

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

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The Honourable George Hickes  
Speaker*

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

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy, Hon.	St. Vital	N.D.P.
ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CULLEN, Cliff	Turtle Mountain	P.C.
CUMMINGS, Glen	Ste. Rose	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
IRVIN-ROSS, Kerri, Hon.	Fort Garry	N.D.P.
JENNISSON, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McFADYEN, Hugh	Fort Whyte	P.C.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MELNICK, Christine, Hon.	Riel	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa, Hon.	Seine River	N.D.P.
PENNER, Jack	Emerson	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
ROCAN, Denis	Carman	P.C.
RONDEAU, Jim, Hon.	Assiniboia	N.D.P.
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SALE, Tim	Fort Rouge	N.D.P.
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SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Scott, Hon.	Brandon West	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.
VACANT	Kirkfield Park	

## LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, April 4, 2007

The House met at 1:30 p.m.

### PRAYER

### MATTERS OF PRIVILEGE

**Mr. Hugh McFadyen (Leader of the Official Opposition):** Mr. Speaker, I rise today on a matter of privilege.

**Mr. Speaker:** The honourable Leader of the Official Opposition, on a matter of privilege.

**Mr. McFadyen:** Thank you, Mr. Speaker, and I will conclude my remarks today with a motion which addresses the issues that are discussed in a matter of privilege as required by our rules. As you know, the two conditions that must be met on a matter of privilege are, firstly, that the issue is raised at the earliest opportunity, and secondly, demonstration that the privileges of the House have been breached.

The ability of members to perform their parliamentary duties is founded on information being brought to this House which is accurate and which can then be relied upon for debate. Past Speakers, including Mr. Speaker, have cautioned that it's necessary to provide specific proof on the record that a member purposefully and deliberately set out to mislead the House. We have a presumption—and it's a good presumption—that all members come to this House with a view to being honest and candid. Unfortunately, Mr. Speaker, we're now put in the position of having to come here today to raise and discuss issues of honour and candour when it comes to questions and responses in relation to the Crocus scandal.

Over the span of several years, this House has repeatedly been provided with responses on the Crocus matter that we now know have been either entirely false or, in some cases, misleading, or both. Whether or not this was done intentionally is a question for Mr. Speaker to resolve exercising his best judgment. Ultimately, it will be your judgment, Mr. Speaker, as nobody would expect, given his denials and counterattacks to date, that the Premier (Mr. Doer) is going to be prepared to make an admission.

Therefore, it is up to you, Mr. Speaker, to make the judgment. It will be up to you to determine

whether the false information put on the record of this House was put there in good faith or whether it was put there deliberately. We will abide by your judgment on that point.

In order to put several of the Premier's comments in this House in proper context, we have to go back to November of 2000. A Cabinet submission that was leaked in late February of this year, dated November 27, 2000, was signed by the Minister of Finance (Mr. Selinger) and presented to a Cabinet meeting at which the Premier was present. The document said, and I quote: The possibility of liquidity problems is very real. The legislative changes requested by Crocus may only push the problems into the future when they could be even larger. This is because Crocus has not done what its prospectus said it would do.

The warning is stark, Mr. Speaker, and it was clear, and the implications for thousands of Manitobans is also clear. The document didn't come to light until more than six years after it was signed, and through that six-year period a select group of Manitobans were in the know, and the rest were in the dark. In the days that followed this critical Cabinet discussion, the top three officials in the Department of Finance continued to discuss the implications of the direction that they were getting from the Premier (Mr. Doer) and Cabinet.

In an e-mail from Ewald Boschmann, Deputy Minister of Finance, to Stephen Watson dated November 30, 2000, he states, and I quote: The letter that we've been directed to send to Crocus tells Crocus that Cabinet has instructed us to keep them afloat basically unconditionally. It tells them the cap is off unconditionally. Only we don't want to say so now. Mr. Boschmann's e-mail goes on to say, and I quote: I think with that letter we've signalled to Crocus that we've caved.

On November 30, 2000, shortly after the Cabinet discussion in an e-mail from Stephen Watson, the ADM in Finance to Ewald Boschmann, he states, and I quote: Cabinet was anxious to reaffirm their general support for Crocus, and this has, after all, the status of a formal Cabinet decision.

And that is exactly what the Premier and Cabinet did for four more years. They reaffirmed their

support for Crocus, and they did it unconditionally. For four years regular Manitobans, who, by the Finance Minister's own words, were neither wealthy nor sophisticated, continued to invest in the Crocus Fund without the benefit of the knowledge that was possessed at that time by the Premier. They weren't in on the secret, Mr. Speaker. They were treated like second-class citizens, and they lost big: a hundred million dollars to date.

In the meantime, the Premier, his Cabinet, and the Premier's friends at Crocus were in on the secret. All the while, money was being made by the executives, the consultants, and others that were on the inside at Crocus. During this time, we had statements from this government praising Crocus, including this one from the Premier's 2003 budget, two and a half years after the Cabinet discussion. That budget stated, and I quote: Our economic prosperity depends in part on putting our savings to work here at home. Our existing labour-sponsored investment fund, Crocus, has been very successful in this regard.

This was their budget statement, the most important financial document to come before the Legislature in the course of the legislative year. This is a remarkable thing for a premier to put into a budget given what he knew, and then he wonders how it is that we could have confidence in anything that goes into any budget presented by the current Minister of Finance (Mr. Selinger). Then we have after this budget even more warnings to the Premier and to his Cabinet, and these are just the ones that we know about so far.

On October 22, 2004, a letter to the Minister of Finance from Stephen Watson, the ADM in Finance, and it says, and I quote: However, we are concerned that Crocus may have difficulty meeting both its investment pacing obligations as redemptions at some point over the next few years. We are therefore concerned that any letter from a minister should not appear to give comfort that all is well with Crocus. We recommend that you not reply, end of quote. This is the advice to the Finance Minister.

On November 9, 2004, before the fund has collapsed and before the public is in on the secret, there's a PowerPoint presentation to the Minister of Finance and the former Minister of Industry, and it says, and I quote: "Crocus does not have enough cash to meet the pacing requirement and fund redemptions." Crocus says that it does not have sufficient marketable investments to fund

redemptions. Crocus wants the Province to allow it to make up for the poor marketability of its portfolio by allowing it to take money from new investors to prop up the share price for redeeming investors. There is a significant risk that Crocus's liquidity crunch will worsen and new investors will suffer losses.

\* (13:40)

On November 9, 2004, those statements were presented to the Premier's Cabinet, and exactly one week later, on Tuesday, November 16, 2004, at the opening of the MTS Centre, the Premier's friends at Crocus were running an ad: Switch to Crocus, get great tax credits and a great investment. Once again, the Premier and his insider friends at Crocus trying to play Manitobans for fools.

Mr. Speaker, 24 days after this ad, more than four years after the warnings to Cabinet, Crocus ceased trading and now is in receivership. Those regular Manitobans, whom the Premier was supposed to have protected, lost. After the collapse, there was a limited audit, and the current Auditor General in Public Accounts on March 8 of this year made the statement, and I quote: "Certainly the scope of the audit and the objectives set out in the audit report were not designed to seek out what Cabinet did or did not know." That is hardly surprising because in June of 2001, only seven months after the Cabinet document that warned of Crocus problems, the Premier amended The Auditor General Act to block access to Cabinet documents without prior permission from Cabinet, which brings us to the statements made in this House by the Premier on this matter since Crocus collapsed in 2004. In the most recent sitting of this Legislature alone, the Premier replied to 39 questions on Crocus. Not once did he provide direct or candid replies, and I would refer to just two examples out of those 39.

One, on November 26, the Premier says the members asked some outstanding issues of the Public Accounts Committee. They asked about the e-mail. The Auditor General confirmed that the e-mail never went beyond an assistant deputy minister. It never went to Cabinet. A second statement, on November 30 of 2006, when the Premier said: "Obviously, we were at the time dealing with proposals that we said no to. But, you know, you wouldn't find Crocus coming to you and saying, please let us invest more money in the superfund, and, on the other hand, saying to you that the fund was in crisis. Any representation to us

purported that it was strong." Two examples, Mr. Speaker, out of a litany of responses that have been misleading or false.

So, Mr. Speaker, through these series of events it's clear that the Premier has breached the privileges of this House by providing misleading information and, thereby, obstructing members in their parliamentary duty. This is more than simply a dispute over facts. The pattern of incorrect answers obstructs our ability to question and criticize the government in our role as official opposition.

For these reasons, Mr. Speaker, I'd like to present the following motion:

The motion, seconded by the Member for Steinbach (Mr. Goertzen), is that the Premier be directed to apologize to the Legislative Assembly and the people of Manitoba for bringing false information before this House and undermining the integrity and respect of this Legislature. Thank you.

**Mr. Speaker:** Before recognizing any other members to speak, I'd remind the House that contributions at this time by honourable members are to be limited to strictly relevant comments as to whether an alleged matter of privilege has been raised at the earliest opportunity and whether a prima facie case has been established.

**Hon. Gary Doer (Premier):** Mr. Speaker, the good thing of having *Hansard* is you're able to read all the comments made, not just comments taken out of context for political reasons. It's completely consistent with the positions we've taken.

I would point out, Mr. Speaker, that we're not challenging the issue of, at the earliest possible occasion in this House, although I do take great exception to the fact that the member opposite, in taking comments out of context, released to the media one or two sentences out of a whole page of answers dealing with positions that private companies had taken dealing with the Crocus Fund.

In fact, I'll give you *Free Press* ads with those backing up the points I had made in November of 2006 that are completely consistent, not only with the comments I've made in the past, but also comments with the Auditor General's report.

I think the person whose privileges have been breached, Mr. Speaker, has been the Minister of Finance (Mr. Selinger) who was accused of withholding a document from the Auditor General.

Then, when the Auditor General came forward and said, no, we had the document, and yes, it was included in our report, members opposite have still not had the courage to apologize to the Minister of Finance for accusing him of withholding a document. I think that is incredible. I think it would have been a legitimate question to say: Did the minister withhold the document? Or did he not? Did the Auditor General have access or use the document for purposes of the Auditor General?

But, when the Auditor General came back, Mr. Speaker, and said that that was part of the audit—

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

**Mr. Speaker:** Order. A matter of privilege is a very serious matter. I have to make a ruling at the end, and I need to be able to hear every word. I am asking the co-operation of all honourable members, please. The honourable First Minister has the floor.

**Mr. Doer:** Yes and my answer is on November 20, 2006: the document that has been taken again out of context by the member opposite.

When after the Auditor General confirmed that the former Auditor General had the document and it was incorporated in the report, what did the member opposite do? This is something I have never seen in this House. I know the member opposite is a former backroom boy, but dealing with the issue of an Auditor General that's an independent officer of this Legislature, I have never, ever witnessed the public comments made by the Leader of the Opposition (Mr. McFadyen) against the integrity of the Auditor General's office as witnessed by the member opposite.

Mr. Speaker, those kinds of Republican tactics are not acceptable in a British parliamentary tradition that's maintained in this Legislature. It is the job of every member of this Chamber to support the position of the Auditor General.

On the Auditor General's report on liquidity: On May 25 in the *Winnipeg Free Press*, after the Auditor General's report said there were liquidity problems that were raised by—

**An Honourable Member:** Did you see the memo?

**Mr. Doer:** Excuse me, Mr. Speaker, if I could finish my comments. There were no interruptions on our side; perhaps the members opposite would have a little dignity.

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

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

**Mr. Doer:** Mr. Speaker, the issue of liquidity, the Auditor General, I believe it was on page 102, said that the Crocus Fund was, in fact, in compliance with liquidity provisions, notwithstanding the issues that they raised.

I took full responsibility. If you go back in the media reports of the Auditor General's report, I took responsibility at that time even though the Auditor General said it had nothing directly related to the issues of valuation.

Mr. Speaker, I still wait for members opposite who were part of a Cabinet that passed the legislation that the Auditor General said was insufficient: no responsibility. The officers of the Crocus Fund: Mr. Umlah, in particular, was promoted by members opposite: no responsibility. The issues of the Wellington West conflict of interest, which I have to admit I didn't know about; I didn't see any press releases on it when the member opposite was the chief of staff of the former premier. Didn't see any press releases. I accept responsibility for not knowing that they were put in a conflict of interest.

In 2004, Mr. Speaker, the member opposite wants to talk about 2004. Wellington West, the underwriter that the Auditor General found to be in a conflict of interest through Cabinet orders prior to 1999, attested to the prospectus that was contained by Crocus, filed with the Securities Commission, legally filed the document to say that the valuations of the audit reports that are contained within represent the true valuation of the fund. I accept responsibility for not second-guessing an underwriter that was in a conflict of interest that I didn't know about.

But, Mr. Speaker, the areas where the Auditor General pointed out deficiencies on our side of the governance of this issue, we have accepted responsibility for something that I hear silence from the other side. There is no point of privilege. The comments are taken out of context.

The Minister of Finance has had five credit upgrades since he's been in office. He is a man of great integrity. He has accepted the responsibility, and the members opposite are only hiding. They are unwilling to admit that when they accuse the Minister of Finance of withholding a document, when the Auditor General corrected the Leader of the Opposition (Mr. McFadyen), and his statements

fell like a house of cards, he was unwilling to say to the Minister of Finance, I apologize, the document was in the hands of the Auditor General. It's a disgrace what he said about the Auditor General, and it's time everybody in this House upheld the independent office of the Auditor General in this Legislature.

\* (13:50)

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, we, too, are concerned about the misleading words of the Premier when he said that everything that we knew about the Crocus Investment Fund was that it was strong. There was no question of context. It was here in the Legislature, and it certainly referred back a long time and it certainly has misled people.

**Hon. Dave Chomiak (Government House Leader):** Mr. Speaker, very briefly, because we know it's budget day, and we know the budget document is the most important document. In fact, the Leader of the Opposition (Mr. McFadyen) said the budget is the most important document. So I hope he'll respect the traditions of this House, and we'll be able to get on with the presentation of the budget.

Could I just point out, Mr. Speaker, that there are numerous rulings with respect to what the Leader of the Opposition referred to, most notably your ruling in the Fourth Session, Thirty-Eighth Legislature, concerning whether or not answers or comparison is not the role of the Speaker to adjudicate on matters of fact. He said this is something left up to the House.

Further, Mr. Speaker, your ruling on that—I take the opportunity—you've ruled at least six or seven times with respect to the fact of the intentionality, and the fact that the House itself must determine these issues. It's very clear in both your rulings and the rulings of Speakers that preceded you, that this is, in fact, not a matter of privilege. In fact, this is a matter of politics. This is a matter of the Leader of the Opposition and the Leader of the Liberal Party both carrying on a campaign which is contrary to the facts. Both signed a letter to you alleging that the document that they presented, the so-called leaked Cabinet document, was new information. Both the Leader of the Opposition and the leader of the third party signed a letter to you saying that that was a leaked document, when, in fact, the Auditor herself wrote that the November 2000 submission referred to above was included in the documents obtained during the course of the audit and contributed to the

audit evidence used to reach the conclusions reported in May 2005.

Mr. Speaker, the very basis of their contention is factually incorrect. They do not have the—for once, would the Leader of the Opposition (Mr. McFadyen), I know he thinks he's perfect, but for once will he apologize for a factual error. If he does, perhaps his credibility in this Chamber will go up slightly. But at least admit when you're factually wrong, and he is factually wrong, and that the whole premise of their argument is wrong.

It's also clear that the Auditor General had access to Crocus files upon request. The prospectus was clear that investors were to be made and sold within seven years. Wellington West signed off on the prospectus. The Auditor signed off on the financial statements. I suggest to you that this is not a matter of privilege. It's an attempt to resurrect an issue that they've been unable to get off the ground. It's an attempt to block the budget, and it's an attempt on their part to turn, to get away from the real issue of helping Manitobans, getting the budget, dealing with tax issues, providing help to over a million Manitobans. I suggest you rule this is not in order, and we get on with the Orders of the Day to deal with the budget.

**Mr. Speaker:** A matter of privilege is a serious concern. I'm going to take this matter under advisement to consult authorities, and I will return to the House with a ruling.

