin's contribution. That is certainly something that is under consideration. We are actually looking very significantly at that. We have actually had some discussions with former Premier Roblin as well. I think that would be a fitting tribute.

I do not know how many people have actually been to Roblin Park, but is pretty Spartan, not that Duff Roblin was not maybe a Spartan premier as

well, I do not know. Maybe he would take that as a compliment, but I think it is, quite frankly, not fitting of someone who did have the vision to bring in the first floodway. So we are looking at not only recreational activities at the park, perhaps even a new location for the Roblin park that would suitably recognize former Premier Roblin's contribution to the province.

**Mr. Lamoureux:** I would like to be able to contribute in a positive way to what I believe is a wonderful opportunity by using the floodway for alternative usages, and I give two or three examples. Even though I think it has probably been 30-plus years, probably closer to 40 years, since I have been on a Ski-Doo, there are a lot of people that enjoy those Ski-Doo rides, and given the length and so forth, issues of safety and so on, I think a good winter usage of the floodway would have something that would include Ski-Doos. If you look at the fall time in particular, I think there are opportunities again for some of these motorized vehicles. You see them, actually, out at Birds Hill. There seem to be quite a few dirt bikes. I know even my own daughter who is an avid dirt biker, she likes to be able to go out in and about our cottage. I would think that, again, this is something that the government could be looking at.

There is also the idea of developing theme areas along the floodway. The minister makes reference to Duff Roblin park and it would be nice to see something that would be more appropriate, given the vision that Mr. Roblin had at the time. I believe that there might be other alternatives. If you walk along the floodway, you get some fairly impressive views of our fine city. I think that there is some merit there, whether it is picnic sites or some form of alternative recreational sites. The Forks has ice to sledding, and maybe it is something of that nature, again, outside of those periods of time when the flood water would actually be going through, but even when the flood water itself was going through, there could be some opportunities.

I know that the minister is sensitive to that. In fact, it was just the other day inside the Chamber, I was having some questions with the minister of transport, and he was saying that he followed the Minister of Water Stewardship (Mr. Ashton) into his Department of Government Services, and he was commenting on how you got the glory of the Golden Boy and he has got the glory of the pipes and the sewers downstairs, fixing them up. Then the breaks, I guess.

But I think if we use what the minister said there, there are some things that need to be done, and the floodway is one of those things that needs to be done. There are other things that could be done. I want to emphasize the importance of those things that could be done. It would be nice to see a more aggressive plan developed. I think it is important that we involve the Capital Region of the city of Winnipeg in particular.

My question to the minister is, can he indicate who makes up—I am assuming that it is the Rivers West body that seems to be leading this issue. If so, who makes up that particular group?

**Mr. Ashton:** I can probably best provide that information afterwards, so I will get him a list. What I do want to mention is that we have got extensive consultations. Snowmobilers are part of that consultation. Dirt bikes are certainly under consideration. Theme areas are also being considered. Again, this is something that we welcome input on. If the Member for Inkster has any specific suggestions or ideas, I come from northern Manitoba. I am always aware of how much snowmobiling is one of the great recreational pursuits that we have in this province that is available. I appreciate his comments on that.

Our goal here is, the floodway is there, and we want to see it as more than a very functional ditch, if you like. It is just what it is. We want to see it as a community asset on the recreational side as well so we are more than open to any ideas. We had no shortage of interest, by the way, Rivers West, obviously, but many different organizations put forward a lot of different ideas. People see this as a real opportunity, and if you look at where the floodway is on the map, you have probably got a couple of hundred thousand people living within maybe 10 minutes in an area of the city and a rural area that does not have the immediately available type of activities that we are talking about here.

I do not want to stress, by the way, that I was responsible for the Golden Boy, which had its own vision. I think there is another vision on the floodway. It often gets missed here, and that is not just the flood protection but the way we can develop this as a real community asset. Actually, the floodway itself is quite something else. I do not know if the members had the opportunity to see the gates. We invited you to see the gates during the time they were being refurbished at the same time that we were just finishing with the Golden Boy. It is funny, the Golden Boy is on top of the Legislative Building

and it is this great vision of Manitoba, a great symbol. If you want to see another symbol, that is the flood gates. It is just awesome when you see the size of them. I also think that one of the things we need to do, and I really think this is important. We have done some work. There was an interpretive presentation following the '97 flood, but we do not give enough credit to how much we have been leaders in Canada on the engineering side with the floodway. If you go back to the challenges in the sixties, there was actually a fair amount of controversy then. I do not get discouraged when I see some controversy in the House, and I will not mention which party voted against the floodway and which party has voted for it because I do not want to get the Member for Inkster riled, but he knows.

The key issue, by the way, and I think there is a vision in the floodway that often does not get taken into account. If you look at the number of times it has been used, it is astounding. It is absolutely astounding how much the cost benefit in the floodway project makes us an example for the rest of the world. In fact, it was interesting during the reactions to Hurricane Katrina that Manitoba, and that is not just this government, I am talking about collectively speaking, Manitobans were seen as models. This is how you do things. You anticipate the problems in advance. You work on major projects, et cetera.

So, in addition to the recreational side, I do hope that there is going to be much greater opportunity through the park perhaps and through perhaps some other measures to actually indicate that this is also symbolic of Manitoba. There is no challenge too great for Manitobans when it comes to engineering in this case or, quite frankly, anything else. I know I have a biased, you know, having been surrounded by engineers and various different things over the last number of years. I have worked very closely with engineers. I do not know if people realize, by the way, how much the original floodway and this floodway expansion is involving some of the best engineering expertise in the world. No one knows hydraulics better than Manitobans. I mean, fortunately, with hydro power and, unfortunately, maybe in terms of floods, but we are the experts.

