

Second Session - Thirty-Ninth Legislature
of the
Legislative Assembly of Manitoba
DEBATES
and
PROCEEDINGS

Official Report
(Hansard)

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Ninth Legislature

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

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, April 24, 2008

The House met at 1:30 p.m.

ROUTINE PROCEEDINGS

INTRODUCTION OF BILLS

Bill 210—The Winter Spreading of Manure and Biosolids Prohibition Act

Hon. Jon Gerrard (River Heights): Mr. Speaker, I move, seconded by the MLA for Inkster (Mr. Lamoureux), that Bill 210, The Winter Spreading of Manure and Biosolids Prohibition Act; Loi interdisant l'épandage hivernal de déjections et de biosolides, be now read a first time.

Motion presented.

Mr. Gerrard: Mr. Speaker, this bill prohibits the spreading of manure and solid material from sewage on land in winter except where water bodies draining the land are tested regularly and are shown to have very low levels of phosphorus.

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

Bill 29—The Business Practices Amendment Act (Disclosing Motor Vehicle Information)

Hon. Greg Selinger (Minister of Finance): I move, seconded by the Minister of Family Services and Housing (Mr. Mackintosh), that Bill 29, The Business Practices Amendment Act (Disclosing Motor Vehicle Information); Loi modifiant la Loi sur les pratiques commerciales (communication de renseignements concernant les véhicules automobiles), be now read a first time

Motion presented.

Mr. Selinger: Mr. Speaker, I'm pleased to introduce this bill today which will provide better protection for consumers when they are purchasing or leasing a vehicle. This amendment will require a supplier, including a dealer, to give a consumer certain information about the vehicle and its history, including whether it has been determined to be a lemon in another jurisdiction.

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

Bill 30—The Crown Lands Amendment Act

Hon. Stan Struthers (Minister of Conservation): I move, seconded by the Minister of Science, Technology, Energy and Mines (Mr. Rondeau), that Bill 30, The Crown Lands Amendment Act; Loi modifiant la Loi sur les terres domaniales, be now read a first time.

Motion presented.

Mr. Struthers: This bill makes changes relating to administration of Crown lands. The bill provides for the minister to approve the sale or transfer of Crown land valued at \$25,000 or less or lands held in trust for a municipality or local government district. In addition, the bill modernizes and improves expediency, accountability and transparency by providing a committee of deputy ministers to approve interests in Crown land acquired by department employees in certain situations. Thank you, Mr. Speaker.

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

PETITIONS

Lake Dauphin Fishery

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

These are the reasons for this petition:

Fishing is an important industry on Lake Dauphin.

To help ensure the sustainability of Lake Dauphin fishery, it is essential that spawning fish in the lake and its tributaries are not disturbed during the critical reproductive cycle.

A seasonal moratorium on harvesting fish in Lake Dauphin and its tributaries may help create an environment that will produce a natural cycle of fish for Lake Dauphin, therefore ensuring a balanced stock of fish for all groups who harvest fish on the lake.

We petition the Legislative Assembly of Manitoba as follows:

To request the Minister of Water Stewardship (Ms. Melnick) to consider placing a moratorium on harvesting of any species of fish on Lake Dauphin and its tributaries for the period of April 1 to May 15 annually.

To request the Minister of Water Stewardship to consider doing regular studies of fish stocks on Lake Dauphin to help gauge the health of the fishery and to consider determining any steps needed to protect or enhance those stocks.

This petition is signed by Donna Adelis, Brendon Edel, Jackie Edel and many, many others.

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

Dividing of Trans-Canada Highway

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

These are the reasons for this petition:

The seven-kilometre stretch of the Trans-Canada Highway passing through Headingley is an extremely busy stretch of road, averaging 18,000 vehicles daily.

This section of the Trans-Canada Highway is one of the few remaining stretches of undivided highway in Manitoba, and it has seen more than 100 accidents in the last two years, some of them fatal.

Manitoba's Assistant Deputy Minister of Infrastructure and Transportation told a Winnipeg radio station on October 16, 2007, that when it comes to highways projects the provincial government has a flexible response program, and we have a couple of opportunities to advance these projects in our five-year plan.

In the interests of protecting motorist safety, it is critical that the dividing of the Trans-Canada Highway in Headingley is completed as soon as possible.

We petition the Legislative Assembly as follows:

To request the Minister of Infrastructure and Transportation (Mr. Lemieux) to consider making the completion of the dividing of the Trans-Canada

Highway in Headingley in 2008 an urgent provincial government priority.