\* \* \*

**Mr. Speaker:** The honourable Member for River Heights (Mr. Gerrard), on a point of order or matter of privilege?

**Mr. Gerrard:** Yes, on a matter of privilege, Mr. Speaker.

**Mr. Speaker:** The honourable Member for River Heights, on a matter of privilege.

**Mr. Gerrard:** Mr. Speaker, under *Beauchesne's* rules 114 and 115, as the Speaker knows, matters of privilege are serious matters. It must be demonstrated there's a prima facie case for a matter of privilege and that the matter has been raised at the earliest possible opportunity. I, today, allege that the Minister of Finance has intentionally and deliberately misled this House in a most grievous and egregious matter, and that the fact that the

minister has misled this House has caused many thousands of Manitobans to lose millions and millions of dollars, perhaps as much as \$100 million.

Mr. Speaker, I refer you to the words of the Minister of Finance in his budget speech of April 22, 2003, in which he said, and I quote: Our economic prosperity depends in part in putting our savings to work here at home. Our existing labour-sponsored investment funds, Crocus and ENSIS, have been very successful in this regard.

I want to emphasize, Mr. Speaker, that the Minister of Finance did not say that Crocus was a high-risk venture capital fund. He did not even say that Crocus was just successful. The minister said that Crocus was very successful. Mr. Selinger's comments were consistent with other—

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

**Mr. Speaker:** Order. When members are addressing other members of this House, they will address the members by their constituencies or ministers by the portfolios they hold. I caution all honourable members.

**Mr. Gerrard:** I'm sorry, Mr. Speaker.

The Minister of Finance's comments were consistent with other actions of the NDP government and comments by other members of the government which provided a message from the government, and I will document this in due course, that the Crocus Investment Fund was doing well and that Manitobans should therefore be encouraged to invest in the Crocus Investment Fund.

Mr. Speaker, while the Legislature was in recess, and since we last were sitting in this House, a Cabinet document became public on February 23, 2007, which shows clearly that the Minister of Finance misled the members of this House when he made this statement on April 22, 2003, that the Crocus Investment Fund was very successful. This, and other statements of his government have so misled many Manitoba citizens that they have lost millions of dollars as a result. The Cabinet document to which I refer is a submission by the Minister of Finance to Cabinet. It's dated November 27, 2000, and it's signed by the Minister of Finance. It shows that the Minister of Finance not only knew of the information in this document, but he authored the document and presented the matters in the document to all other members of Cabinet. I now table a copy of this Cabinet document.

The document refers to the fact that Crocus management have approached the minister and/or his staff to advise that they have a potential for liquidity crisis. In this context, Mr. Speaker, a liquidity crisis means the fund may run out of money. This is certainly not the same as what the minister said when he said Crocus was very successful. In the document, it is clear that the future of the Crocus Investment Fund was described as poor with the fund going downhill with respect to value, performance, and cash. I quote again: "Crocus has prepared a number of scenarios to estimate the impact of redemptions and an annual selling limit on its investment assets. In each scenario, Crocus forecasts a liquidity problem as redemptions exceed new sales and liquid reserves decline." What the document signed by the Minister of Finance is saying is this: that Crocus has done a variety of forecasts for the future and in every single forecast, that is whatever Crocus does, it is in trouble. My point here is that it was very clear. Whatever scenario the Crocus Fund management tried, they knew and the Finance Minister knew from this document that the Crocus Investment Fund was heading for deep trouble.

In order to fully understand the extent of the difficulties of the Crocus Investment Fund, I now quote from page 2, paragraph 2 of the Cabinet document: "Crocus is seeking to use money from new investors to pay redemptions by existing investors." Mr. Speaker, there's only one reason that Crocus would need to use money from new investors to pay for redemptions by existing investors and that is if the Crocus Investment Fund was heading for big trouble and was not earning a sufficient return on its investments to be able to pay shareholders or unit holders who redeemed their shares at the listed value of the shares.

\*(14:00)

Mr. Speaker, it is important to note here that the words of the Minister of Finance were not isolated. The words in 2003 were matched by actions taken by the minister's government within days of the November 27, 2000 Cabinet document, which I have tabled.

Indeed, nine days after November 27, the government, of which the minister was and is a member, introduced Bill 4 which eliminated the cooling-off period for Crocus shareholders. This bill was designed specifically to encourage existing shareholders to re-invest in Crocus. The message from this bill to all Manitobans is that we are

eliminating the cooling-off period so that you, as a Crocus investor, will receive a financial reward in the form of a tax credit for re-investing in the Crocus Investment Fund. That's in Bill 4 introduced nine days after November 27. That is on the first possible day of the legislative session. On December 5, 2000, a bill was introduced to give people a new financial incentive to re-invest in the Crocus Investment Fund.

The government, through its action to speedily introduce Bill 4 and hastily pass this bill by December 15, had passed all stages in the Legislature and received Royal Assent, sent a very clear signal to Manitobans just as the Minister of Finance did in his 2003 budget speech when he said that Crocus was very successful. The signal sent by Bill 4 was the Crocus Investment Fund is a good deal. We give you a new financial incentive to invest.

My point here, Mr. Speaker, is that the Finance Minister, as we now know from the Cabinet document of November 27, 2000, knew full well that the Crocus Investment Fund was in trouble and yet, instead of publicly cautioning people about the high risk of investing in the Crocus Investment Fund, he and his government passed legislation to promote further investments in the Crocus Investment Fund.

I need, at this point, to document the impact that the government's promotion of the Crocus Investment Fund had on Manitobans' decisions to invest in the Crocus Investment Fund. After the November 27 Cabinet meeting, Manitobans invested more than \$22 million in the Crocus Investment Fund in 2001. In 2002, Manitobans invested more than \$25 million in the Crocus Investment Fund. In 2003, Manitobans invested more than \$29 million in the Crocus Investment Fund. In 2004, Manitobans invested more than \$20 million in the Crocus Investment Fund. The total investment in the Crocus Investment Fund, after the November 27, 2000 Cabinet meeting, was more than \$97 million.

It should be noted that those individuals who chose to invest in the Crocus Investment Fund after November 27, 2000, have lost money on their investments directly as a result of the misleading actions and words of this Minister of Finance and his government.

Mr. Speaker, I raise this issue now because until we had the Cabinet document of November 27, 2000, we did not know in this Legislature that we, in the Legislature, and the people of Manitoba generally have been so badly misled by the Minister of Finance. I am raising this issue, as the Speaker

knows, because it is among the most serious of all offences, to deliberately mislead the members of the Legislature through statements and actions in this House.

It is now time for me to address the issue of why I believe the Minister of Finance not only misled the members of the Legislature, but deliberately and intentionally misled members of this Legislature. The Minister of Finance and his government had a motive. The Minister of Finance and other members of his government were looking for money from the Crocus Investment Fund to do a co-investment with them in a new arena project and a project like the Maple Leaf Distillers project.

The Minister of Finance wanted his government to be able to benefit from announcements made by the Crocus Investment Fund in partnership with his government. Such announcements would be less likely if there was decreased investment by Manitobans in the Crocus Investment Fund, as could result if the minister had emphasized in this Legislature the high-risk nature of the Crocus Investment Fund.

Mr. Speaker, there was a motive for the minister to mislead Manitobans. The question is: Did the minister knowingly or deliberately mislead Manitobans? I believe that a critical review of this file will confirm my belief that he did. The minister knew full well that his actions and words were having the effect of supporting and encouraging Manitobans to invest in the Crocus Investment Fund, and as we know, many, many Manitobans did so.

To make a claim that the actions of the minister and his government in introducing Bill 4 and the statement of the Minister of Finance in his budget of 2003 were accidental or that he was misquoted or that his actions were misinterpreted is just wrong. The budget speech is not just everyday speech. Every word in a budget speech is crafted with great care so that it sends a clear signal to all Manitobans. I can only conclude that the minister's actions and his remarks were not accidental. They were deliberate and the minister deliberately misled Manitobans.

The matter of privilege has great importance today just before an anticipated budget speech by the same minister who, I have now provided substantive evidence, deliberately misled members of this Chamber and the general public of Manitoba. Mr. Speaker, it's very difficult to argue that a government bill and remarks in a budget speech are not deliberate actions. It is very difficult to argue that with what is

now known from the Cabinet document of November 27, 2000, that the Minister of Finance did not mislead this House and the people of Manitoba. Thousands of Manitobans were misled into investing more than \$97 million into an enterprise that the Finance Minister knew was in big trouble.

I now move, seconded by the MLA for Inkster (Mr. Lamoureux), that the Minister of Finance be replaced with a minister who has not so deliberately misled this Chamber and the people of Manitoba.

**Mr. Speaker:** Before recognizing any other members to speak, I remind the House that contributions at this time by honourable members are limited to strictly relevant comments as to whether the alleged matter of privilege has been raised at the earliest opportunity and whether a prima facie case has been established.

**Mr. Doer:** Yes, Mr. Speaker, it was the first opportunity for the member to rise on an alleged point of privilege. I would acknowledge that even though the point of privilege has been somewhat diminished by the reality that the document the members opposite claim was, quote, withheld from the Auditor General and was therefore this, quote, smoking gun, unquote, was further acknowledged a few days later to be a document that yes, had been in the hands of the Auditor General; yes, had been part of the Auditor General's report; had led to a finding that liquidity issues were raised by various government officials; and, further, that at the end of the day, the liquidity provisions of the Crocus act, passed initially in 1992 by the former Conservative government were, in fact, in compliance by the fund.

So, I know when members opposite make these great allegations and then it falls apart because the Auditor General, in fact, says: No, we had the document; yes, we considered it; and, no, it didn't have anything to do—the findings of the act were in compliance when the fund declared it was going to stop trading shares in December of '04.

Mr. Speaker, the member opposite talks about signals. Was he not the minister responsible for putting \$12 million into the Isobord plant from federal money and said this was a great investment for Manitoba? I don't know if the Minister of Finance has put that kind of signal into anything. The member opposite is very self-righteous at this point.

I would also point out that the initial investment of Crocus in the Manitoba Moose was made in 1997. The Minister of Finance was not the Minister of

Finance in 1997. I think it was one Mr. Stefanson who was the Minister of Finance in 1997. So the member opposite wants us to change a minister that was preceded by a minister who made an investment who is no longer in the House. It's a nice reach, Mr. Speaker, but there are no points of privilege in this—*[interjection]* Excuse me, we didn't interrupt members opposite. Perhaps they'd stop being rude—*[interjection]*

**Mr. Speaker:** Order.

\* (14:10)

**Mr. Doer:** Mr. Speaker, these aren't points of privilege. These are points of politics, and politics is completely relevant in this debating Chamber. But to go off on a point of privilege on a document that was contained within the Auditor General's report and the findings of which have been made available to the public—no new information—the allegation was wrong. I would suggest to the people that if they have a choice to listen to the Auditor General saying: I had that document, we incorporated it in our report and on page 102, the fund was in compliance with this section of the act, as opposed to the members opposite making politics, I would recommend to the public that they read the Auditor General's report because that is an independent document by an independent officer of the Legislature that is free of fear and favour and outside of the political realm of this debate. Thank you very much.

**Mr. McFadyen:** I would just like to indicate my support and the support of our caucus for the matter of privilege raised by the Member for River Heights (Mr. Gerrard), the Leader of the Liberal Party, and to simply indicate that we too share the concern that he has about the record of misleading and false statements provided by the Minister of Finance. When it comes to the Crocus matter, we think that the Minister of Finance has a responsibility to provide Manitobans with candid, direct information, and we certainly support the comments made.

I also just want to address one issue. The Premier has certainly attacked me for comments that I have made, and he now attacks the Member for River Heights. I was certainly prepared to allow those attacks to go by when they were aimed only at me, but as he attacks the Member for River Heights, because the job of the Leader of the Opposition is to take attacks from time to time, and that's certainly part of the job.

But I do want to say that the Premier was not able to make the Public Accounts Committee meeting on March 8, which took place nine days after Ms. Bellringer's letter of February 27, at which the Auditor General's office provided clarification on the matter of the Cabinet document. It was Norman Ricard, executive director of Strategic Initiatives, who tabled the memo. That memo indicates two things. One is that the document was not provided to the Auditor's office by the Premier or the Minister of Finance. Secondly, the document was not referenced in the Auditor General's report. I know this was referred to in correspondence to the Premier yesterday. He may not have had an opportunity yet to read it, but before he embarrasses himself any further by asking for apologies based on a false premise, I want to table the memo that was released subsequent to Ms. Bellringer's letter just so that the Premier has the most up-to-date information with respect to this issue. Thank you, Mr. Speaker.

**Mr. Chomiak:** Mr. Speaker, just dealing with the matters in question that the Leader of the Opposition and the leader of the other party in the House signed a letter sent to you saying that the Auditor did not have this report and that the Auditor and the government had been misled, et cetera, et cetera, with the usual rhetorical flourish of members opposite.

In fact, prior to that letter going to the Auditor, Carol Bellringer sent a letter too that said: Dear sir, further to our report, et cetera, et cetera, the November 2000 submission referred to above was included in the documents obtained during the course of the audit and contributed to the audit evidence used to reach the conclusions reported in May 2005. I am pleased to provide you nine copies for tabling in the House within 15 days after the beginning of next sitting as per section 28(1) of the document.

Now the member said it was a leaked document and the Auditor didn't have it. The Auditor writes a letter saying: I have the document. It was looked after. It's in writing. You have copies of the letter, Mr. Speaker. There is no grey area in this regard. The members opposite are purely, factually wrong. They are wrong factually. The letters say otherwise. The members opposite are attempting to build a house of cards on a very, very thin foundation.

When the Crocus matter started, members opposite were accusing us of helping our friends. I don't know if you remember, Mr. Speaker, say three or four years ago, we were helping our friends. Then

when they found out a lot of their friends like Wellington West and perhaps people who the member's law firm worked for, et cetera, who had passed the law were involved, all of a sudden it was no longer about us helping our friends. It was about why didn't you do something earlier to help the shareholders, a total contradiction.

First, it was you're helping your friends. Then it was, oh, you're not doing anything and you're hurting shareholders. Mr. Speaker, it's a political attack. It is the only attack that they have. It's not very structurally sound. They are factually wrong. It's not a matter of privilege. You've ruled six, seven, eight times in this regard that I could quote back to you, but to save time because the budget, as the Leader of the Opposition and the leader of the other party said, is the most important document.

Manitobans are encouraged and want to hear about things like, perhaps tax breaks, perhaps additional programs, perhaps more police officers in the province of Manitoba. They are holding it up when we should be moving forward. Thank you, Mr. Speaker.

**Mr. Speaker:** Order. A matter of privilege is a serious concern. I'm going to take this matter under advisement to consult authorities and I will return to the House with a ruling.

#### Point of Order

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

**Mr. Kevin Lamoureux (Inkster):** Yes, on a point of order.

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

**Mr. Lamoureux:** Yes, Mr. Speaker, on a point of order. Given the very nature of the motion that has been moved by the Member for River Heights (Mr. Gerrard), we do believe it's in Manitobans' best interests that this issue be dealt with immediately. So I would request you, as the Speaker, on a point of order, that we deal with that issue immediately.

**Mr. Speaker:** Well, I have made a ruling because there have been a lot of comments that have been discussed. I do have the right to take a matter under advisement if I need to seek further information. With all the comments that have been directed to the Chair pertaining to this, I do need to take further time because I need to consult the authorities. I need to

peruse *Hansard* to make sure that I have all the facts before I make a ruling. That's why I have taken it under advisement and the Speaker does have the right to make that ruling.

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

**Mr. Lamoureux:** No, Mr. Speaker, I would challenge your ruling on this point of order.

**Mr. Speaker:** The ruling of the Speaker has been challenged.

#### Voice Vote

**Mr. Speaker:** All those in support of sustaining the ruling of the Chair, say yea.

**Some Honourable Members:** Yea.

**Mr. Speaker:** All those opposed to sustaining the ruling of the Chair, say nay.

**Some Honourable Members:** Nay.

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

**Mr. Lamoureux:** Yes, Mr. Speaker, I would ask if you could canvass the House to see if there's support to have a recorded vote.

**Mr. Speaker:** It takes four members to request a recorded vote. Does the honourable member have support? If there is support, please stand. Okay, the honourable member has the support.