**Mr. Lamoureux:** Yes, Mr. Chairperson, I raise it because I just do not want us to underestimate the potential, because it even goes beyond the community. It could ultimately be developed as a great tourist attraction. I just think it has phenomenal

potential, and it is the type of thing which, I believe, the government needs to stay on top of. I will wait to get the list from the minister. I suggest to the minister in advance of seeing the list, that what I will be looking for is to see what sort of capital-regional representation is actually on that list. If the minister, at the same time, can provide how those individuals are placed onto that list, it would also be appreciated.

\* (11:20)

Mr. Chair, I do have a couple of questions. My historical knowledge, other than the fact that the floodway was actually built, and so forth, is maybe not as keen as his is, so it might be a little bit repetitive. I wonder if the minister could indicate in terms of what was the original cost of the floodway that was constructed.

**Mr. Ashton:** Mr. Chair, I think we should maybe develop a version of the game Trivia in terms of this, because I think the member has got a fine interest in details. It is interesting because I am probably more familiar with the details on the current floodway expansion, but we do have Ernie Gilroy here who lives and breathes the floodway 24 hours a day. He advises me that the original budget was \$63 million.

**Mr. Lamoureux:** Over the years, I suspect that there are maintenance costs, ongoing operational costs. Can we get a sense in terms of what sort of costs those would actually be? I am not necessarily looking for a year by year, but to get a sense of, like, over the first 10 years that this is the type of investment that was used in order to maintain the integrity of the floodway. We talked about the gates. I know that there was some considerable work done. I do not know how often the gates have been worked on. It is just something that happens. What sort of frequency do we have to actually invest public dollars?

**Mr. Ashton:** Actually, what I was going to suggest for the member, there are various good sources in terms of the background on the floodway. One is actually the Web site. There is some good summary information. But I also do recommend the Clean Environment Commission report, which is quite easily downloaded, and it does outline some of the background.

I think it is also important to note, too, by the way, that it is often forgotten that the Portage Diversion and the Shellmouth Dam were also key elements of the flood control strategy. The original floodway, by the way, was completed in 1968, first

operated in 1969. The Portage Diversion was completed in 1970, and we have seen year after year its value. The Shellmouth Dam was completed in 1972. So there is a whole background. There have been some significant improvements to the floodway. I can provide the detailed information. I do not want to start getting into reading the historical background on the record.

The other thing I was going to suggest, by the way, too,—I know sometimes in the heat of Question Period, we often forget this side of it—that the Floodway Authority is an authority that has done extensive consultations and is more than happy to provide detailed briefings. I know a lot of times we have detailed briefings on bills because we recognize the importance of that. I was often surprised at that opportunity. But I was going to suggest to the Member for Inkster, if he is interested, we could certainly arrange a detailed briefing on some of the more technical aspects of the operation, et cetera.

I found it very useful, by the way, over time, because, I think, when you look at the brilliance of the strategy of the floodway, the Portage Diversion and the Shellmouth Dam, and how effective it has been—this year alone, we would have had 150,000 Winnipeggers impacted by flooding because it was the fifth largest flood of the century. You look at how useful it has been over time and you tend to forget some of the huge engineering challenges that were in place, and the degree to which we have often been able to refine what is happening.

I point, by the way, to the fact that this project is within scope. It is not just the widening of the floodway—pardon, not just the raising of bridges—but there also have been significant improvements. We are looking at the inlets, the outlets, the notches; you know, there are a whole series of ways in which we have been able to improve the capacity. I do not think it is well known, and if you look at the background of the original floodway and, I think, the original benchmark, hydraulic capacity was really for a 1-in-90-year flood protection. Perhaps over time it evolved to a higher—we are at 1 in 140 years' protection currently. We will be at 1-in-300-year protection by next spring as we move into the next construction season, or as we are into it now. So we are already seeing some significant improvements in that.

I also recommend, by the way, in addition to this, the KGS study that was referred to the IJC, because it got at some very significant scoping, and I

think that is very important. We are into billions of savings, \$8 billion probably that has been saved from the original cost. You want cost benefits; it is called the floodway. I will put this on the record. Of all our debates here in June of 2006 about the current floodway expansion, my prediction is that in the future people will look back, and, when the details of the debates are long forgotten, they will see the wisdom of the floodway expansion in the same way that they did with the original floodway.

I was going to suggest that, if the member is interested in a full briefing, rather than take up any specific time in Estimates on it, I would be more than happy to provide him, perhaps even give the member a list of some of the improvements over time that have happened. There have been some significant improvements just recently, refurbishing of the floodgates, for example. It was done just recently. I would be more than happy to provide that information.

**Mr. Lamoureux:** Mr. Chair, I would very much be interested in a full briefing. If the opportunity to have that briefing is out at the floodgates, I would even appreciate that. I will leave it for the minister; maybe someone from the minister's office to get back to me in regard to that.

**Mr. Ashton:** . . . standing actually in the floodway at the time. We will make sure it is—actually, I have been there, and I want to make this an open invitation. This is not taking away from any of the significance of many of the issues you raised, but any member of the Legislature that wants a tour of the Floodway Authority, just contact my office or contact Ernie Gilroy directly and we would be more than glad to arrange it.

**Mr. Lamoureux:** Unless it is a part of the presentation, what I would not mind is just to—because a lot of people see the floodway, and they wonder in terms of, you know, there it is, it is a hole in the ground, "a long hole in the ground" type of thing. The idea of what sort of cost, like, is there an annual cost in terms of maintenance between the need to fix, modify, make the changes necessary to the floodgates?

Mr. Chair, the minister does not have to answer that question right now, but if that could be incorporated in the discussion that I will have at a later date, that would be great. I know the Member for Portage would like to ask questions now.