Order. So, a recorded vote having been requested, call in the members.

\* (14:20)

**Mr. Speaker:** Order.

#### Division

*A RECORDED VOTE was taken, the result being as follows:*

#### Yeas

*Aglugub, Allan, Altemeyer, Ashton, Bjornson, Brick, Caldwell, Chomiak, Dewar, Doer, Irvin-Ross, Jennissen, Jha, Korzeniowski, Lathlin, Lemieux, Mackintosh, Maloway, Martindale, McGifford, Melnick, Nevakshonoff, Oswald, Reid, Robinson, Rondeau, Sale, Santos, Smith, Struthers, Swan, Wowchuk.*

### Nays

*Cullen, Cummings, Derkach, Driedger, Dyck, Eichler, Faurschou, Gerrard, Goertzen, Hawranik, Lamoureux, Maguire, McFadyen, Mitchelson, Penner, Reimer, Schuler, Taillieu.*

**Madam Clerk (Patricia Chaychuk):** Yeas 32, Nays 18.

**Mr. Speaker:** The ruling of the Chair has been sustained.

\* \* \*

**Mr. Gerrard:** Mr. Speaker, I rise on a matter of privilege. This is a serious matter, again, using rules 114 and 115 in *Beauchesne's*. I would refer you to the words of the Minister of Industry, Economic Development and Mines on May 31, 2005, in this Chamber.

The minister said, and I quote: Mr. Speaker, the member opposite is raising an important question, and I would like to clarify the fact that the government was not aware of, nor was I aware of before December 10, meaning December 10, 2004, any problems of valuations at the Crocus Investment Fund. That has been consistent, that is what I said before, and that is what I remain. Before the public announcement on December 10, we did not know the issue of valuations.

Mr. Speaker, I table today a document which makes it very clear that the Minister of Industry, Economic Development and Mines very seriously misled this Chamber when he indicated that he was not aware of problems before December 10. This document is a briefing note to the Minister of Industry, Economic Development and Mines on November 9, 2004, a month earlier than December 10. This document has only recently become available, so I present this information at the first possible opportunity.

I quote from the document as follows: "Crocus states it may not be able to sell off investments for enough cash to cover costs." This is clearly information that the shares are not worth what they're valued at. The document emphasizes the need for Crocus to reconcile its investment portfolio, clearly a recognition that Crocus shares were not worth what they were trading at, as we now well know.

The document talked about, and I quote, "the current Crocus Fund is likely unsustainable," clearly emphasizing its portfolio was not worth as much as what was being said at the time. There were

problems with valuations, and the minister knew it much before he indicated.

Furthermore, the document says: In late September the Crocus board reduced the net asset value per share by 10 percent by devaluing its investment portfolio. Right there, problems with valuation. The minister knew one, two, three, four, all the way he knew, long before December 10. This briefing note to the Minister of Industry, Economic Development and Mines on November 9, 2004, is a very clear example of this minister deliberately misleading the Legislature and the people of Manitoba.

Mr. Speaker, I move, seconded by the MLA for Inkster, that this matter be referred to a committee of this Legislature.

**Mr. Speaker:** On the matter of privilege raised by the honourable Member for River Heights, as you know, matters of privilege are very serious concerns, so I'm going to take this matter under advisement to consult the authorities and I will return to the House with a ruling.

## ROUTINE PROCEEDINGS

### PETITIONS

#### Crocus Investment Fund

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

The background to this petition is as follows:

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

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

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

We petition the Legislative Assembly of Manitoba as follows:

To urge the Premier (Mr. Doer) and his NDP government to co-operate in uncovering the truth in why the government did not act on what it knew and

to consider calling a public inquiry on the Crocus Fund fiasco.

This is signed by C. De La Cruz, B. Mangale, L. Coronel, and many, many other fine Manitobans.

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

#### **Headingley Foods**

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

These are the reasons for this petition:

The owners of Headingley Foods, a small business based in Headingley, would like to sell alcohol at their store. The distance from their location to the nearest Liquor Mart, via the Trans-Canada Highway, is 9.3 kilometres. The distance to the same Liquor Mart via Roblin Boulevard is 10.8 kilometres. Their application has been rejected because their store needs to be 10 kilometres away from the Liquor Mart. It is 700 metres short of this requirement using one route but is 10.8 kilometres using the other.

The majority of Headingley's population lives off Roblin Boulevard and uses Roblin Boulevard to get to and from Winnipeg rather than the Trans-Canada Highway. Additionally, the highway route is often closed or too dangerous to travel in severe weather conditions. The majority of Headingley residents therefore travel to the Liquor Mart via Roblin Boulevard, a distance of 10.8 kilometres.

Small businesses outside Winnipeg's perimeter are vital to the prosperity of Manitoba's communities and should be supported. It is difficult for small businesses like Headingley Foods to compete with larger stores in Winnipeg, and they require added services to remain viable. Residents should be able to purchase alcohol locally rather than drive to the next municipality.

We petition the Legislative Assembly of Manitoba as follows:

This is signed by Melissa Rice, Sandi Penner, Gary Youmans and many, many others.

## **COMMITTEE REPORTS**

### **Standing Committee on Legislative Affairs Third Report**

**Mr. Daryl Reid (Chairperson):** Mr. Speaker, I wish to present the Third Report of the Standing Committee on Legislative Affairs.

**Madam Clerk (Patricia Chaychuk):** Your Standing Committee on Legislative Affairs presents the following as its Third Report.

**Some Honourable Members:** Dispense.

**Mr. Speaker:** Dispense.

*Your Standing Committee on Legislative Affairs presents the following as its Third Report.*

#### **Meetings:**

*Your committee met on Monday, December 18, 2006, at 3 p.m. in Room 255 of the Legislative Building.*

#### **Matters under Consideration:**

*The Report and Recommendations of the Judicial Compensation Committee dated June 20, 2006*

#### **Committee Membership:**

*Hon. Mr. Chomiak*

*Mr. Dewar*

*Mr. Faurschou*

*Mr. Goertzen*

*Ms. Korzeniowski*

*Mr. Martindale*

*Mr. Reid (Chairperson)*

*Hon. Mr. Selinger*

*Mrs. Stefanson*

*Mr. Swan*

*Mrs. Taillieu*

*Your committee elected Ms. Korzeniowski as the Vice-Chairperson.*

#### **Motions:**

*Your committee agreed to the following motion:*

*THAT the Standing Committee on Legislative Affairs adopt the proposal outlined in Schedule A and recommend the same to the Legislative Assembly of Manitoba.*

**SCHEDULE A**

1. That effective April 1, 2005, salaries for Provincial Court Judges be increased to \$168,000 per annum (\$6,439.99 bi-weekly); that effective April 1, 2006, salaries be increased to \$173,040 per annum (\$6,633.19 bi-weekly); and that effective April 1, 2007, salaries be further increased to \$178,230 per annum (\$6,832.14 bi-weekly).
2. That effective April 1, 2005, salaries for Associate Chief Judges be increased to \$173,000 per annum (\$6,631.66 bi-weekly); that effective April 1, 2006 salaries be increased to \$178,040 per annum (\$6,824.86 bi-weekly); and that effective April 1, 2007 salaries be further increased to \$183,230 per annum (\$7,023.81 bi-weekly).
3. That effective April 1, 2005, the salary for the Chief Judge be increased to \$178,000 per annum (\$6,823.32 bi-weekly); that effective April 1, 2006 that salary be increased to \$183,040 per annum (\$7,016.52 bi-weekly); and that effective April 1, 2007 that salary be further increased to \$188,230 per annum (\$7,215.47 bi-weekly).
4. That effective July 1, 2006, the current pension plan be amended to provide a guaranteed indexing at the rate of 66.7% of the percentage increase in the annual change in the Consumer Price Index (CPI) for Canada based on the immediately preceding calendar year.
5. That, effective 60 days following the date of approval by the Legislative Assembly, the age-related reductions to life insurance coverage for Judges be changed so that
  - (a) the coverage for a Judge who did not reach the age of 66 before May 5, 2004 not be reduced until the Judge reaches the age of 66, at which time it is set at 75%;
  - (b) the coverage for a Judge who reached the age of 66 but not the age of 70 before May 5, 2004 be increased to 75% until the Judge reaches the age of 70, at which time it is set at 62.5%; and
  - (c) the coverage for a Judge who reached the age of 70 before May 5, 2004 be set at 62.5%.
 

*These changes are not to apply to a Judge who died before the effective date.*
6. That the residual amount of life insurance available to Judges at age 75 be increased from \$1,500.00 to \$4,500.00. This change will be effective 60 days following the date of approval by the Legislative Assembly.
7. That the life insurance plan for Judges be amended to provide that Dependents' insurance coverage be increased to \$17,500.00 for a spouse and to \$3,500.00 for each eligible child. These changes will be effective 60 days following the date of approval by the Legislative Assembly.
8. That the Dental Plan be amended by implementing the 2006 Manitoba Dental Association (MDA) Dental Plan fee guide; by increasing the maximum claim to \$1,475 per calendar year and increasing the maximum lifetime claim for orthodontics to \$1,675. These changes will be effective 60 days following the date of approval by the Legislative Assembly.
9. That the Province cover the cost of 80% of eligible prescription drug expenses under the current Extended Health Benefits Plan to a maximum of \$650 in each calendar year. The participating Judges will fund the balance. This change will be effective 60 days following the date of approval by the Legislative Assembly.
10. That the Extended Health Benefits Plan be amended to provide coverage for chiropractic, massage therapy, naturopathy and speech therapy (each to have a \$350.00 annual maximum); foot orthotics (to have a \$200.00 annual maximum); hearing aid coverage (to have a \$300.00 maximum per person per 5 year period). The premiums for this coverage are to be paid by the participating judges. This change will be effective 60 days following the date of approval by the Legislative Assembly.
11. That the northern allowance rates for judges residing in Thompson or The Pas be set as follows:
 

<u>Effective Date</u>	<u>Single Rate (bi-weekly):</u>	<u>Dependent Rate (bi-weekly):</u>
April 1, 2005 Thompson	\$101.72	\$144.79
April 1, 2005 The Pas	\$ 55.58	\$ 90.95
April 1, 2006 Thompson	\$104.26	\$148.41
April 1, 2006 The Pas	\$ 56.97	\$ 93.22
April 1, 2007 Thompson	\$106.87	\$152.12
April 1, 2007 The Pas	\$ 58.39	\$ 95.55

12. That, commencing April 1, 2005, the Province pay the annual fees to enrol each Provincial Court Judge in the National Judicial Counselling Program.
13. That each Judge be provided with an educational allowance of \$2,500.00 each fiscal year to be used for attendance at seminars or conferences only as approved by the Chief Judge. A Judge must first request funding through the Judges' regular education budget, and if funding is refused in whole or in part, this allowance can be used. Any amount of this allowance not used in any given fiscal year cannot be carried over to a subsequent year.
14. That the Province pay 75% of the Judges' legal costs and fees for the Judicial Compensation Committee process, up to a maximum aggregate payment by the Province of \$35,000.00.
15. That unless otherwise stated, all changes shall be effective on the date of approval by the Legislative Assembly of Manitoba.
16. In these recommendations, "date of approval by the Legislative Assembly" means
- (a) the date that the vote of concurrence referred to in subsection 11.1(28) of The Provincial Court Act takes place with respect to these recommendations; or
- (b) if the recommendations must be implemented because of subsection 11.1(29) of The Provincial Court Act, the first day after the end of the 21-day period referred to in that subsection.

**Public Presentations:**

By leave, your committee heard one presentation on the Report and Recommendations of the Judicial Compensation Committee from:

Susan Dawes, Provincial Judges Association Of Manitoba

**Reports Considered:**

Your committee has completed consideration of the Report and Recommendations of the Judicial Compensation Committee dated June 20, 2006.

**Mr. Reid:** I move, seconded by the honourable Member for St. James (Ms. Korzeniowski), that the report of the committee be received.

**Motion agreed to.**

**Standing Committee on Legislative Affairs  
Fourth Report**

**Ms. Bonnie Korzeniowski (Chairperson):** Mr. Speaker, I wish to present the Fourth Report of the Standing Committee on Legislative Affairs.

**Madam Clerk:** Your Standing Committee on Legislative Affairs presents the following as its Fourth Report.

**Some Honourable Members:** Dispense.

**Mr. Speaker:** Dispense.

Your Standing Committee on Legislative Affairs presents the following as its Fourth Report.

**Meetings**

Your committee met on Friday, January 26, 2007, at 10 a.m. in Room 255 of the Legislative Building.

**Matters under Consideration**

The reappointment of the Conflict of Interest Commissioner

**Committee Membership**

Mr. Aglugub  
Mr. Altemeyer  
Hon. Mr. Chomiak  
Mr. Cullen  
Mr. Dewar  
Mr. Goertzen  
Ms. Korzeniowski  
Mr. Maguire  
Mrs. Mitchelson  
Mr. Maloway  
Mr. Santos

Your committee elected Ms. Korzeniowski the Chairperson.

Your committee elected Mr. Altemeyer as the Vice-Chairperson.

**Motions**

Your committee agreed to the following motions:

That the Committee recommends to the Lieutenant-Governor-in-Council that Mr. William Norrie be re-appointed as Conflict of Interest Commissioner with his term to expire February 1, 2009.

That the Committee authorize the Chairperson to ask the Speaker to inform all MLAs in writing of this re-appointment, prior to presentation of the committee report in the House.

**Ms. Korzeniowski:** I move, seconded by the honourable Member for Wolseley (Mr. Altemeyer), that the report of the committee be received.

**Standing Committee on Public Accounts  
First Report**

**Mr. Leonard Derkach (Chairperson):** Mr. Speaker, I wish to present the First Report of the Standing Committee on Public Accounts.

**Madam Clerk:** Your Standing Committee on Public Accounts presents the following as its First Report.

**Some Honourable Members:** Dispense.

**Mr. Speaker:** Dispense.

*Your Standing Committee on Public Accounts presents the following as its First Report.*

**Meetings**

*Your committee met on the following occasions:*

*November 28, 2005*

*December 14, 2006*

**Matters under Consideration at the December 14, 2006, meeting**

*Auditor General's Report – Examination of the Crocus Investment Fund – May 2005*

*Auditor General's Report – Environmental Audit – Review of the Province of Manitoba's Management of Contaminated Sites and the Protection of Well Water Quality in Manitoba dated November 2005*

*Auditor General's Report – Follow-up of Recommendations made in our August 2003 Report, An Examination of Le Collège de Saint-Boniface dated July 2005*

**Committee Membership**

*Committee Membership for the November 28, 2005, meeting:*

*Mr. Caldwell*

*Mr. Cummings*

*Mr. Hawranik*

*Mr. Maguire*

*Mr. Maloway (Vice-Chairperson)*

*Mr. Martindale*

*Mr. Nevakshonoff*

*Mr. Reimer (Chairperson)*

*Mr. Santos*

*Hon. Mr. Selinger*

*Committee Membership for the December 14, 2006, meeting:*

*Mr. Aglugub*

*Mr. Cummings*

*Mr. Derkach (Chairperson)*

*Mr. Hawranik*

*Mr. Lamoureux*

*Mr. Maloway (Vice-Chairperson)*

*Mr. Martindale*

*Mr. Santos*

*Mr. Schuler*

*Hon. Mr. Selinger*

*Mr. Swan*

**Reports Considered and Adopted at the December 14, 2006, meeting**

*Your committee considered and adopted the following report as presented:*

*Auditor General's Report – Follow-up of Recommendations made in our August 2003 Report, An Examination of Le Collège de Saint-Boniface dated July 2005*

**Reports Considered but not Adopted at the December 14, 2006 meeting**

*Your committee considered the following reports but did not adopt them:*

*Auditor General's Report – Examination of the Crocus Investment Fund – May 2005*

*Auditor General's Report – Environmental Audit – Review of the Province of Manitoba's Management of Contaminated Sites and the Protection of Well Water Quality in Manitoba dated November 2005*

**Mr. Derkach:** Mr. Speaker, I move, seconded by the honourable Member for Springfield (Mr. Schuler), that the report of the committee be received.

**Motion agreed to.**

**MINISTERIAL STATEMENTS**

**Tribute to Firefighters Who Died  
in the Line of Duty**

**Hon. Nancy Allan (Minister of Labour and Immigration):** I have a ministerial statement for the House, Mr. Speaker.

I rise on behalf of my colleagues in the Manitoba Legislature and all Manitobans to pay tribute to Captain Harold Lessard and Captain Tom Nichols,

our fallen firefighters who made the ultimate sacrifice while serving their fellow citizens.

We were all shaken by the sudden deaths of these men who dedicated their lives to serving and protecting us. Many members of this House were in attendance at the service at the MTS Centre to pay tribute to these heroes and acknowledge the sacrifices that emergency service personnel make every day in the line of duty.

Most of us cannot truly understand what it means to embrace a profession that holds the possibility of danger, injury or death, and we count ourselves blessed that there are dedicated men and women who take on this challenge daily. For their courage and dedication to duty, they deserve our gratitude and should take pride that such commitment exists.

In the aftermath of this tragedy, we must continue to do all that we can to support the families and loved ones of these brave officers.

As we have always known, true honour is not for those who have received but for those who have given. Captain Thomas Nichols, Captain Harold Lessard, your sacrifice will not be forgotten.

Mr. Speaker, I would ask that following statements by my colleagues that we observe a moment of silence.

**Mr. Hugh McFadyen (Leader of the Official Opposition):** Mr. Speaker, I'd like to thank the minister for that statement and express, on behalf of my colleagues, our profound agreement with the sentiments contained in that statement. We certainly are well served in our city of Winnipeg by those brave men and women that go to work for us each and every day, put themselves in the way of danger in so many different ways, both in terms of emergency medical response and also in fighting fires.

We were all part of that significant memorial service that took place at the MTS Centre, members of all parties and all levels of government. We were all profoundly moved by the stories that we heard there, and to get to know just a little bit more about these two men, their families, the sorts of lives they led, I think gave us all a reason to be grateful and also to feel profound sympathy for the family members that have been left behind.

So I would just say that we would thank all of those men and women who continue to serve us well, whether it be in the military, the police service, the fire service, paramedics and others in the medical profession and elsewhere that put themselves at risk each day. We certainly support the minister's request for a moment of silence. Thank you.

**Hon. Jon Gerrard (River Heights):** I ask leave to comment on the minister's statement.

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

**Mr. Gerrard:** Mr. Speaker, I join my colleagues today in speaking in tribute to the lives and careers and the achievements of Harold Lessard and Thomas Nichols. They clearly were very accomplished individuals who've contributed a great deal to Manitoba, and I want to make sure that we are joined in that tribute.

I'd like to extend our condolences to the family and friends and to recognize the hard and incredible contributions of firefighters and other emergency workers to our province.

**Mr. Speaker:** Is it the will of the House for a moment of silence? *[Agreed]*

Will you please rise for a moment of silence.

*A moment of silence was observed.*

\* (14:40)

### Introduction of Guests

**Mr. Speaker:** Prior to Oral Questions, I'd like to draw the attention of honourable members to the loge to my left where we have with us Mr. Binx Remnant, who is a former Clerk of this Legislative Assembly.

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

### ORAL QUESTIONS

#### Crocus Investment Fund

#### Referral to Manitoba Securities Commission

**Mr. Hugh McFadyen (Leader of the Official Opposition):** Mr. Speaker, I will have some more words to say about this when we get to private members' statements, but just on behalf of my colleagues, we're certainly pleased to see the great success of the World Women's Hockey Championships taking place right now at the MTS Centre and wish our Team Canada well, and,

of course, congratulate the Minister of Sport (Mr. Robinson), Polly Craik and all those volunteers who worked so hard to make this event a success. As I said, I'll say more when the time comes.

Mr. Speaker, just turning to something not quite so happy, I want to ask the Premier, when he received the Cabinet document relating to Crocus in November 2000 that said, and I quote, Crocus has not done what its prospectus said it would do. We know that under the securities laws of Manitoba, there's a requirement for full, true and plain disclosure of all facts concerning companies in which the investing public is being asked to invest, and that if a company is not doing what its prospectus said it would do, obviously, that is a serious offence. It's a serious offence because members of the public rely on that information when they make their investment decisions.

So my question to the Premier is: Did he refer this matter to the Manitoba Securities Commission in November 2000, immediately upon becoming aware of the advice that Crocus was not doing what its prospectus said it would do?

**Hon. Gary Doer (Premier):** Mr. Speaker, I, too, want to add my words of thanks to the many volunteers and participants in the World Women's Hockey Championship that is being held in Winnipeg, Selkirk and exhibition games in other parts of Manitoba. I believe Morden and Dauphin are two other parts of our province. We had a chance to host Team Canada and other representatives from other countries in this Legislative Building.

I, too, want to pay tribute to Polly Craik and her committee. We were pleased as government to back the bid of the local bid committee, and I think Hockey Canada is extremely pleased with the attendance, with the excitement, with the participation. It builds upon Manitoba's reputation as a great host for international tournaments. It also provides great inspiration for young athletes in Manitoba, particularly female athletes, the kind of sports teams that were in this Legislative Building, the number of young female athletes that were in the building the other day and were at the arena last night. I was at the game last night with my daughters. It's extremely exciting I think for athletes in Manitoba.

Mr. Speaker, the Department of Finance, of course, deals with the Securities Commission. Any matter that the Department of Finance must deal with the Securities Commission on, they deal with. I

would point out that the Auditor General did find in his report in 2005 that Crocus, even after that Cabinet document, five years later or four years later, rather, were in compliance with the liquidity laws that were in place in the province of Manitoba.

**Mr. McFadyen:** Mr. Speaker, we're always interested to know what the Department of Finance did, but as the Premier of the province, the Premier is ultimately responsible for oversight of all government agencies, including the Manitoba Securities Commission. While he's certainly personally not responsible for making investigations, at a bare minimum, one would expect that the Premier of the province, when becoming aware of a potential offence, would refer it to the right body for investigation.

So let me just ask the Premier again whether he personally, when he was told by his Minister of Finance (Mr. Selinger) that Crocus was not doing what its prospectus said it would do, did he personally either refer the document directly to the Securities Commission or direct that his Minister of Finance do so?

**Mr. Doer:** Well, Mr. Speaker, I believe the Department of Finance did deal with the Securities Commission.

#### **Outcome of Manitoba Securities Commission Investigation**

**Mr. Hugh McFadyen (Leader of the Official Opposition):** Could the Premier please advise as to what the outcome was of that Securities Commission investigation?

**Hon. Gary Doer (Premier):** The outcome is a matter that was before the Securities Commission. I would point out that the member opposite knows full well that the issue of valuation which, of course, was the issue that was raised in the Auditor General's report, was not the responsibility of the, quote, government department, according to the Auditor General's report, and was, in fact, a part of the adaptation that took place year after year after year by Wellington West.

I have to admit, Mr. Speaker, I was not aware. I was not aware when I came into office that the members opposite had signed ministerial waivers to allow for—in fact, one of the waivers was a letter that Mr. Umlah, hired by the Tories, signed to Mr. Downey, and the next day the same letter came from Mr. Downey as a ministerial waiver signed by Mr. Umlah in the initial case and concurred with by

Mr. Downey after that. I didn't know there was a potential problem with the conflict of interest with Wellington West. I didn't second-guess Wellington West.

The member opposite worked for law firms that were the legal firms for Wellington West. Maybe he knew something from his friends, but I always believed that when Wellington West said that this prospectus represents the true value of the shares, I never second-guessed Wellington West. Mr. Speaker, I always believed that the legal responsibility for valuation was with the underwriter. That's what the Auditor General says. The member opposite can try to twist the facts but Wellington West signed off on the prospectus, 2004 October, prior to the board of directors stopping the trading of the shares.

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

#### Premier's Knowledge of Problems

**Mr. Hugh McFadyen (Leader of the Official Opposition):** Mr. Speaker, it's more of the same. He wants to talk about the previous government. He wants to try to blame Wellington West. In this Chamber, the questions have to do with the Premier and his own personal responsibility as the head of the Manitoba government.

So I want to ask the Premier again, and we're really not interested in the charade of what everybody else did and all the other people that were at fault here. He personally was made aware of the fact that Crocus was operating outside of its prospectus. What did he do about it?

\*(14:50)

**Hon. Gary Doer (Premier):** Mr. Speaker, the Auditor General clearly reports that the underwriter had the responsibility of dealing with the prospectus. The Auditor General responded that the full matter of proper disclosure in the prospectus is the responsibility of the underwriting firm. Yes, I did not second-guess Wellington West. I said that I did not second-guess Wellington West.

I did not know, and I take responsibility for not knowing that the former government signed waivers to allow Wellington West to be an investee company and the underwriter. The Auditor General had said that the former government, not this government, placed Wellington West in a conflict of interest. I take responsibility for amending the law in Bill 51 to

take away a minister's right to have an investee waiver by a minister not disclosed to the public, not disclosed to the shareholders, and I take responsibility for not knowing that. I don't know how I would have known it, Mr. Speaker, because members opposite did not put out a press release and did not divulge it to the public.

I have taken responsibility. I would refer members to the *Winnipeg Free Press* on May 25, the day the Auditor General's report was released. He identified the fact that Crocus was not outside of the law on liquidity. He did say that the government had, quote, red flags. I accept the responsibility for that. I said it then; I said it since; I'll say it again today. This is not a situation where we'd feel some satisfaction in the sense that people did lose money, Mr. Speaker.

I was not involved in the Isobord investment. I feel badly that investors lost money. I was not involved in Winnport. I feel badly and responsible that ultimately they lost money, Mr. Speaker. But I do suggest to members opposite that they know, and the member opposite knows as a former colleague in the hallways of Aikins, the lawyers for Wellington West, they know that the responsibility for attesting to the prospectus and its valuation is the legal responsibility of the underwriter. The Auditor General commented that the underwriter was placed in a difficult situation by conflict of interest, by being an investing company and the underwriter. I take responsibility for not being informed by the former government that that was, in fact, taking place.

#### Referral to Manitoba Securities Commission

**Mr. Hugh McFadyen (Leader of the Official Opposition):** I want to thank the Premier for taking responsibility for things that he didn't know. Now I wonder if the Premier would like to take responsibility for something that he did know, instead of trying to blame everybody else in town and making the point that Aikins was general counsel to Crocus when, in fact, it was Fillmore. But we're used to factual inaccuracies coming from the Premier.

I wonder if the Premier just wants to indicate, given that he knew, because his Finance Minister told him in a written briefing signed by Finance Minister Greg Selinger, that Crocus was not doing what its prospectus—

**Mr. Speaker:** Order. I'd like to remind the honourable member that when making a reference to

other members in this Chamber, its members by their constituency or ministers by the portfolio they hold.

**Mr. McFadyen:** I was quoting from the document, but I take the point. Thank you, Mr. Speaker.

I just want to ask the Premier, given that he was advised in writing by his Minister of Finance in November of 2000, why didn't he, as the head of government responsible for the Manitoba Securities Commission, refer that document immediately to the Securities Commission for follow-up and investigation to protect investors in Manitoba. Why didn't he do it?

**Hon. Gary Doer (Premier):** Well, Mr. Speaker, I already stated that the Ministry of Finance did refer this issue to the Securities Commission. Secondly, the document deals with a potential situation. There are other documents that dealt with a potential situation. There was actually an excellent article on liquidity in a *Free Press* article written by Mr. Lett. I would refer that to the member opposite. It might educate him to some of the facts on this issue.

I have already accepted the criticism made by the Auditor General in the report that was released in the spring of '05 on liquidity. The Auditor General found a number of things wrong with Crocus. He found that the legislation was ambiguous. He found the staff who were hired were not properly equipped to deal with the job. He found that the underwriting firm being an investee and an underwriting firm was in a conflict of interest. He found that the issues of valuation were to be the responsibility of the underwriter and through to the Securities Commission. He found that the government had, quote, red flags on the issue of liquidity.

Five issues. The issue of liquidity, we have taken responsibility for even though the Auditor General said that at the end of the day, there were potential problems but they never, ever were outside of the issue of liquidity provisions of the law, the law that was passed, by the way, by the former Filmon government.

On the issue of legislation, it was the Filmon government that passed the legislation. I have not heard a Filmon Cabinet minister take responsibility. We've taken responsibility on liquidity; nobody on legislation, on the staff, on the staff. Mr. Speaker, I actually met some business people last week and they said: Why are the Tories so self-righteous? They hired Umlah and they promoted Umlah to be in charge of the Science and Technology Fund. How

can they stand up every day with a straight face and not take some responsibility? We have taken some responsibility. When are the Conservatives going to take responsibility?

#### **Other Venture Capital Funds Premier's Knowledge of Problems**

**Mr. Hugh McFadyen (Leader of the Official Opposition):** Mr. Speaker, we're ready to take responsibility. We've been calling for an inquiry ever since Crocus collapsed. We are the party calling for the inquiry. We're prepared to go on the record, under oath, each and every one of us, to say what we know about Crocus. I don't know why the Premier isn't prepared to do the same thing. Manitobans are pretty smart people and I think they can figure out why the Premier doesn't want an investigation into himself.

The Premier talks about the Auditor's Report and he'll also know that the Auditor at Public Accounts also said that the audit was not designed to seek out what Cabinet did or did not know. That's the job of the Legislature here in Question Period, which is why we're looking for straight answers from the Premier and his ministers as to what they did or didn't know, and that's why we ask these questions.

So my question is to the Premier. He thinks it wasn't his job to warn Manitobans that a company that was selling shares to unsuspecting investors had problems. He said that it wasn't his job and, in fact, I think he's even said that it would be irresponsible of him to warn the public if a public company was issuing shares outside of its prospectus.

My question to the Premier is: How many other companies operating within Manitoba today are selling shares to the public, are operating outside the prospectus with his knowledge? How many other companies are there and will he disclose that to the public today?

**Hon. Gary Doer (Premier):** Well, Mr. Speaker, the member opposite knows the prospectus that was signed by Crocus says that the government does not endorse any of the investments in the Crocus Fund. It's a clear condition of the prospectus. In fact, it's consistent with what Clayton Manness said when the Crocus Fund was first established. This would not be a, quote, government-run agency, but rather a venture capital fund operated by community representatives outside of government with no government interference.

Quite frankly, the Auditor General in 1998 reported on that finding that it was a mutual fund with similar disclosure provisions. When we came into office in 1999, we took the legislation that the former government had passed. I didn't second-guess the staff they had hired. I didn't second-guess the legislation they had passed. I didn't second-guess the underwriter they had approved.

Mr. Speaker, the issue of the disclosure, the issue of legal responsibility for a prospectus is not a government bureaucrat but rather a professional underwriting firm that attests legally to the Securities Commission on the valuation of shares. The Auditor General has said that at committee, over and over and over again, and I really find it questionable why the Leader of the Opposition would represent what the Auditor General said at committee. The Auditor General said at committee, and I know this is in *Hansard* so that's a good place to go. I would recommend the member opposite go to *Hansard*. The Auditor General said at committee that it would not make any sense at all for a government to second-guess or try to predict something beyond what the underwriter signed.

Mr. Speaker, is the member opposite now saying that Wellington West is selling shares for Manitoba Hydro? Is he now saying that Wellington West is not capable of selling Builder Bonds? Is he recommending to us that we withdraw the contract to Wellington West? Is that what he's saying?

#### **Crocus Investment Fund**

##### **Referral to Manitoba Securities Commission**

**Mr. Gerald Hawranik (Lac du Bonnet):** Mr. Speaker, when Crocus collapsed in 2004, nearly 34,000 Manitobans lost more than \$100 million. Cabinet was briefed as early as November 2000 by the Minister of Finance and was warned of an impending crisis at Crocus and disclosed that Crocus was operating offside with its prospectus.

So I ask the Minister of Transportation, currently the Minister of Transportation, who was the minister responsible for Crocus—not for Crocus but for the Securities Commission at the time: Why didn't he refer this matter to the Securities Commission?

\* (15:00)

**Hon. Gary Doer (Premier):** Mr. Speaker, I believe I said already that the Department of Finance dealt with this issue with the Securities Commission. I think I've said that three times now.