**Mr. Ashton:** I will get the information to the member. There is, obviously, an operating cost. Our staff can deal directly. We have been trying to get some information now, but I think probably we can, through a memo or perhaps at the briefing, get that information to save time in terms of Estimates.

**Mr. Faurshou:** Mr. Chairperson, before we leave the floodway issue, I do want to ask about the inlet modifications. Prior to the use of the floodway, obviously, the river level has to be elevated upstream of our control gates. I will personally say I had the experience with my research plots being lost to inundation last year when the summertime activation of the floodway took place.

\*(11:30)

I want to ask the minister, we use the Glenlea Research Station, the University of Manitoba field station along the Red River, which has properties that were flooded in past. Is this going to be a change within modifications? In basic bottom line, are you going to flood less area with the modifications to the inlet than has experienced flooding in the past?

**Mr. Ashton:** Yes, and I think the key thing is that artificial flooding is lower, up to a 130-year event. So there is actually some reduction in that kind of scenario. For example, you know, the flood of the century which we talked about, and that is part of the improvements in the operation of the structure as well as hydraulic capacity. So we have always stressed that while there is significant protection for the city of Winnipeg, there are some significant benefits outside of the city of Winnipeg, as well, up to a 130-year level.

**Mr. Faurshou:** Yes, but I do not believe the minister exactly answered my question. Yes, the floodway is engaged in major flood events, but what was taking place last year was in recognition that there is a significant development of infrastructure at The Forks and along the water course right here in Winnipeg, and last year the floodway was engaged to take summertime rainfall waters around the city, so that The Forks did not experience significant inundation. And when the gates were raised, it backed the water up the Red River, which flooded farmland, some of which was the very high-value research land of the University of Manitoba. And I am wanting to ask the minister, have the modifications at the inlet of the Red River Floodway been changed to such a degree that less land along the river, upstream from the gates, will be flooded now than in the past?

**Mr. Ashton:** I want to stress. I mean, I know the member is talking about general operational spring operation, that we do not operate the floodway to prevent flooding of The Forks. Period. The reality in the city of Winnipeg is that there is a risk of sewer backup in certain circumstances, you know, depending on the river levels, and we have had the reason to use the floodway recently because of significant potential risk of rainfall. That is in comparison to 1993 where the floodway was not used, and I believe there was \$140-million worth of damage at the time.

I want to stress that because the key element I always say is that, when it comes to rural Manitobans, the residents of R.M. of Ritchot and others, we are very sensitive in terms of the artificial flooding. Certainly, we have dealt with that in terms of some of the compensation issues that are ongoing, and I think that is really important. I think it is, and just to give the member some indication, the summer operation last year, for example, was used to prevent basement flooding. James Avenue was at 11 feet. The Forks is at 8.3 feet. James Avenue, you know, The Forks walkway at its current level is basically in a situation where, in order for us to operate at any time in the summer, we would be creating significantly more artificial flooding, and we believe that the operating rules and basic principles are clearly established. Rule 4 identifies that it not only has certain conditions, but we also looked at compensation in that area. I think that is really important to note. I will have to check the specific land location. I am not familiar with that. I will undertake to get back to the member whether that is impacted favourably by some of the changes that have taken place.

But I do want to stress we do not flood. No government has flooded for recreational or commercial reasons in the city of Winnipeg. The only time we have operated the floodway during the summer is on an emergency basis to deal with pending significant rain events that could have resulted in a very significant difficulty for the city of Winnipeg residents, and even then it is important to note, too, that there was significant compensation paid.

We were dealing in many cases with market gardens and other operations and we recognized the disruption, but, clearly, again, we did not use the floodway for the benefit of The Forks nor, quite frankly, given the floodway operating rules, would we, because that is not why the floodway was built.

It is not to manage water levels in the city of Winnipeg for any other reason than flood protection.

**Mr. Faurshou:** I appreciate the minister's response. I am not here to embarrass the minister or to effectively call into question his decision in the operation of the floodway, but I believe that this is a juncture in time where we need to look at the investment along the watercourses here in Winnipeg, that potentially the floodway should be considered as a water level management tool.

The economic advantage that Winnipeg has, with two major rivers coming together in its downtown, can spawn an immense amount of activity not only based upon tourism and recreation but also, too, for the ongoing operations of maintaining the dike systems and riverbanks here in the city of Winnipeg. A consistent flow of water, getting away from the wetting and drying cycle that ultimately is responsible for a high degree of erosion, is also vitally important to be considered.

So I leave it with the minister. The minister does not have to respond at this time in that regard, but in the stage that we are at with the significant re-investment in the floodway, there is potential to consider the use as a management tool provided we can engineer the inlet to minimize the resulting inundation of farmland.

I never did put a request for compensation in. I absorbed it personally. I understand that it was for the greater good, but ultimately the high-value research that the University of Manitoba and the Cereal Research Centre of Agriculture and Agrifood Canada does conduct on these properties can see millions upon millions of dollars of value in the future, even though a small amount, \$10,000, \$50,000 worth of cropland was lost. This is the leading edge reading material that ultimately in eight to 12 years' time will have significant impact on agriculture here on the Prairies.

If the minister wants to briefly comment, I do want to get on to other areas.

**Mr. Ashton:** I want to stress that—and I appreciate what the member is saying, but our summer operation of the floodway is for emergency purposes, period. The difficulty with the operation of the floodway at any point in time is that it does result in a potential for artificial flooding.