**An Honourable Member:** Four.

**Mr. Doer:** Four times. Sorry.

**Mr. Hawranik:** Mr. Speaker, once again this NDP government is shielding the minister who has direct knowledge of this matter. They've chosen instead to have the Premier answer the question, who has absolutely no knowledge of this matter.

So I ask the Minister of Transportation who had that direct knowledge. He has that direct knowledge. He was responsible for the Securities Commission in the year 2000 at the time of the briefing. Knowing that Crocus was in breach of its own prospectus, why didn't the minister report this breach to the Securities Commission?

**Mr. Doer:** I know that the facts can't get in the way. Let me give you the exact quote from the Auditor General, Mr. Speaker. On page 122 and 123 of the Auditor General's report: The fund has met the minimum liquid requirements as set out in The Crocus Investment Fund Act.

Mr. Speaker, I would point out that the issue of potential liquidity, and I would also, in dealing with this issue, have to say to members opposite that I am informed quite often, unfortunately, and for most times things work out, of liquidity problems with many private companies, some privately held, most of them are privately held. I'd use the case of Flyer bus. They came to us and said: We've got lots of orders; we have liquidity problems. How do you deal with that?

**Mr. Speaker:** Order. The honourable minister's time has expired.

**Mr. Hawranik:** Mr. Speaker, I'm asking the Minister of Transportation who was responsible for the Securities Commission in November of 2000, at the time the Minister of Finance prepared a briefing to his ministers, to show the courage and the integrity to answer the question put to him, he knew as early as November of 2000 that Crocus was operating outside the prospectus and that Manitobans would be basing their investment decisions on the accuracy of that prospectus. Why didn't he report this to the Securities Commission? It's a simple question. Why didn't he report it?

**Mr. Doer:** Mr. Speaker, I want to point out that the Department of Finance did refer this to the Securities Commission. Point No. 1, and that's the fifth time I said that. It's a legitimate question. We've answered it.

Secondly, Mr. Speaker, the issue of—

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

**Mr. Speaker:** Order.

**Mr. Doer:** —the issue of the Securities Commission. The Securities Commission is a quasi-judicial body. It is a quasi-judicial body dealing with the issues of shareholder value and trading. It deals with brokers, some of whom have been found guilty of the act. It deals with companies. There have been companies, for example, that were being investigated for breaking the law on selling Manitoba Telephone shares.

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

**Mr. Speaker:** Order.

#### **NHL Franchise Possibility of Return to Winnipeg**

**Mr. Hugh McFadyen (Leader of the Official Opposition):** On a slightly lighter note, all Winnipeggers have been excited about the World Women's Hockey Championships going on in the city. Similarly, many of us had the opportunity to read two lengthy articles in the weekend *Free Press* about the demise of the Winnipeg Jets and some speculation about the prospects of a return of the NHL to Winnipeg.

I'd like to ask the Premier whether he's been party to any conversations that he could share with the House and any discussions that might see this great day of an NHL franchise returning to Winnipeg.

**Hon. Gary Doer (Premier):** Yes, Mr. Speaker.

**Mr. McFadyen:** I wonder if the Premier could provide further detail as to whether we could expect the return of the NHL to Winnipeg for the coming season starting in the fall of 2007.

**Mr. Doer:** Well, Mr. Speaker, I was at the MTS Centre last evening, and I recall a vote in this Legislature where the Conservative members voted against a new arena. I remember the member from River Heights walking around with a yellow ribbon opposing the new arena. I was told by the owners of the arena, the members opposite when they were in government, when he was the chief of staff, they said no to the new arena and the Millennium Library. I'm glad the boarded-up buildings on Portage Avenue are slowly but surely rising from the ashes of the Conservative government.

**Mr. McFadyen:** Mr. Speaker, are we safe to assume that that's a yes?

**Mr. Doer:** Well, Mr. Speaker, yes, I would suggest that the one thing we know that we would not even be part of any potential future, and it obviously requires a considerable amount of private risk. We would want to see private risk be part of anything in the future, but, we would. Private risk wouldn't even be possible if we didn't have a great facility in downtown Winnipeg with great operating managers. I saw Kevin Donnelly last night. He's been working with the hockey committee, with Polly Craik. He's done a spectacular job of bringing concerts. You know, they used to go to Grand Forks and then leave the Midwest. I am absolutely delighted. I've been to concerts in the past, my children have.

Thankfully, Mr. Speaker, this arena has been built. Credit to the private investors who did it. You know, we got a lot of flack when we were involved in it, but we're pleased that we went ahead with the plan.

#### **Physician Shortage Northeast Winnipeg**

**Mrs. Bonnie Mitchelson (River East):** Mr. Speaker, families in northeast Winnipeg are already very concerned about the serious shortage of physicians in our community. Recently, we learned that the Rothesay Medical Centre, which employs a family physician and a pediatrician, is about to close, leaving hundreds of patients without a doctor.

My question is to the Minister of Health. I'd like to ask her what her plan is to ensure that patients in northeast Winnipeg are able to access care, health care, where they need it and when they need it.

**Hon. Theresa Oswald (Minister of Health):** Mr. Speaker, I'm thankful for the question from the member opposite. Certainly, our families in northeast Winnipeg, in southeast Winnipeg and, indeed, in all areas of the province, take their health and their families health very seriously, as do we as a government in making health care our no. 1 priority.

We know that one of the most important things that one can do as a government is invest in our health human resources. That's exactly what we've done since coming into power in 1999. Unfortunately, during the '90s, we know that we saw over a hundred nurses, a hundred doctors, pardon me, it was 1,500 nurses, a hundred doctors, leave the province of Manitoba in despair. We've turned that

around with recruitment and retention. We've got 200 more on the registry today.

**Mrs. Mitchelson:** Thanks, but that kind of a flippant answer is no comfort to the people in northeast Winnipeg who will no longer have a family physician after the end of May. Hundreds of those people are seniors in our community and they're going to be plugging up the emergency rooms in our city as a result of not having a family physician available to them.

When will this minister and this government put their priorities on front-line services in the health care system, instead of bloated bureaucracy?

**Ms. Oswald:** Mr. Speaker, as a matter of interest, I think the member opposite would be interested to know that RHA administration has gone down under our government. It was up under their government, just as a point.

I think it's very important to know that our investment in ensuring with recruitment and retention that we have more doctors here in Manitoba is not a work that's complete. It's a work that we need to continue to do. We need to continue to do things like investing in our medical school and reinstating the spaces that were slashed by the Tories over the '90s. We also need to be innovative in our forward-looking medical and health human resources and provide opportunities like the River East Access Centre, for example, which was an important investment. We also know that we need to help our seniors and our families to ensure that they can be connected with doctors, through things like the family doctor connection line.

#### **Island Lakes Community School Funding for Portable Classrooms**

**Mr. Jack Reimer (Southdale):** Mr. Speaker, the Minister of Education has met with the Louis Riel School Division regarding the addition of two portable classrooms for the Island Lakes School. Can the minister assure that these two portables have been approved for this school?

**Hon. Peter Bjornson (Minister of Education, Citizenship and Youth):** Mr. Speaker, I can assure the member that our capital program is a very ambitious capital program, and we are addressing the needs of all Manitobans from border to border, border to coast. I've had the opportunity to be in over 300 schools at this point in my career as Minister of Education. I've always seen the impact of that ambitious capital program. The member opposite can

rest assured that we are working very hard with the Public Schools Finance Board in reinventing how we fund or how we address issues around school capital. We continue to do so, and our capital programs will address the needs of all Manitobans.

\* (15:10)

#### **Louis Riel School Division Addition of New School**

**Mr. Jack Reimer (Southdale):** Mr. Speaker, by that answer I can assume that the minister is saying yes to those two portables. At the same time, I'll ask the minister then—he's also met with the Louis Riel School Division regarding a request for a new school, a K to 8 school in the Sage Creek area.

I want to ask the minister now whether he has also approved the addition of a new school in the southeast area, in particular, around the southeast area and the Sage Creek area. Can he indicate that this school has also been approved.

**Hon. Peter Bjornson (Minister of Education, Citizenship and Youth):** Well, Mr. Speaker, the member said that he would assume that the answer was, yes, and we know what we say about making assumptions. I am not going to—I would like to tell the member opposite that with respect to the capital needs, we are certainly looking at a number of different initiatives that have been addressed, all the requests of the school divisions when they come forward with their capital plans. We have a good problem here in Manitoba and that problem is growth. That's something we didn't have in the 1990s. We're working very hard to address the growth in this province and we'll continue to do so.

#### **Crocus Investment Fund Public Inquiry**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, given what we now know; given the information that has surfaced, Cabinet documents, briefing notes and so on since we recessed in December; given what has transpired over the past seven years with the demise of the Crocus Investment Fund and the loss of so many Manitobans' savings, why has this Premier not done the right thing and replaced his discredited Finance Minister?

**Mr. Speaker:** Order. I have to rule that question out of order. I have taken under advisement the honourable member's privilege referring to replacing the Minister of Finance (Mr. Selinger), which is the

same question, so I'll allow the honourable Member for River Heights to please rephrase your question.

**Mr. Gerrard:** Mr. Speaker, my question is to the Premier. Given what has been revealed in the last two months, leaked Cabinet documents; and given what we now know in terms of the reasons for the demise of the Crocus Investment Fund, I ask the Premier: When is he going to call a public inquiry so that Manitobans will get to the truth?

**Hon. Gary Doer (Premier):** Mr. Speaker, I would point out that most of the information the member opposite has raised has actually been, in fact, all of it has been raised in the Auditor General's report. There were a couple of things left out of the Auditor General's report.

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

**Mr. Speaker:** Order.

**Mr. Doer:** Certainly the co-investment the member opposite made with the former Premier in Isobord was left out. I guess this was the good signal he was talking about. Mr. Speaker, the only person who asked the Minister of Finance to break the law and interfere with an investment was the member opposite who called on the government, the Minister of Finance, to overrule Crocus and have the social rate of return, pre-empt the social rate of return. The Minister of Finance wisely did not take that advice.

**Mr. Gerrard:** Mr. Speaker, it's true that I raised questions why Crocus wasn't moving to enhance employee ownership and recoup dollars from the Crocus Fund for the Crocus Fund, but clearly, the Premier is trying to follow unusual avenues to avoid coming to the truth here. We clearly need a public inquiry. Over 50 percent of Manitobans want to see a public inquiry into Crocus.

I ask the Premier: What other information is he and his government hiding from the people of this province? When is he going to call a public inquiry?

**Mr. Doer:** Mr. Speaker, it was on September 7, 2000, that the Member for River Heights called upon the provincial government to override Crocus; in other words, to interfere with an investment decision, to override Crocus on the issue of rate of return, to have social return trump rate of return. He asked our Minister of Finance (Mr. Selinger) to overrule the law, and the Minister of Finance said quite properly the government is not the nanny of Crocus Fund. It has been set up as an independent fund with managers and legislation and valuations

Mr. Speaker, you know the member goes from one conspiracy hill to another. I am glad the Minister of Finance was steady and followed the law. I am glad he didn't acquiesce to the request of the member opposite.

**Mr. Gerrard:** Mr. Speaker, it is clearly time that we had that full public inquiry. From what we now know, Crocus was clearly not the arm's-length operation that his Minister of Finance and he have suggested. From what we now know, this government was monitoring Crocus Investment Fund very carefully from what we know in that briefing document. They have pretended that they didn't have enough monitoring.

I ask the Premier: Why doesn't he come clean and call a public inquiry now?

**Mr. Speaker:** Order. Speakers in the past, and I, myself, have cautioned members on getting very, very close to unparliamentary language. "Coming clean" is pretty well equal to another word that starts with an "L" that is totally unparliamentary in this Chamber. I have cautioned members in the past. I caution the honourable member again and all members to choose their words carefully.

**Mr. Doer:** Mr. Speaker, the member opposite obviously doesn't want to hear the budget today. The budget makes decisions upon how many police officers we will have, how many nurses we will employ. The member opposite, in some of his budgets, cut tens of millions of dollars out of universities, out of colleges, out of health care, out of the child welfare rates for Aboriginal children, and then he comes to this House.

Mr. Speaker, I think it's important. We make financial decisions. I would rather spend money on nurses and police officers rather than lawyers.

#### **Number of New Immigrants in 2006 Plans to Increase Numbers**

**Mr. Andrew Swan (Minto):** Mr. Speaker, representing Minto, I am very proud that this NDP government has been successful in attracting immigrants to Manitoba in numbers not seen in decades.

It is shameful and unfortunate that, in recent public statements that the Leader of the Opposition (Mr. McFadyen) made about Manitoba's population growth, he conveniently forgot about the impact of immigrants on our growth in this province. It is evident the Conservative Party does not put the same

value on a new Manitoban from India or the Philippines or Germany as someone moving from Alberta or Ontario. Unlike the other side of the House, New Democrats believe that every new Manitoban is a value to our province.

Can the Minister responsible for Immigration please advise this House of the new revised number of new Manitobans in 2006 and her department's plan to increase this number in 2007 and into the future.

**Hon. Nancy Allan (Minister of Labour and Immigration):** Mr. Speaker, our government understands how important a vibrant immigration strategy can be to our Manitoba economy and their population growth. The latest Stats Canada data are in and I am pleased to inform this House that we have met our commitment of bringing in 10,000 newcomers. We have reached 10,025. Those newcomers have come from over 150 countries.

I am also delighted to tell the House, Mr. Speaker, that they don't just settle in urban Winnipeg. This is an immigration strategy that affects all of Manitoba. They have settled in over 95 communities in Manitoba.

#### **Traffic Control Structure Highway 15 and PTH 206**

**Mr. Ron Schuler (Springfield):** Lest we forget, Mr. Speaker, those 10,000 people are here because of the Member for River East (Mrs. Mitchelson) and the PNP program that was brought in by the former government.

Mr. Speaker, can the Minister of Transportation confirm that a traffic control structure is planned for the intersection of Highway 15 and PTH 206, and can he tell us when it is scheduled to be installed?

\*(15:20)

**Hon. Ron Lemieux (Minister of Infrastructure and Transportation):** I'm certainly pleased to state once again that the \$4 billion over 10 years that this government has announced is an unprecedented amount of money in infrastructure and transportation.

Mr. Speaker, every time they have an opportunity, the members opposite, to vote for anything related to transportation, they always vote against it, so maybe they finally have woken up. As was pointed out today in the editorial section of the *Brandon Sun* where it says, during the 1990s, the government just reduced spending and spent just a

pittance on a pittance, and now our government has been left with this mess to clean up in our term and we're going to do it.

**Mr. Speaker:** Order. The time for Oral Questions has expired. We'll move on to members' statements.

#### **MEMBERS' STATEMENTS**

**Hon. Dave Chomiak (Minister of Justice and Attorney General):** Mr. Speaker, I just want to indicate, in the interests of time, that our members are waiving their members' statements today in order to have the budget presented.

**Mr. Speaker:** So, for the information of the House, the government side will be waiving their two members' statements for today. Okay.

**Mr. Hugh McFadyen (Leader of the Official Opposition):** Mr. Speaker, I'd indicated at the beginning of Question Period I had a statement on the hockey tournament. We had one other statement. We're prepared to waive those as well. Thank you.

**Hon. Jon Gerrard (River Heights):** We're prepared to waive our members' statement today, and perhaps there could be discussion among the House leaders to have them tomorrow.

**Mr. Speaker:** Okay, is the House in agreement that we will waive members' statements for today? *[Agreed]*

Okay, grievances. No grievances? We'll move on to Orders of the Day.

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

#### **GOVERNMENT BUSINESS**

#### **BUDGET ADDRESS**

**Hon. Greg Selinger (Minister of Finance):** Merci, Monsieur le Président.

It's time to get down to business now, Mr. Speaker.

**Mr. Speaker:** Order. The honourable member must move a motion.

**Mr. Selinger:** I move that this House approves in general the budgetary policy of the government, and it is seconded by the Minister of Justice (Mr. Chomiak).

*Motion presented.*

**Mr. Selinger:** Manitoba is a changed province today. We have more nurses and doctors. Housing values are up. Education property taxes are down. Building

cranes dot the skyline of downtown Winnipeg. The youth population is growing. Investments in highway construction are at their highest level in history, and new green energy opportunities are springing up across rural and northern Manitoba.

Working together, we have set a new course for our province. The strong capacity of Manitoba's business, labour and community leaders to work together for a common purpose means that no objective is too bold, no goal unattainable.

This year, we will build on our collective successes. Tomorrow's opportunities call for us to work even harder today.

Today's Building Budget focusses on Manitobans' priorities and lays out our long-term vision for:

- better, faster health care, delivered closer to home
- affordable, quality education and training
- addressing climate change and preserving our water resources and the environment
- building our roads and highways
- making Manitoba a more attractive place for young people
- growing our competitive advantages
- investing in a green and growing economy
- fighting poverty and removing barriers to employment
- building healthier, safer and stronger communities
- providing tax savings for Manitoba families and businesses, and
- continuing with a sound fiscal plan.

Mr. Speaker, I am proud that our government is the first in 50 years to achieve eight balanced budgets, seven consecutive budgets under balanced budget legislation, and for the first time today, we are presenting a Summary Budget which fully reflects generally accepted accounting principles, commonly known as GAAP, the first in Manitoba's history.

Last year, Manitoba's solid economic performance outpaced Canada's on several fronts:

- overall economic growth of 3.1 percent
- 21 percent growth in construction work

- growth in total exports of 17 percent
- a 22 percent increase in building permits, and
- capital investment growth of 14 percent.

Manitoba's unemployment rate fell to a 30-year low in 2006. More Manitobans are working than ever before, after our employment level rose to a new record high in 2006. Some 6,700 new jobs were created last year, almost 90 percent of which were in the private sector. Additionally, housing starts topped 5,000, the highest level in almost two decades.

Manufacturing in Manitoba showed great strength in 2006, despite the competitive pressures of a high Canadian dollar. Manitoba manufacturers shipped over \$14 billion in goods last year, setting a new all-time record high. Budget 2007 introduces new measures to strengthen competitiveness and productivity.

Manitoba is off to a strong start in 2007. Residential construction is increasing. Real estate sales continue to grow. Manufacturing job growth is strong, and weekly earnings are growing faster than the national average. Business confidence is high and our survey of private sector economic forecasters shows that real economic growth in Manitoba is expected to outpace the national average in 2007, as it did in 2006.

Now, more than ever, Manitoba is building for the future: new health care facilities, new schools and campus buildings, water and sewer upgrades and unprecedented investments in our roads and highways. The buzz of heavy construction speaks to the growth and prosperity of our province.

When we came into office, our hospitals, schools and universities were under terrible strain. Since then, rebuilding Manitoba's health care system has been our top priority. Our government has invested over \$1 billion to build and modernize health care facilities and install new diagnostic equipment throughout the province. This includes a long-overdue new hospital for Brandon, a fully modernized state-of-the-art Health Sciences Centre, a new hospital in Swan River and major renovations to Concordia, Seven Oaks, Gimli and Ste. Anne hospitals. This month, a major redevelopment of Victoria General Hospital will begin, including expanded emergency and new oncology departments.

We have also invested in our schools, colleges and universities, improving the infrastructure that supports learning and research.

Our \$50-million pledge to the University of Manitoba's capital campaign helped trigger \$187 million in private and community fundraising. We hope to repeat this success with our new pledge of up to \$25 million for the University of Winnipeg to support projects like the new Richardson College for the Environment.

\* (15:30)

Le Manitoba a aussi investi dans le nouveau campus du collège Red River, situé rue Princess, dans le déménagement du collège communautaire Assiniboine au site North Hill de Brandon et dans l'amélioration des installations du Collège universitaire du Nord, de l'Université de Brandon et du Collège universitaire de Saint-Boniface.

### **Translation**

*Manitoba has also invested in Red River College's new Princess Street campus, relocating Assiniboine Community College to Brandon's North Hill, and improving facilities for the University College of the North, Brandon University and Collège universitaire de Saint-Boniface.*

### **English**

With our eight budgets, we have provided more than \$423 million in capital funding for public schools. This is twice as much as was provided during the previous eight-year period.

Last year, Manitoba provided its highest level of highways support, \$257 million, up from \$177 million in 1999. This year, the renewal of highway infrastructure is taking on even greater priority. Mr. Speaker, Budget 2007 provides a 50 percent increase over last year, bringing annual provincial highways investment close to \$400 million.

Today's budget will advance work on redeveloping Highway 75, the Trans-Canada Highway, northern roads and Highways 2, 3, 6, 8, 16 and 59.

Budget 2007 also funds the purchase of 21 snowplow/sanding trucks to assist with snow removal, sanding and de-icing across Manitoba's 19,000 kilometres of highways.

We are also investing to build the first leg of an all-weather road on the east side of Lake Winnipeg, a key infrastructure priority for the region. Improving access to remote communities is a priority and a challenge made even more important as a result of the adverse impacts of climate change. We will work with

remote communities and the federal government to improve road and air access.

This year marks 10 years since the 1997 flood. We are building on the foresight of the original floodway vision, having secured a 50-50 funding partnership with the federal government to complete the entire Floodway Expansion Project. Since construction began a year and a half ago, more than one-third of the channel excavation work has been completed. Manitobans now enjoy protection against a flood equal to the greatest in recorded Manitoba history.

Today, there are great demands for municipal and community infrastructure. Budget 2007 allocates a record \$33 million under existing cost-shared agreements. This investment will allow municipalities to advance infrastructure and other priorities, such as Winnipeg's waste water and treatment upgrade and Grand Rapids' sewer and water project; recreation/wellness centres in Swan River, The Pas, and West St. Paul; and YM/YWCA facilities in Brandon and in north and south Winnipeg. Our government will work with the federal government on guidelines for new infrastructure spending.

During the 1990s, Manitoba lost 100 doctors and 1,500 nurses, signs of a seriously troubled health care system.

Today we are training more health care professionals, investing in new equipment and modern facilities and making better use of every dollar we spend. Today's budget will advance our joint efforts with health care providers to reduce wait times for vital health care services.

Budget 2007 provides ongoing support for the expanded 100-student Faculty of Medicine class, an increased 25-space licensing program for international medical graduates and more than 50 new technologist training seats, and 3,000 nurses are in training here in Manitoba today.

Budget 2007 also invests \$3 million in new funding for physician specialist training, including emergency room doctors, oncologists and pediatricians.

Our investments over seven years have now succeeded in restoring the number of nurses who were lost to the funding cuts of the 1990s. Mr. Speaker, we are proud that 1,500 more nurses are back to work providing valuable front-line patient care in our province. Today's budget also provides new funding for additional nurse practitioner positions.

Building on the gains we have made in reducing wait times for critical life and death treatments, we are expanding our investment to reduce wait times for key quality-of-life procedures and diagnostic tests.

According to a recent report from the Canadian Institute for Health Information, Manitoba has the shortest wait time for cardiac bypass surgery in the country at 13 days and is a leader for radiation therapy with a median wait time of one week, down from six weeks in 1999.

Tel que cela a été recommandé dans le rapport Koshal, le Manitoba investit dans un nouveau centre d'excellence de soins cardiaques d'avant-garde à l'Hôpital général Saint-Boniface.

#### **Translation**

*As recommended by the Koshal report, Manitoba is investing in a new state-of-the-art Cardiac Centre of Excellence at St. Boniface General Hospital.*

#### **English**

Manitoba's strategy to make further progress on cancer wait lists involves modernizing our medical technology infrastructure, including linear acceleration radiation therapy units in Winnipeg and Brandon. It also involves programs for early detection and prevention, including cancer screening and HPV vaccination.

Mr. Speaker, it is my pleasure to announce that we are installing a new leading-edge non-invasive cancer knife, the first in Canada, to treat cancers in all parts of the body. This new cancer knife builds on the Gamma knife's technology which has been highly successful in treating brain cancer.

Manitoba had only two MRI machines in 1999. Our government has invested in five new MRI machines, making this effective diagnostic test more accessible to more Manitobans.

Over the past year, the wait time for CT scans has been reduced by 25 percent. Our government has increased the number of CT scanners to 20 from 9, including eight more in rural Manitoba.

By introducing an innovative two-room operating model and making better use of clinical assistants, Concordia Hospital's Centre of Excellence for hip and knee surgery is performing almost three times as many surgeries as a standard operating room. Mr. Speaker, since July 2005 the median wait time for orthopedic surgery has been reduced by 50 percent.

We have also established orthopedic pre-hab clinics in Winnipeg, Boundary Trails and Brandon.

Mr. Speaker, I am pleased to announce that significant new resources will be invested to open a new Manitoba Firefighters Burn Unit at the Health Sciences Centre, providing improved care for burn victims and honouring Manitoba's firefighters.

Nous avons ouvert de nouveaux centres de soins de santé primaires à Waterhen et à Camperville, ainsi que de nouveaux centres d'accès communautaires à Brandon, à River East et à Transcona.

#### **Translation**

*New primary health care centres have been opened in Waterhen and Camperville, and new Access centres opened in Brandon, River East and Transcona.*

#### **English**

Mr. Speaker, we will build a new Access centre in northwest Winnipeg, integrating community-based health care and social services to better meet community needs.

A new women's health centre has been opened at Victoria Hospital to provide expanded services. A new personal care home has been opened in Thompson, and another will be built in Neepawa.

L'Unité Marguerite, une nouvelle aile au Foyer Valade, est maintenant ouverte et fournira des soins communautaires aux résidents francophones atteints de la maladie d'Alzheimer ou de démence.

#### **Translation**

*L'Unité Marguerite, the new wing of Foyer Valade, has opened to provide community-based care for francophone residents living with Alzheimer's disease or dementia.*

#### **English**

Providing quality care for Manitoba seniors living in the community and in long-term care settings continues to be a priority. Budget 2007 provides new funding to expand Manitoba's long-term care strategy in rural and northern Manitoba.

Mr. Speaker, Budget 2007 invests in a major new health care enhancement for the people of Selkirk and the surrounding region. We will build a new hospital in Selkirk.

We are continuing to advance the Chronic Disease Prevention Initiative, with a major focus on tackling chronic disease in First Nations communities.

The Health Council of Canada recently singled out the Island Lake Regional Renal Program as a strong example of successful collaboration and innovation in First Nations health care. Manitoba is committed to working with Aboriginal communities and the federal government to close the gap between Aboriginal and other Canadian citizens.

Mr. Speaker, we know that health outcomes depend not only on quality health care but also on healthy living.

Manitoba was the first province to introduce a province-wide smoking ban and we have seen important reductions in teen smoking rates. We are currently working with schools on nutrition guidelines and physical education and expanding public recreation opportunities. We are also working to bring down rates of diabetes in Manitoba's Aboriginal population.

Since launching the Manitoba in Motion program a year and a half ago, more than 50 communities and 425 schools have signed up to make physical activity an important part of daily life. Recent initiatives include:

- new resources for parents with tips on how to encourage kids to get active
- a popular low-cost bike helmet program, and
- new healthy living scholarships for student volunteers.

Today's budget also implements Manitoba's Children's Fitness Tax Credit to encourage greater participation by children in physical activity. Budget 2007 also fulfills our commitment to increase funding for Sport Manitoba by \$1 million.

Budget 2007 invests new resources for healthy living programs, including:

- establishing two new teen clinics
- providing new resources for suicide prevention, and
- investing more than \$2.5 million in new funding to address sexually transmitted infections and HIV/AIDS.

Investments in quality education for our children and youth are key to Manitoba's future. High school graduation rates have increased to 84 percent from 73 percent since 1999.

In each of the last eight years, our government has met or exceeded our commitment to fund public

schools at the rate of economic growth. Mr. Speaker, this year's increase of \$30.3 million is the largest increase in almost two decades. New funding will support:

- Aboriginal academic achievement
- special-needs education
- English as an additional language and support for war-affected children, and
- French language education.

Budget 2007 includes a new public schools education plan as part of our strategy to reduce education property taxes.

\*(15:40)

University and college enrolment is up by one-third, supported by a 10 percent tuition reduction. Mr. Speaker, I am pleased to announce the continuation of the 10 percent tuition reduction, and, as we have done in every year, we are providing fully offsetting revenue to universities and colleges tied directly to enrolment, a total of \$95 million since 2000.

Last year, we significantly increased our support for post-secondary education with the largest ever commitment of \$60 million over three years. Included in this commitment was a promise for a 5 percent funding increase for 2007-08. We were disappointed that the recent federal budget did not fully restore the post-secondary education funding that was cut beginning in 1996. Nonetheless, Mr. Speaker, Budget 2007 exceeds our promise to universities and colleges by providing an average funding increase of 7 percent this year. Raising our funding increase from 5 percent to 7 percent will give universities and colleges extra funding. This two percentage point increase is equivalent to at least a 4 percent tuition fee increase. This means that students will not have to pay more, while universities and colleges will benefit.

This year, we will also engage First Nations and communities in the northern Interlake region to explore the feasibility of expanding local training opportunities.

Budget 2007 also commits more than \$2 million in new resources for key training and skills priorities, including growing apprenticeship training, expanding sector councils and more flexible funding to meet critical skills shortages.

Budget 2007 also provides new resources for literacy.

Our government recognizes the need to increase efforts to grow our population and keep our communities and economy strong.

Labour force expansion is key to competitiveness. Manitoba's performance over the last seven years has been strong. In comparison to the 1990s:

- our labour force has grown at nearly three times the '90s rate
- our employment has increased more than twice as fast.

In the past seven years, net migration added more than 3,200 young people to our population. This is a real improvement over the net loss of more than 2,500 young people experienced between 1992 and 1999.

While Manitoba's population has continued to grow, we are committed to achieving even stronger results.

In previous budgets, we introduced the Manitoba Co-op Education Tax Credit and Graduates Hiring Incentive. These programs are helping students, graduates and employers by supporting work placements and permanent hiring in a wide range of sectors.

Mr. Speaker, our government has introduced a major new initiative to attract and retain youth, a 60 percent income tax rebate on tuition fees for all post-secondary graduates who live and work in Manitoba. The new rebate makes post-secondary education an even higher-return investment and encourages our youth to put down roots and establish their careers here in our province of Manitoba. It will also serve as a powerful recruitment tool for business in a highly competitive job market.

The Premier's Economic Advisory Council's Aboriginal Summit highlighted the many ways in which Manitoba's growing Aboriginal population represents an important resource for our growing economy. Budget 2007 provides increased resources to Manitoba's Aboriginal Education Directorate and creates a new young Aboriginal entrepreneur initiative to provide assistance with business development costs.

Investments in Aboriginal education and labour force development are delivering remarkable results.

- Aboriginal student enrolment in universities and colleges is up 77 percent and 59 percent respectively since 1999.
- Aboriginal apprenticeship registrations have tripled, and

- the number of employed off-reserve Aboriginal people jumped by an impressive 30 percent between 2001 and 2005.

Métis businesses are playing a major role on the Floodway Expansion, and new Métis businesses are being launched with support from the Louis Riel Capital Corporation's Build a Business program, in partnership with SEED Winnipeg. Manitoba will work with the Manitoba Métis Federation to undertake the development of a new Métis economic development strategy.

Early in our government's mandate, we accepted the recommendation of the Premier's Economic Advisory Council to make immigration a central feature of our economic strategy, adding to Manitoba's rich multicultural flavour.

Our government had set a bold target to attract 10,000 immigrants to Manitoba annually, and last year we exceeded that goal. Manitoba's immigration was up 24 percent in 2006, its highest level in half a century, and far exceeded national performance. Mr. Speaker, based on this success, our government has committed to another bold target, to double our current immigration level over the next ten years.

Monsieur le Président, j'ai le grand plaisir d'annoncer que le Budget 2007 consacre plus de 9,5 millions de dollars de fonds nouveaux à l'amélioration des services d'établissement et d'intégration au marché du travail, des programmes de formation linguistique, et des initiatives de promotion de l'ethnoculturalisme et de lutte contre le racisme, le tout appuyé par des ressources du gouvernement fédéral.

#### **Translation**

*Mr. Speaker, I am pleased to announce that Budget 2007 provides more than \$9.5 million in new funding to enhance settlement services, language training, labour market integration and ethno-cultural and anti-racism initiatives, supported by federal resources.*

#### **English**

Manitoba's thriving and diverse arts and cultural scene makes our province a more exciting place for youth, providing lively attractions for Manitoba families and out-of-province visitors. New economic opportunities abound in Manitoba's vibrant cultural industries. Manitoba is proud to be the second highest per capita funder of cultural events in Canada.