\* (11:40)

We have identified that. Artificial flooding is defined, and maybe there is discussion or debate over it, but it does exist. The difficulty, by the way, is that, if you operate the floodway aggressively, you end up with the real potential, in this particular case, for significant flooding in the Red River Valley upstream, more than is experienced with the current operations. We are very cognizant, we do operate the floodway on issues such as riverbank erosion, but I want to make it clear that we do not operate the floodway. I would not support, as minister, any operation of the floodway—and I do not think that the member is suggesting that either—for water regulatory purposes, because there is a direct connection between the aggressiveness of the controls within the city versus outside of the city. We are very cognizant of that this year.

The member, I am sure, has noticed the fairly extensive operation of the floodway this year, the water levels within the city. One of the difficulties that remains, and, certainly, I know the city is addressing this, is with its sewer system, because their sewer system is vulnerable to backups in the case of major storms, the member probably knows. In fact, this year, we could not have decreased the level in the city using the operation of the floodway any more significantly than we had without major impacts on the Red River Valley. I know the sensitivity on the existing artificial flooding, which is relatively limited and prescribed, but we do not, I think, ever want to get in a position where there are rural Manitobans being flooded extensively because of a situation in the city of Winnipeg. It was a reasonable move when it came to the summer operation more recently because of the high risk, and there were limited impacts. You know, I have the information available. For example, last year, I believe the total compensation offer was \$664,000. Certainly, that mitigated a great deal of risk in the city.

But I will check into the specifics and get back to the member because I am not aware of that specific land location, but we are very clear on the summer operation. It is limited. It is emergency. I have not once, nor would I ever recommend operating the floodway for lowering The Forks. The reason I am saying that is not because—I am sure the member does not realize that statement, but I think it is really important because I hear this. Sometimes people from Manitoba, people that are in the Richot area who have not used it, and that is the way it basically is going to remain with the existing

operating rule. That is what I follow, what the rules are.

**Mr. Faurshou:** Well, thank you very much for the minister's response. I appreciate his current status of operation of the flood control structures in the province of Manitoba. But I will reiterate, I believe that we have to do much more in water management here in Manitoba, especially in the south involving the two major water courses, the Assiniboine and the Red rivers. He has heard me on numerous occasions expressing to him that another water management control structure, the Holland No. 3 dam, would play a very significant role in doing just that for the Assiniboine River and so many other advantages, but we will leave that for the moment.

I want to ask the minister a number of other questions in various areas, but I will note that I will always support the initiative of the Water Stewardship Ministry and hope that sometime the ministry will benefit from all of the revenues that are designated as being collected from the department. I see that you have expenditures a little over \$50 million, but you collect more than \$110 million in a year through your department. I would like to see further investment in the water management here in the province of Manitoba by the Province.

I want to take note at this time of the presentation made this morning to members of the Legislative Assembly by Dr. David Barber, who is the Canada research chair in the Arctic system science. He is based out of the University of Manitoba. This presentation that I was fortunate enough to be present for was extraordinarily enlightening about the issue of climate change and the effect that that is having on Canada and our global community.

But, very specifically, some points to note that I will raise to the minister's attention, that our Arctic ice cap is being reduced on an annual basis of an area in excess of that covered by Lake Superior. If this continues, the polar ice cap of the Arctic Ocean will completely disappear by 2050, which will have significant impact on Manitoba, especially with our link to the North via the Port of Churchill and Hudson Bay. Also, it will be noted that we, here in Manitoba, will be experiencing significant more precipitation in the growing season, as I refer to it as coming from the farm. Last year, we experienced potentially a little bit of what we can expect in the future, having rainfall in excess of twice the average and significant crop loss. This is going to be,

according to Dr. Barber's predictions, going to occur much more often than not because water attracts water. Manitoba does have a significant amount of fresh water, over 100,000 lakes.

So I want to leave that with the minister, that we have got to look long-term in water management, and his department is going to be vital to the economic well-being of Manitoba. If we will say that we are looking at a 1-in-700 situation, Dr. Barber said that we are entering into a phase that is a 1-in-1,000,000-year occurrence, and that was startling to myself. So, perhaps, we may be wise to consider a little bit longer time frame in our anticipated planning.

Now, where the river hits the road—I want to ask the minister: When can we expect the Lake Manitoba Water Stewardship Board to be in place, because our second-largest water body here in the province could certainly benefit from that board's existence, as has Lake Winnipeg with their stewardship board?

**Mr. Ashton:** First of all, just briefly on climate change, having been involved with many of the discussions leading up to, and including, the time which the former federal government endorsed the Kyoto Accord and there was significant discussion about climate change, I just want to put forward that if anybody doubts that climate change is real, just look at this past year where we have had temperatures five degrees above normal. We had incredible amounts of precipitation all summer. Normally, the flood season ends in May in Manitoba; not last year. We saw virtually every watershed, every lake, river and stream at a high level. Quite frankly, we saw some of the challenges.

\* (11:50)

What I want to stress, too, is that these are not unforeseen. One of the key predictors of climate change has been that there would be greater instability of weather, and not necessarily an increased amount of precipitation. Clearly, you would still have dry periods, you know, wet periods as well. Those cycles would continue, but that does make it that much more of a challenge over time for us to deal with the situation that we are talking about here, which is very much the fact that the scientists who have been pointing to the reality of this, I think, are absolutely correct. I will save the greater debate for the Kyoto Accord, you know, this so-called made-in-Canada solution. But maybe while I am in the sort of the position, you know, to say this, probably the biggest cheque that was in the mail in

the past 12 years was on climate change. We are in a position now, nationally, where we are 24 percent above, in terms of greenhouse gas emissions, and have not achieved the targets. So we are actually 30 percent over the target. That is, I think, clearly unacceptable, and whatever happens in the next period of time with the new government, I hope there will be a recommitment to climate change solutions, because if we do not make the effort now—and in some cases pay now—we are sure going to pay later, in terms of the economic adjustments and in terms of the consequences, in terms of our environment.

I think it is very appropriate to talk about the situation in the north of our country because northern areas are going to be the hardest hit, my own area, with the boreal forest, but particularly the Arctic. I think our greatest symbol in a lot of ways—I know, we have many buffaloes around here, but our greatest symbol outside of the buffalo is the polar bear. I do not want to see in 50 years, probably, that the only polar bears will be the polar bears on Broadway, if that is brought back. That would be a sad situation, because they are at risk.

On the Lake Manitoba Stewardship Board, I am anticipating that we will have that done within a matter of weeks. I have prepared a paper that will take it to Cabinet, and we will proceed from there. I do want to acknowledge the interest. Our biggest difficulty has not been finding people; it has been taking the very long list of people that have volunteered. I do want to acknowledge that members opposite have put forward names, including the Member for Portage (Mr. Faurshou), the Member for the Interlake (Mr. Nevakshonoff), the Member for Lakeside (Mr. Eichler) put forward names, as well. We have put each and every one of those names into the mix. It will, clearly, be a parallel to the Lake Winnipeg Stewardship Board, which is doing a very good job.

Lake Manitoba is unique. The member knows it. His constituency, obviously, borders on it, and we wanted to make sure that it was very much a part of the mix. Of course, whatever happens to improve water quality in Lake Manitoba will also benefit Lake Winnipeg. So I would anticipate, within a matter of weeks, it will have the stewardship board announce, and up and running.

**Mr. Faurshou:** I appreciate the minister's response as pertaining to the pending announcement of board members. I will go on record that I hope that their Dr. Gordon Goldsborough, who is currently the

Director of Environmental Studies, is one of the board members, just to achieve a conduit between the University of Manitoba research on Lake Manitoba water qualities, and the university ongoing research, which I believe the board would definitely benefit from.

I want to ask the minister that, in regard to conservation districts, having been the founding member of the Whitemud Watershed Conservation District, I am always intimately interested in the support from the provincial government to these very valued services that conservation districts provide. I see a modest increase in support. However, I will stress to the minister, at this time, even though being a Conservative and wanting to be frugal with one's taxpayers' dollars, this is an area where, I believe, dollars are very, very wisely invested, and to state, on behalf of the conservation districts, that more support is needed. I want to ask the minister—he has very proudly conveyed to this House that the expansion from 9 to 17 conservation districts under his watch—I would like to, perhaps, if he could give us an update as to his efforts in this area.

**Mr. Ashton:** Well, I appreciate that the member opposite has identified that we have seen a significant amount of expansion, 9 to 17. What is particularly encouraging is the expansion of the conservation district movement into areas of the province that have not traditionally had conservation districts. We have said very clearly that we are proud of this as a province, I mean, not just through our efforts. Obviously, there are many key stakeholders in the CDs. We are also working on a number of other potential CDs as we speak, and I know there are at least four that we are currently looking at in various different areas of the province: Roseau River, west Interlake, southwest Red River and the Swan Valley. We do have situations as well where there are potential expansions in various different areas as well. Cooks Creek, for example, is working with surrounding municipalities.

I think that is absolutely critical because, under The Water Protection Act, clearly the conservation districts will play a very significant role. One of the key things I am a big fan of with conservation districts has been in the way you get community buy-in. I think that is extremely important. It deals with, obviously, watershed-based planning, but you also deal with a lot of other activities in terms, you know, on the ground. The member knows, as he knows from his own area and he has been a part of it, so I

will not belabour the point. But I do want to stress, too, that we are also talking with municipalities as well. There have been some suggestions that we look at a review of the CDs, not in any way, shape or form to take away anything they are doing, but just as we move ahead, to see if there are other dimensions that need to be added to give them the ability to deal with that.

On the funding side, we have continued to keep the funding available. I want to stress that we think that one of the big advantages, I know one of the issues often comes up in terms of provincial share versus the overall share. One of the big advantages of CDs is that they are raising a lot of their own funds from non-governmental sources. I think that is extremely important. I think that, if you look at it, conservation districts have a real advantage. They are non-governmental. They are supported by various components, but I think that their ability to raise funds outside of that is extremely important.

If you run through, even the 2005-2006 year, even other elements of government have been supportive as well in terms of the kind of funding that is available. So it is not just through this department.

I was struck by just how much we are seeing our increasing contribution from non-governmental sources, ranging from the MMF, Manitoba Hydro, fisher associations, Ducks Unlimited, universities. I could run through the list, and it really is impressive, ranging from small contributions all the way through to fairly significant contributions. I would like to see more of a federal contribution. There are various federal programs that are at times tapped, but if you look, I think last year there was \$87,000 in federal funding.

One of the things that we are looking at, by the way, is encouraging the federal government to look at expanding our water areas. I think the federal government should significantly look at expanding the PFRA program. It is a shadow of its former self. If it was to do so, it would certainly benefit the CDs. It would allow for some potential cost-sharing on provincial and municipal drainage and water management systems. So I think there are a lot of partners at the table. The federal government is, unfortunately, not one of them on the ground, and the previous federal government basically suggested or indicated some interest in the watershed-based planning. Unfortunately, again, that is another cheque that was in the mail.

Actually, there was a major announcement for Lake Winnipeg in the election, and I have been through a few elections. I know the Member for Portage (Mr. Faurschou) has, the Member for Inkster (Mr. Lamoureux) has, the Member for Inkster (Mr. Lamoureux) has. I always tell people you can discount whatever is promised in an election because it is not what is said that counts, but what is done afterwards. Do not judge people by their words; judge them by their actions.

\* (12:00)

I do point out, in our case, we have increased the CD funding from \$2.45 million to \$4.4 million. So we have kept pace with the growth in the CD program. But, as we move ahead with various activities, including The Water Protection Act, I would be very interested to see the CDs involved.