The first-of-its-kind Manito-Ahbee Festival celebrating Aboriginal arts and culture was held in Manitoba in 2006, showcasing our rich Aboriginal heritage.

Manitobans also showed off their spirited energy during the CFL's Grey Cup championship game in Winnipeg.

This week, Manitobans are getting the chance to cheer on Team Canada at the MTS Centre and in Selkirk as Manitoba plays host to the World Women's Hockey Championships

Manitoba's highly competitive tax regime for film has helped our local industry to blossom. Budget 2007 renews the popular Manitoba film tax credit for another three years and also increases our investment in Manitoba Film and Sound.

Manitoba has already made a major commitment of \$1.3 million in endowment funding for the Manitoba Theatre Centre, an important part of Manitoba's rich cultural life. Mr. Speaker, I am proud to announce that today's budget provides new resources to strengthen some of our other important heritage institutions and premiere tourist attractions, including:

- major renewal initiatives at The Manitoba Museum
- capital investments at the Winnipeg Art Gallery, and
- a new partnership with the Royal Winnipeg Ballet to match private fundraising for new ballet creations.

Le Budget 2007 ajoute aussi le Musée de Saint-Boniface aux établissements admissibles au Programme manitobain des musées représentatifs.

### **Translation**

*Budget 2007 also adds the St. Boniface Museum to Manitoba's Signature Museum Program.*

### **English**

Mr. Speaker, I am pleased to announce that Budget 2007 invests in three new public libraries for Selkirk, the R.M. of Swan River and the R.M. of Alexander.

Manitoba's competitive business environment includes a well-educated, productive and multilingual labour force, among the lowest electricity rates in the world, affordable taxes and low construction costs.

Manitoba's capital investment grew 14 percent last year, the second highest among provinces, and is expected to be above 11 percent this year. Budget 2007 broadens the Community Enterprise Development Tax Credit to include a new 30 percent tax credit for direct investments in emerging enterprises requiring large amounts of capital.

Manitoba has a rapidly growing network of research facilities, including high caliber clusters in areas such as agri-food research and advanced medicine. Budget 2007 provides increased funding for Manitoba Centres of Excellence to support more world-class research.

Manitoba's information and communications technology industry continues to grow, attracting many young entrepreneurs. Manitoba's video game industry has grown by more than five-fold in the last two years. There are now more than 230 digital media companies in the province. Our government is investing in further growth in this vibrant sector through the Manitoba Interactive Digital Media Fund.

Red River College's new Centre for Applied Research in Sustainable Infrastructure is the province's first dedicated college-based research facility and will advance practical research on construction and building technologies.

Manufacturing is a vital part of Manitoba's diversified economy, accounting for approximately 12 percent of GDP. In our last budget, we renewed and enhanced the Manufacturing Investment Tax Credit. Capital investments in manufacturing grew by more than 16 percent in Manitoba last year, with a further 30 percent increase expected in 2007.

Mr. Speaker, Budget 2007 makes the Manufacturing Investment Tax Credit even more valuable by increasing refundability to 50 percent. Manitoba is also paralleling a short-term federal incentive that allows manufacturers and processors to write off machinery at 50 percent per year.

We are taking action to reduce red tape for business, working to:

- extend the use of the single business number identifier to organizations like the WCB
- expand award-winning BizPaL services to more municipalities
- make it easier and less costly for business to deal with tax filing
- introduce on-line filing for the PST, and

- make trucking permits accessible electronically.

\* (15:50)

Safe and healthy workplaces make good sense for workers, families and employers. Not only do we want workers to stay safe, we want the competitive business advantages that come with safe and healthy workplaces.

Our government has implemented a proactive, multi-staged plan to improve occupational safety and health, based on a consultative approach with labour and employers, including:

- amending The Workplace Safety and Health Act
- increasing inspections of high-risk sectors
- updating workplace safety and health regulations
- modernizing The Workers Compensation Act, and
- expanding the list of presumptive diseases for firefighters.

There has been a reduction of close to 20 percent in the time-loss work injury rate in Manitoba since 2000. Working together, we need to make further improvements to reduce workplace injuries. Today's budget increases the number of workplace safety and health officers.

Our government will soon be introducing legislation to establish a new statutory holiday in the month of February for all Manitobans to enjoy.

Manitoba has been a strong voice in support of the Canadian Wheat Board, demanding that farmers have a say in matters critical to their livelihood. We have echoed producers' concerns about the significant economic consequences of dismantling single-desk marketing and the importance of ensuring quality and consistency for world markets. We will continue to promote the Port of Churchill as a viable, cost-effective option for prairie farmers and fight to keep the Wheat Board's Winnipeg head office. Mr. Speaker, Manitoba will continue to stand up for the interests of farmers.

Our government remains committed to maintaining a responsive safety net for farmers. The CAIS program has paid out more than \$550 million in federal-provincial support for farmers over the last three years.

Supporting young farmers is vitally important to the long-term prosperity of farming in Manitoba. Budget 2007 invests in farm renewal through:

- an increase to the young farmer rebate on MASC loans
- a new training program to assist young women to be more active in farm enterprises, and
- enhancements to the Bridging Generations Initiative, making it easier to transfer farms from one generation to the next.

Budget 2007 invests new dollars to promote food safety and awareness and emergency preparedness planning. Today's budget also introduces a new Safe Farm pilot program.

Budget 2007 increases provincial support for the Food Development Centre in Portage la Prairie to encourage the development of new food products and their commercialization.

Rural Manitobans are seizing new market opportunities in biofuels. Budget 2007 broadens eligibility for MASC's Alternative Energy Loan program.

Husky's \$145-million ethanol plant expansion at Minnedosa, supported by Manitoba's ethanol mandate, will provide a new green market for Manitoba farmers.

Biodiesel plant development and construction is already underway at four sites in Manitoba. Our vision is for Manitoba to be a leader in biodiesel production, creating jobs, expanding markets for farmers and spurring greater economic activity in our rural communities.

Manitoba is also providing funding for rural pilot projects to construct and test the feasibility of anaerobic digesters on hog farms.

Our government is working alongside industry to study the feasibility of CO<sub>2</sub> enhanced oil recovery in Manitoba, an opportunity for economic growth and reduced emissions.

Our government is working with northern Manitobans to provide better access to education and training, increased economic development and more employment opportunities in the North.

Today's budget provides additional dollars to expand educational programming through the University College of the North, UCN, including 50

new nursing spaces. In addition, we have recently committed \$45 million to enhance UCN's capital facilities in The Pas and Thompson and to establish new regional centres in Grand Rapids and Oxford House.

Our First Nations and Métis partners have been empowered to deliver their own training under the \$60-million Hydro pre-project training initiative, which has already provided training to close to 1,200 people. Early construction work on the Wuskwatim site is already employing 200 people, two-thirds of whom are of Aboriginal descent.

Mr. Speaker, Manitoba's mining industry is flourishing, supported by strong metals prices and a very attractive policy environment for mining investment. Mining grew by a significant 25 percent last year in Manitoba. I am pleased to announce that Budget 2007 extends Manitoba's 10 percent Mineral Exploration Tax Credit for another year.

Manitoba is working with the Government of Canada and First Nations to advance Treaty Land Entitlement transfers. Ownership of these lands by First Nations represents a tremendous opportunity for sustainable development and economic growth. Manitoba and Canada have recently reached agreement on an accelerated plan that will see 150,000 acres of provincial Crown land transferred each and every single year to First Nations in Manitoba.

Budget 2007 takes action on two fronts to tackle the persistent problem of higher costs for healthy foods in the North. First, we have increased the Northern Income Assistance Allowance to help relieve cost pressures on nutritious foods and other essentials. We are also investing in long-term solutions by expanding the popular Northern Healthy Foods Initiative, supporting family and community gardens, nutrition education and market-based solutions.

Budget 2007 invests in new youth-led activities that promote well-being and positive outcomes for youth in the North. Today's budget also provides funding to expand water safety programs to 25 new northern and remote communities in partnership with the Lifesaving Society.

With new support for roads and transit, growth in the Building Manitoba Fund and gaming revenue sharing, Budget 2007 provides significantly increased resources for Winnipeg, Brandon and other municipalities.

The City of Winnipeg will receive from Budget 2007 \$29.1 million in new funding, an increase of 18.3 percent. This includes \$21 million for road improvements, part of our new two-year commitment to invest \$50 million in Winnipeg's roads and bicycle routes. Provincial funding for streets will advance projects like the Chief Peguis Trail extension and major rehabilitations of the Fort Garry bridge and Inkster Boulevard. Mr. Speaker, I am pleased to announce that this new funding for road improvements will be built into the City of Winnipeg's base budget for future years.

Through the Building Manitoba Fund, other municipalities will receive a 5 percent general assistance funding increase in 2007 and a 17 percent increase in rural community development grants.

Renewal continues in our province's capital based on co-operative development efforts with the City of Winnipeg and partnerships with local communities. Building cranes have become a hallmark of downtown. Revitalization on Portage Avenue has moved from the MTS Centre to the new Manitoba Hydro headquarters and will move from there to the University of Winnipeg's new Science Centre.

Our government is having positive discussions with the federal government and the Friends of the Museum about moving forward with the great vision of building the Canadian Human Rights Museum at The Forks to further the understanding of human rights on an international scale.

Next month, the city of Brandon will celebrate its 125th birthday and there is much to celebrate. Brandon's economy is strong, with very low unemployment. The Keystone Centre's new Agricultural Centre of Excellence has opened its doors to the world. The downtown Wellness Centre is moving forward, and Assiniboine Community College's Culinary Arts and Hospitality Administration program will be ready to receive students at its newly redeveloped site this fall.

In 2003, Manitoba became the first province in Canada to introduce tax increment financing for urban revitalization. Just as we have worked with CentreVenture in redeveloping Winnipeg's downtown, we will work with the City of Brandon and community partners on downtown revitalization in Brandon.

Manitoba is also proceeding with a major infrastructure enhancement for the people of Brandon by providing the city with new bridges across the

Assiniboine River to eliminate traffic bottlenecks and increase flood protection. Mr. Speaker, today I am pleased to announce that Manitoba will work with the City of Brandon to advance Brandon's Eastern Access Route extension.

One of our government's proudest achievements has been the success of Neighbourhoods Alive!, a key part of our community economic development strategy. Mr. Speaker, I am pleased to announce that Neighbourhoods Alive! is expanding into five more urban centres, including Dauphin, Flin Flon, The Pas, Portage la Prairie and Selkirk.

\* (16:00)

Today we are building a better future for children and families in Manitoba and stepping up efforts to combat poverty. Rates of child and adult poverty have fallen in Manitoba but not by nearly enough. There is much more to do.

Today there are 10,000 fewer Manitobans receiving income assistance than in 1999. Budget 2007 introduces Rewarding Work, a four-year plan to help more people achieve employment and higher incomes.

In 1998, the federal government introduced the National Child Benefit for low-income families, but this benefit was clawed back at the provincial level from families on income assistance. Our government corrected this injustice by ending the clawback and fully restoring the National Child Benefit, allowing almost \$14 million annually to flow to families in need.

Mr. Speaker, today's budget takes another step forward by introducing a new Manitoba Child Benefit for low-income families as part of Rewarding Work. The new benefit will provide more money for low-income working families to help with the costs of raising their children. For families on income assistance, a separate child benefit will replace a portion of their existing child-related assistance. This is a significant step to breaking down the "welfare wall" by ensuring that families retain supports for their children when they move from income assistance to work.

Budget 2007 also introduces a new Manitoba benefit which will complement the federal government's newly announced Working Income Tax Benefit program. Along with a work-related transportation allowance, these new benefits will help the move from welfare to work. Beginning in January 2008, an increase of \$25 per month will be

provided for employment supports for childless couples and singles and new income assistance for persons with disabilities.

Based on recommendations made by the provincial Ombudsman and the Children's Advocate, Manitoba is significantly increasing the level of investment in our child protection system. Budget 2007 provides more than \$48 million in new resources to improve child protection services, including funding for caseload reductions, increased funding for foster families and early interventions to support families before children are placed in care.

Our government continues to invest in children's early years, a time when research clearly shows that investments pay the biggest rewards, supporting kids to do better in school and avoid costly run-ins with the justice, health care and social services systems. Today's budget increases resources to:

- support the special nutritional needs of moms and babies by expanding the Healthy Baby program to more communities
- enhance positive parenting programs, and
- support parent-child coalitions.

Budget 2007 also makes a major investment of \$7.5 million to step up Manitoba's integrated programming related to fetal alcohol spectrum disorder.

Our government announced the first Five-Year Plan for Child Care in 2002, a plan to improve the quality, accessibility and affordability of early learning and child care right across our province. Child care is also an important part of our plan to break down barriers for parents, particularly women, to return to work. Tremendous progress has been made. We have funded over 6,600 more child-care spaces, an increase of 43 percent.

In 2005, the governments of Canada and Manitoba negotiated and signed an agreement to provide new multiyear federal funding for child care and early learning. We are disappointed that the Government of Canada has chosen to unilaterally withdraw from our agreement. Under the agreement, Manitoba received \$23 million last year, but based on the recent federal budget, we will only receive \$9 million in 2007-08. While we will continue to make the case that the federal government should honour its commitments, we will not, however, sacrifice children and parents in this fight for federal support. Therefore, Mr. Speaker, Budget 2007 increases the budget

investment in child care by more than \$14 million, and this \$14 million will backfill the withdrawal of federal funds to ensure that the promises made to Manitoba families and communities are kept.

The new Manitoba Shelter Benefit is making a difference, providing support to more than 11,000 low-income seniors, families and persons with disabilities to deal with rising shelter costs.

Manitoba is moving forward with a new multiyear affordable housing plan. Mr. Speaker, I am pleased to announce that Manitoba is committing \$104 million for safe, secure, affordable housing through a partnership with the federal Housing Trust. Initiatives will target the housing needs of Aboriginal people, seniors, the inner city and northern Manitoba.

Budget 2007 invests another \$18 million for supported living for persons with mental disabilities and \$1.8 million more for children's special services.

Building on our newly introduced grandparents access legislation, today's budget provides additional resources to assist with requests by grandparents to spend time with their grandchildren in cases of parental separation.

Budget 2007 expands seniors community support services programs and increases the 55-Plus income supplement, which will provide close to \$2 million annually in new support for low-income seniors.

Monsieur le Président, le Manitoba allégera également le fardeau fiscal des personnes âgées en appliquant au niveau provincial les modifications apportées par le gouvernement fédéral aux dispositions touchant le fractionnement du revenu de pension. Cette mesure procurera annuellement aux pensionnés des économies d'environ 11 millions de dollars.

#### **Translation**

*Mr. Speaker, Manitoba is also easing the tax burden for seniors by matching federal pension income-splitting tax changes, saving pensioners an estimated \$11 million annually.*

#### **English**

The safety and well-being of Manitoba families and communities and the integrity and responsiveness of our justice system are priorities for our government.

We recognize the importance of having a strong police presence in our communities. Our government has provided resources for 94 new officer positions

over the past five years. Mr. Speaker, today we are announcing plans to add 30 more police officers.

Budget 2007 provides funding for the City of Winnipeg to support 14 new officer positions. This includes five constables dedicated to Winnipeg's Stolen Auto Unit to deal specifically with repeat offenders. While auto theft is down 20 percent so far this year compared to last, we are committed to making further progress to curb this serious crime, including working with the federal government to strengthen criminal penalties. Funding for the City of Brandon will also support two new police officer positions. We will also work with the RCMP to add 14 more officers by January 1, 2008.

Mr. Speaker, I am pleased to announce that Budget 2007 expands our successful Lighthouses program to 50 sites. Lighthouses provide positive after-hour recreation, education and social activities for youth in schools, friendship centres and other community facilities across our province. Manitoba Lighthouses are nearing half a million visits to date, a clear sign of youth responding to positive alternatives.

Today's budget further expands the Turnabout program, a first of its kind in Canada, which focusses on children under the age of 12 who come in conflict with the law.