I would like to see community-based monitoring, as well, with water quality. We need to get people involved in benchmarking what is happening. I think it is particularly important to get the CDs involved because the paradox of water-related issues last year is—Lake Winnipeg is getting a lot of attention, and it should, but we are not just talking about Lake Winnipeg. We are talking about the La Salle River. We are talking about Lake Manitoba. We are talking about every lake, river and stream. We are saying, will there be nutrient overload or other water quality challenges? There is not an area in this province that has not seen a significant shift. I think one of the key roles that the CDs could do is to remind people that this is a—you know, in a world of not in my backyard, this is the in-my-backyard problem. It is in everybody's backyard. There is not one area of the province where we do not have water quality challenges, and Lake Winnipeg should be seen as a symbol. It is not the beginning and it is not the end. What we are doing across the province, what the CDs are doing across the province is every bit as much about the smallest watershed you can imagine.

Anyway, I will just end by saying that I am a big fan of the CD movement. It is one of the areas that we can be really proud of in the province.

**Mr. Faurschou:** I appreciate the minister's recognition of a valuable resource, PFRA, and that the federal contribution through that entity could play a much more significant role. I hope to convince the government, as I go, as now I have the minister to convey that to the federal government.

In relation to the water courses and water bodies here in the province of Manitoba, the proposed ALUS program from the Keystone Agricultural Producers, alternative land use strategy. I understand, if that is correct, by the minister's opening comment, about \$250,000 is going in that direction. If the minister would clarify?

**Mr. Ashton:** Actually, just to clarify, ALUS is a broad concept. There is a pilot project in Manitoba. I have always said in the last number of years, and I do not remember if the member opposite is interested in this, that KAP and other organizations have been quite right to point to ALUS as a potential future direction that has very significant advantages. What I was referencing earlier is that we, as part of our new initiatives, do have a top-up that is available for BMPs. What we are recognizing here is that there is assistance that is out there, currently, through various farm programs. But we took very seriously some of the concerns and suggestions that were put forward through discussions of The Water Protection Act, for example, and various other activities related to water protection.

I think this top-up program is going to be quite an opportunity in terms of that, particularly, where there are many challenges out there with BMPs, manure storage and handling treatment, nutrient management planning. There is a program that is already in place that does involve Agriculture and Agri-Food Canada, PFRA, and this is the Canada-Manitoba Farm Stewardship Program. This is through the CMFSP application process, and it will provide for a top-up. That would also apply to the 2005-06 fiscal year, as well as in this fiscal year. I think we are looking at that the total will be \$750,000, an increase in turn of \$250,000 over last year. This is basically about our department, our government helping producers with BMPs.

**Mr. Faurschou:** I thank the minister for that.

As he alluded to in his response, the crossover from his department with Agriculture is significant. I know the minister had, a number of years ago, actually stated that there would be an internal committee of deputy ministers that would be crafted for from the recreational use of water to the agricultural irrigation use of water, industrial, commercial, residential.

Can he update me as to the activity of this internal government committee to bring the various ministries in a co-ordinated effort in regard to water?

**Mr. Ashton:** We have been working across our department on water-based issues. We recognize that, while we have the prime responsibility for water-based issues, in many cases, other departments also have the same role, Conservation with its environmental mandate, both on the licensing and the inspections side, or whether it be front-line departments, whether it be Industry or Agriculture.

I want to indicate that, basically, we have followed that approach with legislation as well, whether it be The Water Protection Act or the various other issues that we deal with.

One of the advantages we do have is that our department, which now has some track record, does bring together elements of water that were disconnected before. It used to be you would have to have deputy ministers or ministers or senior officials talk to each other about, as I say, the safe drinking water connection over to source water protection. I think it has been very useful. I would urge the federal government to even follow that. I used to give speeches where I said there were 12 departments responsible for water. By last count, the last count of the previous government, they had 22 departments. There has been a bit of a restructuring; that may have changed somewhat. I used to joke that, if I was to have a meeting with my federal colleagues, I would be meeting with the entire Cabinet, pretty well, and, if I was to have the responsibility for those who were dedicated to water, I could do it any time because I was the only one.

I do want to stress that we have brought a lot of that internally, but we do reflect on that. There are regular meetings of deputy ministers. I think this is a good example. I do not think it is counter-intuitive here as to why you would expect the Water Stewardship Department to be involved with BMPs. When KAP came forward, representing farmers, and said: Do not just look at regulations, I realize there is some discussion over regulations ongoing at the current time. When they came forward and they said: Do not forget about incentives, well, this, to my mind, is in the category of an incentive. It is certainly dealing with some of the costs that are out there.

I do want to stress, again, when we talk about BMPs, and the member knows this first-hand as a producer, the farm community is already out there as part of the solution, a long-term solution in terms of BMPs. A lot of producers are very much getting involved in BMPs, because it just makes sense, also in terms of the fiscal side. Nobody wants to

over-apply nutrients. Nobody wants to over-apply anything, pesticides. This is, bottom line, an input cost. With the pressure on farm revenues, that is important. One of the key reasons we moved ahead with this program, by the way, is we do recognize some of the cost challenges facing producers, and we think the \$750,000 that is in place will assist us in giving to a number of producers throughout the province to make a difference through the BMPs.

**Mr. Faurshou:** Well, I am still really wanting for the answer to: Is there a formal internal committee that discusses long-term visionary policy as it pertains to water and the relationship it has with the various departments? I am going to be very specific here on an example, an announcement in open houses that were conducted by TransCanada Pipelines on the Keystone Pipeline Project. Quite a number of alarm bells are going off now, being that the pipeline is projected to travel over top of the Winkler aquifer.

\*(12:10)

To be very honest, Sir, if your department was involved in the preliminary discussions with TransCanada Pipeline, which I do not believe you were, but I know that Industry was. This should never have gone to the public. Your department should have said, look oil goes down, gas goes up. You cannot use the same right-of-way, easement right-of-way. Persons are alarmed out there. So I get back to the internal communications between departments that is vitally necessary.

**Mr. Ashton:** Well, I think it is important to stress here that, indeed, there are regular meetings between the deputy ministers. I do consider our deputy ministers to be a very visionary bunch. You know they are a very important part of co-ordinating within government, and that has been a real focus of our government. There is discussion of long-term policies. We just talked to the CDs before, and that is an area where that has had some history in other departments. There is crossover into some other departments, whether it be Conservation, or in its original home within Intergovernmental Affairs.

I think that is reflected. The member is talking about a specific project. I can advise that we do have clearly defined roles within legislation, clearly defined licensing processes, and our department is involved in a variety of ways. The member is, I am sure, aware of this, both in terms of his role as a legislator or through his own background in terms of water licensing and water rights act, also

responsibilities that our department has in terms of dealing with water-related issues as part of licensing processes, and we do that. I think it is important to stress that we do have a fairly extensive process here, and that we have done a lot, I think, to involve pretty significant co-ordination.

Probably flood protection is the best example. I think it has been a very significant interdepartmental co-operation. We did quite well in 1997. We are that much better prepared in the year 2006. I just point to the fact that, except for the Red River Valley, I think we had one home evacuated. That is incredible. Part of the flood protection by our co-ordination is significant. We did have the Red Deer Lake situation. Obviously, very unusual weather events, and it did lead to the evacuation of that community. But departments are working, I believe, very co-operatively, and it is one of the advantages in Manitoba.

We have a big advantage. We are one big-small province, big geographically, small in terms of population. It is growing, but small compared to other international areas, and that does allow for that direct communication. I talked to people from other jurisdictions that have much bigger government departments, and you are lucky if the senior directors talk to each other, let alone the deputy ministers. There are some stakeholders—I have talked to a lot of stakeholders who meet with us, and, if they are from out of province, a lot of jurisdictions' ministers just have no contact with deputy ministers. So I think we have got a significant amount of co-ordination through our deputy ministers.

I do appreciate the member raising this though, because there are two ways you can get policy change. One is through broad, let us say a policy and the budgetary side, as well, but the other is through co-ordination across departments. You know there is that silo effect. Every government has it to some extent, and my view is when it comes to where you just cannot afford to have departments thinking and acting separately—the federal government is a problem that way. They have some very good people, but there is no common focus. There is no national water stewardship, none. I will not get into that because that is a fairly lengthy discussion.

But, here in Manitoba, I think we have a provincial strategy for all stakeholders, as well as provincial government. But also there is very much—

you know, something our deputies are meeting on, on a regular basis.

**Mr. Faurichou:** I thank the minister for his response. I am more supportive of his department than I am critical of his department, but I am just giving you a very specific example that TransCanada Pipelines, who I have found in my experiences an excellent corporate citizen. I do not believe that they should be subjected to public criticism that, I think, could have been headed off by advanced knowledge that, hey, we are going to be going across an aquifer here that ultimately will not fly. Learning it at a later stage, I think there should have been some primary understanding that we are not going to take a crude oil pipeline across the recharge area of an aquifer.

So I leave that with the minister just to say that we—and that is a major project, a \$1.2-billion project; so it should have been on the radar scope of the provincial government. So I will leave that with the minister.

Oh, just as an aside, the minister said that there is an economy of scale on all the bridge works that are going right now. He might recall that he is looking for bridges in his past life over the Portage-Assiniboine River Diversion on Provincial Road 227. Maybe, perhaps, some spans could find their way to Portage la Prairie to make sure that that provincial road has a bridge structure that is vitally needed to make that road available to all motoring Manitobans as it is in pretty dire straits, the condition of the bridge that is there right now.

I just wanted to ask the minister's update of the Shellmouth. There were announcements made earlier on, in co-operation with PFRA, that studies were being conducted as to the installation of leaf gates and expansion of the capacity of the reservoir above the Shellmouth Dam.

**Mr. Ashton:** Certainly, I can indicate that in my previous life, because I am actually the former former Minister of Transportation, I know about cost pressures. I certainly think that it is an area that we can look at generally across government without starting up the debate again on the floodway. We face the same difficulty with bridges for highways in terms of cost escalations. The Member for Emerson (Mr. Penner), you know, got—okay, I ribbed him a little bit for raising that, but it is true. You know we have got cost pressures. It is right across the board. Municipalities are facing the same situation. I think that it is actually a very good

suggestion the member opposite makes in the sense that whatever we can do through the floodway may have some application generally across the board. So I appreciate that.

Now on the Shellmouth, I will try to give the member like a two, three minute, just a summation of this. I know he knows the background, but just putting it in perspective. During 2003, basically, we had the \$8-million Canada-Manitoba Shellmouth Dam Consolidation Agreement. That is an important step to deal with compensation to land owners from past flood damages, the purchase of upstream land along the Westbourne, and in Saskatchewan the addition to the stowaway gates to the Shellmouth Dam. We undertook engineering studies, and looked at the gate options and other alternatives. We took a look at hydraulic impacts. We also assessed the potential environmental impacts on Manitoba and Saskatchewan. The negotiations have essentially been completed in terms of the land side.

The environmental scoping study was set up to receive public input. It was completed in April 2004. Consultants have been working at the dam safety and permanent engineering studies in the file, the draft of the Shellmouth Dam and dam safety review in 2005. In late 2006, we are anticipating the comprehensive environmental impact assessment phase. Preliminary engineering on the gates and other alternatives will be completed in mid 2006. So fairly soon.