Budget 2007 invests new resources to expand the successful School Resource Officer project. In partnership with the City of Winnipeg and the Winnipeg School Division, three additional police officers will serve Gordon Bell, Hugh John Macdonald, Kelvin, Grant Park and Churchill high schools and surrounding areas.

Manitoba is taking action to crack down on organized crime, Mr. Speaker. Budget 2007 doubles our investment to \$800,000 annually in the Manitoba Integrated Organized Crime Task Force.

Budget 2007 provides new funding and staff to support Manitoba's Public Safety Investigations Unit.

We are also making new investments in a criminal property forfeiture unit to ensure that criminals do not benefit from crime.

Mr. Speaker, Budget 2007 provides funding to create a specialized unit to handle child exploitation cases, including a new dedicated Crown attorney. This unit will take a proactive approach to address Internet luring and child pornography.

Our government is also taking further steps to tackle domestic violence by:

- adding a new Judicial Justice of the Peace
- expanding the Domestic Violence Intervention Unit, and
- providing new resources for community agencies that support women and children who experience family violence, including Ikwe and A Woman's Place.

Budget 2007 expands the internationally recognized Front End Project. This expansion will help the court system work faster and more effectively in youth and non-domestic violence matters.

Manitoba is continuing to work with pharmacists, retailers, police, first responders and addictions services to combat crystal meth. Budget 2007 commits new funding for the provincial Crystal Meth Strategy.

Manitoba was one of the first supporters of the Kyoto Accord and one of the first provinces to develop a comprehensive climate change action strategy. This year, Manitoba will introduce climate change legislation that will set out our plan for greenhouse gas reduction targets and that will put them in law for the first time in the history of the province.

Our government believes strongly in the economic, environmental and social benefits of developing our tremendous hydro-electric resource.

Manitoba's Limestone dam has proven to be a solid investment that continues to generate strong returns, supporting three major power sales to Northern States Power alone totaling \$5.5 billion. Mr. Speaker, I am also pleased to announce another power sale. Manitoba Hydro has just renewed a 100 megawatt export contract with Wisconsin Public Service Corporation.

Construction of the Wuskwatim dam is now underway in partnership with Nisichawayasihk Cree Nation. Based on the strength of growing export and domestic markets, Conawapa will be built and will boost exports and power our economy for generations to come, providing enormous economic opportunities for Aboriginal and northern communities.

Mr. Speaker, our government is committed to keep Manitoba Hydro owned by Manitobans, for the benefit of Manitobans.

\* (16:10)

Our government also remains a strong advocate for an east-west power grid. A national grid would allow Manitoba to transfer clean, reliable energy to neighbouring provinces and improve Canada's energy security and reliability. We are encouraged by federal support for this important national vision.

Our province also has become a leader in energy conservation. The Canadian Energy Efficiency Alliance has named Manitoba no. 1 in its annual rankings two years in a row. Since 1999, some 150,000 Manitobans have participated in Power Smart programs, reducing their energy bills and saving close to 300 megawatts of power. That's equivalent to building a "virtual" dam with more capacity than Wuskwatim.

This year, energy efficiency initiatives are being expanded to support more community-driven projects. In Winnipeg's Centennial neighbourhood, local residents are taking action to revitalize their community through innovative home retrofit projects. This year, community-based energy efficiency projects will be expanded to other neighbourhoods in Winnipeg, Brandon and the four First Nations of the Island Lake region.

Like hydro-electricity, wind power is clean and renewable and helps grow and diversify our power supply and our rural communities. I am pleased to report that Manitoba has just taken another major step in our strategy to harvest 1,000 megawatts of wind power over the next decade with a new call for wind projects totaling 300 megawatts.

Since 2002, Power Smart loans have helped Manitoba become a leader in geothermal heating and cooling systems. Mr. Speaker, today I am pleased to announce that to further support the use of highly efficient green technology, Manitoba Hydro will be enhancing its Residential Earth Power loan program by increasing the loan limit to \$20,000 and offering a reduced interest rate of 4.9 percent for the first five years of borrowing for other geothermal residential projects..

Mr. Speaker, I am pleased to announce that Budget 2007 introduces a new 10 percent Green Energy Manufacturing Tax Credit designed to encourage new and expanded production and use of green energy equipment, the first of its kind in Canada.

Manitoba's natural areas are an important part of our heritage and our way of life. Over the past year,

we have expanded our vital network of protected areas with new and expanded Wildlife Management Area designations and the renewal of six provincial Park Services. Since 1999, approximately 855,000 hectares of land have been permanently protected in Manitoba, and we know that each hectare is worth 2.4 acres.

We are working with the City of Winnipeg to add further protected areas to our network. We are also working with the Manitoba Floodway Authority to establish a new Duff Roblin Provincial Park site that better recognizes the vision and legacy of Duff Roblin and is more accessible to Manitoba families.

Budget 2007 protects biodiversity by increasing Manitoba's annual contribution to the Nature Conservancy of Canada's conservation program by 50 percent to \$300,000.

Our government has made an important commitment to ensure that First Nations on the east side of Lake Winnipeg have a greater role in deciding how resources are used in this unique region. Budget 2007 supports First Nations-led efforts to:

- secure a UNESCO World Heritage designation, putting this spectacular region on the world map
- as well, we will work with our First Nations partners to advance sustainable land use planning, and
- promote unique attractions through a new community-driven tourism development initiative.

Today's budget invests in improving services and facilities in parks and campgrounds, including:

- expanded facilities and more staff at Birds Hill campground
- more camping sites with electricity, and
- lagoon upgrades at Big Whiteshell and West Hawk lakes.

Protecting the quality of our vast water resources is a top priority for Manitobans.

Protecting drinking water, improving the health of Lake Winnipeg and conserving water supplies are imperatives we must meet to ensure our water will be protected and preserved for generations to come. We cannot take this tremendous resource for granted.

Last fall, we announced the third phase of Manitoba's water protection plan, a plan based on

shared responsibility, with all regions and all sectors doing their part.

Mr. Speaker, I am pleased to announce today that Budget 2007 invests more than \$10 million in new funds to address recommendations of the Lake Winnipeg Stewardship Board, advance sewer and water projects and improve water management and flood protection. New funding will support:

- managing nutrients to meet leading-edge regulations on nitrogen and phosphorus
- additional staff for inspections and enforcement
- enhanced watershed planning and programming, and
- habitat enhancement
- on-site waste water management and manure storage facilities
- Manitoba Water Services Board projects
- further scientific research on Lake Winnipeg and beneficial management practices, and, finally,
- strengthening drainage licensing and enforcement with additional resources, up to \$2.1 million.

This new funding also includes \$2.5 million to help farmers to begin to adapt their operations to comply with new water protection regulations.

We will work with the federal government on plans to fully invest the \$7 million they have announced for Lake Winnipeg.

As the Clean Environment Commission reviews our water protection plan, Manitobans are being asked for their input on how best to care for our water resources. In the meantime, we have put a pause on new and expanding hog barns in recognition of the rapid growth in this industry since the 1990s and the need for public confidence in the industry.

Mr. Speaker, with today's budget, our government has committed more than \$130 million for water and waste water infrastructure projects across the province.

Budget 2007 meets our commitment to move to full summary budgeting and reporting, as recommended by Manitoba's Auditor General. Our Summary Budget consolidates government's core budget plans with projections for all Crown organizations. Today's budget fully reflects the GAAP

requirements under the Canadian accounting standards.

Today's budget projects a Summary surplus of \$175 million. In keeping with advice we have received from the office of the Auditor General and the review conducted by Deloitte and Touche, we will update our balanced budget legislation to ensure that it aligns with our full transition to GAAP. We are meeting this independent test of transparency and accountability to the people of Manitoba.

Manitoba's sound fiscal approach has been rewarded with four major credit rating upgrades since 1999.

In 2001, we began to implement the first-ever plan to eliminate Manitoba's pension liability. Building on this, we have also recently announced our plan to help address the unfunded liability of the Teachers' Retirement Allowances Fund, strengthening the pension plan and generating considerable long-term savings to the province. We are continuing to work on a similar solution for the unfunded liability of the Civil Service Superannuation Fund.

Manitoba's net debt-to-GDP ratio has been reduced by more than 20 percent, and we have reduced debt-servicing costs by 45 percent from 13.2 cents on the dollar in 1999 to 7.3 cents today. Over the medium term, we are planning for continued reductions in Manitoba's net debt-to-GDP ratio.

Budget 2007 provides for a 4.8 percent growth in core expenditures, a 5.8 percent growth on a summary basis and a \$110-million payment on our general purpose debt and pension liabilities. This brings our total debt and pension payment over eight years to \$814 million, the largest such payment in Manitoba's history.

Manitoba's Fiscal Stabilization Fund is projected to have a balance of \$477 million at the end of 2006-07, \$213 million more than in 1999-2000. As projected in last year's budget, the only draw from the Fiscal Stabilization Fund for 2007-08 is \$37 million, and this is funding prepaid by the federal government for health wait-times reductions.

As for our long-term plan on tax reductions, our previous seven budgets have contained the largest tax cuts ever delivered to Manitoba families and businesses.

Since 1999, our multiyear tax-cut plan has provided significant relief to all taxpayers, families, homeowners, farmers and businesses, along with

targeted incentives for youth, seniors, low-income families, environmental protection and manufacturing growth.

Budget 2007 contains \$297 million in new annual tax cuts and introduces a multiyear plan in several areas, including:

- new education property tax relief
- new personal tax reductions, and
- new business tax reductions.

When we came into office, housing values were flat and education property taxes were rising rapidly. We have taken action with our first seven budgets to reduce education property taxes, including:

- eliminating one full property tax, the Residential Education Support Levy, saving taxpayers \$100 million annually
- increasing the Education Property Tax Credit by \$150, and
- reducing farmland education taxes by 60 percent, more than triple what we promised in the 2003 election.

\* (16:20)

Today's budget goes even further, implementing step one of our new plan to increase provincial funding to 80 percent of total public schools expenditures. We will make progress each and every year, and our goal is to achieve 80 percent at the end of five years, subject to balanced budget requirements. We will work with school boards to ensure accountability for provincial investments in affordable, quality education.

Mr. Speaker, I am pleased to announce that the Education Property Tax Credit will be increased by an additional \$125 to \$525, representing annual savings of \$40 million for Manitobans.

Including this new tax saving, education taxes have been reduced by an average of 16 percent since 1999 on a house valued at \$125,000. This is in sharp contrast to the 1990s when education taxes increased by 60 percent.

We are also introducing a new four-year plan to further reduce farmland education property taxes. Our plan will cut these farmland taxes by a total of 80 percent, a reduction that is four times our original promise. Starting in 2007, the Farmland School Tax Rebate will rise to 65 percent from 60 percent, providing savings of \$29 million in 2007.

With these new measures and those contained in our past seven budgets, Manitobans will save \$230 million annually in education property taxes.

Our government promised and has delivered multiyear tax reductions that have resulted in the largest personal income tax cuts in our province's history. Budget 2007 continues this progress with new savings for all Manitoba taxpayers. We are also committing to a plan to cut middle income taxes by 10 percent over four years, beginning with a number of new measures introduced with today's budget.

Mr. Speaker, we are:

- adding \$200 more to the basic personal Amount, bringing the total increase in this amount to \$1,240 since 1999. The value of the basic personal credit has increased by 56 percent, almost three times the rate of inflation, and
- increasing the spousal amount and eligible dependent amount by 24 percent to match the basic personal amount.

I am proud to report that a total of 6,000 low-income Manitobans will be removed from the tax rolls as a result of these new measures.

Mr. Speaker, I am also pleased to announce that effective January 1, 2008:

- the middle income tax rate will be reduced to 12.75 percent, and
- the upper threshold for the middle bracket will be increased to \$66,000, the first step toward raising the threshold to \$70,000.

In addition, starting January 1, 2009, we will begin implementing a multiyear plan to lower the first income rate to 10.5 percent and increase the first income threshold to \$35,000. These changes will provide savings to all Manitoba families and taxpayers.

Mr. Speaker, with today's personal income tax reductions and the measures we have taken in previous years, Manitobans will save \$410 million annually in personal income taxes.

Small businesses are the backbone of Manitoba's economy. In 1999, Manitoba had the second-highest small business tax rate at 8 percent. Today, as a result of our multiyear plan, Manitoba has the lowest small business tax rate at 3 percent.

Mr. Speaker, our government is pleased to announce that the small business rate will be reduced to 2 percent on January 1, 2008, and then cut again to 1 percent on January 1, 2009. These will bring our small business tax rates significantly below those of any other jurisdiction in Canada. These changes will benefit 80 percent of Manitoba corporations.

Our government has also taken significant steps to reduce the general corporation income tax rate. For the first time in 50 years, we brought in a multiyear plan to reduce this rate to 14 percent where it stands today, down from 17 percent in 1999, when it was the highest rate in the country. I am pleased to confirm that Budget 2007 builds on this plan with a further reduction of this rate to 13 percent, effective July 1, 2008. In addition, Mr. Speaker, this rate will be reduced to 12 percent, effective July 1, 2009.

In our last budget, we doubled the corporation capital tax deduction from \$5 million to \$10 million, reducing the number of firms paying this tax by 19 percent. I am pleased to confirm the first step in our plan to phase out entirely the corporation capital tax, a 20 percent reduction taking effect for fiscal years starting after January 1, 2008. Mr. Speaker, the general corporation capital tax will be fully eliminated before 2011.

Today's budget also increases the payroll tax exemption threshold for the Health and Post-secondary Education Tax Levy by 25 percent to \$1.25 million. Less than 5 percent of employers presently pay this tax. The new higher threshold will benefit one-third of those paying. Two hundred employers will now be exempted altogether and 600 employers will pay less tax.

New measures in Budget 2007 represent business tax savings of \$93 million annually, bringing our cumulative business tax reductions to \$239 million since 1999.

To ensure continued fiscal responsibility, all tax measures effective after December 31, 2008, are subject to balanced budget requirements.

Mr. Speaker, the new tax measures contained in Budget 2007 and those introduced in our past seven years form the cornerstone of a decade of continuous action to reduce taxes. By 2010, Manitobans will enjoy annual savings in personal income, property and business taxes of \$879 million compared to 1999.

Mr. Speaker, over the last eight years, our government has worked with Manitobans to achieve results.

We are rebuilding our health care system, investing in better roads and highways, expanding education opportunities, leading the country in climate change and clean water initiatives, growing our economy and supporting stronger families and safer communities.

We are doing all this, Mr. Speaker, while balancing our budgets, paying down the debt and delivering record tax relief for Manitobans.

Manitoba has become a leader in areas including green energy, immigration, affordability, culture and quality of life, healthy living, wait times reduction, child care and early childhood development.

Today's Building Budget lays out a long-term vision for infrastructure, housing, education, environmental protection, opportunities for youth, economic competitiveness, lowering taxes and sound fiscal management.

This is a record to build on. There is more to be done. We have laid out our vision for the future and we will work in partnership with all Manitobans to continue moving our province forward.

Merci, Monsieur le Président.

**Mr. Hugh McFadyen (Leader of the Official Opposition):** Mr. Speaker, I move, seconded by the Member for Arthur-Virden (Mr. Maguire), that debate be adjourned.

*Motion agreed to.*

## Messages

**Hon. Greg Selinger (Minister of Finance):** Mr. Speaker, I have two messages from His Honour the Administrator as well as the budget documents which I would like to table.

**Mr. Speaker:** Order. Would members please rise for the reading of the messages.

The Lieutenant-Governor transmits to the Legislative Assembly of Manitoba Estimates of sums required for the service of the Province for capital expenditures and recommends these Estimates to the Legislative Assembly.

In the second message, the Lieutenant-Governor transmits to the Legislative Assembly of Manitoba Estimates of sums required for the service of the Province for the fiscal year ending the 31st day of March, 2008, and recommends these Estimates to the Legislative Assembly.

Please be seated.

**Hon. Dave Chomiak (Government House Leader):** Mr. Speaker, I move, seconded by the Minister of Finance, that this House do now adjourn.

*Motion agreed to.*

**Mr. Speaker:** The House is now adjourned and stands adjourned until 1:30 p.m. tomorrow (Thursday).

**LEGISLATIVE ASSEMBLY OF MANITOBA**

**Wednesday, April 4, 2007**

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