\* (12:20)

Basically, I think it is important to acknowledge the long history that the Shellmouth has played in terms of flood mitigation all the way through the Assiniboine Valley, and all the way through it here, including the city of Winnipeg. It has been, I think, very significantly used. Notwithstanding, I just want, without starting up a broader debate—I know, if the Member for Russell (Mr. Derkach) was here we would probably, with just one mention of the word "Shellmouth," we would be into that debate. I do want to indicate that it does play a significant role in years like this where you do end up with very significant rainfalls or snow melts. There are always questions, legitimate questions, in the sense of people questioning some of the operating decisions, but it continues to play a significant role. Again, in this year, we are expecting the conference environmental impact assessment and the preliminary engineering studies. So this will be a year in which much of the detail will be brought forward.

**Mr. Faurschou:** I appreciate the update. I want to ask the minister, as it pertains to the Shellmouth Dam, is it very narrow in scope, obviously, the research and funding? But has there been opportunity to examine the Zelena Dam option that is on the Shell River that I know has been discussed as a very cost-effective structure as far as water storage capacity versus cost of construction, and whether that has ever entered into the overall discussion of water management in that area of the province?

**Mr. Ashton:** Given the specific nature of the question, in the relatively limited time, and I know the member probably has, conceivably, a number of questions along with the other critic. So I was going to suggest that I can undertake to get back to the member in writing as minister and perhaps provide him with a detailed answer.

**Mr. Faurschou:** Okay. Then we will move on to further considerations within the department. There have been modifications necessary in all farming operations due to the pressures of commodity prices. There is one enterprising individual I am aware of, of the Swan River Valley, took the PMU barn that was sitting idle and is now raising freshwater lobster. I am wondering whether the minister has reconsidered the thought of commercial farming in aquaculture being part of the Department of Agriculture rather than his own Water Stewardship Department.

**Mr. Ashton:** Well, there is an aspect that actually does deal with aquaculture, which is not extensively developed in Manitoba, and, apart from a few relatively minor exceptions, we have not had significant amounts of aquaculture. There are a lot of issues in being in aquaculture in terms of any of the issues you are now seeing, the ocean aquaculture in the south there, attention on domestic species, and we would be obviously very focussed on and make sure there is no impact on domestic species because we have a very significant commercial fishery, the highest, by the way, in Canada, our freshwater fish catch by value. A lot of people are not aware of that.

My sense is that between the two departments, as I say, there is a component of Agriculture that deals with aquaculture. That gives us the right kind of balance because, if there are any potential economic opportunities from aquaculture, you clearly have to balance them with any potential impacts on domestic species, and that is no different from domestication of wild animals. I am not going to get into the elk ranching issues—that is another previous life that I have had as Conservation

Minister—but some of those issues you will find in terms of aquaculture. So, actually, Agriculture is involved with aquaculture, but I anticipate the Fisheries Branch would be part of that. We had excessive discussion by the last federal-provincial ministers meeting on fisheries that dealt with aquaculture.

**Mr. Faurichou:** I appreciate the minister's response. He and I will differ on that point. I do believe that commercial fishing in aquaculture is an industry that is just in the very bud stage here in the province of Manitoba, but the potential is absolutely mind boggling from my perspective. The awesome potential that we have here in the province of Manitoba for that industry, and with the waning fish stocks globally, I believe Manitoba could very well see that industry blossom and provide a significant amount of economic activity here in the province of Manitoba, provided it is managed and the government has the foresight to allow for it.

That leads me into the last two minutes of our committee here this morning, and that is water licensing. I will put my personal experience aside, but I have heard many tales of extraordinary length of time to provide for water licensing in the province of Manitoba. I understand the department has ballooned from just two persons engaged in water licensing, one for surface water and one for ground water, into more than 15 persons. If the minister could confirm that significant increase in staffing, and also, too, what, currently, is he aware of the expected wait time from application of surface drainage to irrigation licensing? Those are the two that I would like him to comment on.

**Mr. Ashton:** I want to advise him of a couple of things just by way of background of what I have probably just given, but we are almost out of time here. Again, in the interests of not taking up too much time on this, I will undertake to get some more

specific information by the start of next Estimates. Also, I do have a preliminary response that I can probably, actually rather than getting it to the member in writing, indicate that, in the terms of the Shellmouth, just going back to the previous question, they are looking at what he is talking about in terms of potential options. So that is fairly significant.

What I can do actually, if the member wishes, I can provide information a breakdown on water rights, water use, applications, licences, licence issues. I actually do have a written document that might be of some use and perhaps provide that at the beginning of the week when I have the opportunity to get copies at the beginning of the next consideration of Estimates.

**Mr. Faurichou:** Thank you very much. I just want to leave the minister with a constituency issue, and that is the continued use of the Portage-Assiniboine River diversion. I know that he kept on staff last year all through the winter cutting willows and other vegetation in the channel, which significantly enhanced the ability for water to flow in the spring, and I thank the minister for that.

I want to ask the minister: Is there significant budgeted capital for the improvement of the channel and outlet at Lake Manitoba because both are well known in need of significant investment?

**Mr. Ashton:** I think we are out of time. I will undertake to respond at the start of the next Estimates.

**Mr. Chairperson:** The hour being 12:30 p.m., committee rise. Call in the Speaker.

#### IN SESSION

**Mr. Deputy Speaker (Conrad Santos):** The hour being 12:30 p.m., this House is adjourned and stands adjourned until 1:30 p.m. on Monday.

**LEGISLATIVE ASSEMBLY OF MANITOBA**

**Friday, June 2, 2006**

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