To request the Minister of Infrastructure and Transportation to consider evaluating whether any other steps can be taken to improve motorist safety while the dividing of the Trans-Canada Highway in Headingley is being completed.

This is signed by Steve Bruce, Carla Mendres, Carol Wald and many others.

Lake Dauphin Fishery

Mrs. Heather Stefanson (Tuxedo): Mr. Speaker, I wish to present the following petition.

These are the reasons for this petition:

Fishing is an important industry on Lake Dauphin.

To help ensure the sustainability of the Lake Dauphin fishery, it is essential that spawning fish in the lake and its tributaries are not disturbed during the critical reproductive cycle.

A seasonal moratorium on the harvesting of fish in Lake Dauphin and its tributaries may help create an environment that will produce a natural cycle of fish for Lake Dauphin, therefore ensuring a balanced stock of fish for all groups who harvest fish on the lake.

We petition the Legislative Assembly of Manitoba as follows:

To request the Minister of Water Stewardship (Ms. Melnick) to consider placing a moratorium on harvesting of any species of fish on Lake Dauphin and its tributaries for the period of April 1 to May 15 annually.

To request the Minister of Water Stewardship to consider doing regular studies of fish stocks on Lake Dauphin to help gauge the health of the fishery and to consider determining any steps needed to protect or enhance those stocks.

This is signed by Phyllis Brunen, Rob Eastoe, Z. Zurba and many, many others.

Long-Term Care Facility—Morden

Mr. Peter Dyck (Pembina): Mr. Speaker, I wish to present the following petition to the Legislative Assembly.

The background for this petition is as follows:

Tabor Home Incorporated is a time-expired personal care home in Morden with safety, environmental and space deficiencies.

The seniors of Manitoba are valuable members of the community with increasing health-care needs requiring long-term care.

The community of Morden and the surrounding area are experiencing substantial population growth.

We petition the Legislative Assembly of Manitoba as follows:

To request the Minister of Health (Ms. Oswald) to strongly consider giving priority for funding to develop and staff a new 100-bed long-term care facility so that clients are not exposed to unsafe conditions and so that Boundary Trails Health Centre beds remain available for acute-care patients instead of waiting placement clients.

This is signed by Susan Teigrob, Hilda Klassen, George Froese, Peter Klassen and many, many others.

Child-Care Centres

Mrs. Myrna Driedger (Charleswood): I wish to present the following petition to the Legislative Assembly:

These are the reasons for this petition:

There is an ongoing critical shortage of child-care spaces throughout Manitoba, particularly in fast-growing regions such as south Winnipeg.

The provincial government has not adequately planned for the child-care needs of growing communities like Waverley West where the construction of thousands of homes will place immense pressure on the already overburdened child-care system.

The severe shortage of early childhood educators compounds the difficulty parents have finding licensed child care and has forced numerous centres to operate with licensing exemptions due to a lack of qualified staff.

Child-care centres are finding it increasingly difficult to operate within the funding constraints set by the provincial government to the point that they are unable to provide wages and benefits sufficient to retain child-care workers.

As a result of these deficiencies in Manitoba's child-care system, many families and parents are growing increasingly frustrated and desperate, fearing that they will be unable to find licensed child care and may be forced to stop working as a result. In an economy where labour shortages are common, the provision of sustainable and accessible child care is critical.

We petition the Legislative Assembly of Manitoba as follows:

To urge the Minister of Family Services and Housing (Mr. Mackintosh) to consider addressing the shortage of early childhood educators by enabling child-care centres to provide competitive wages and benefits.

To urge the Minister of Family Services and Housing to consider adequately planning for the future child-care needs of growing communities and to consider making the development of a sustainable and accessible child-care system a priority.

To urge the Minister of Family Services and Housing to consider the development of a governance body that would provide direction and support to the volunteer boards of child-care centres and to consider the development of regionalized central wait lists for child care.

To encourage all members of the Legislative Assembly to consider becoming more closely involved with the operations of the licensed day-care facilities in their constituencies.

This is signed by Dianne Draho, Dennis Massinon, Rachel Peech and many, many more.

Manitoba Liquor Control Commission

Mr. Cliff Cullen (Turtle Mountain): Mr. Speaker, I wish to present the following petition to the Legislative Assembly.

These are the reasons for this petition:

The Manitoba Liquor Control Commission has substantially raised the cost of annual liquor licences for restaurants, cocktail lounges and other Manitoba businesses.

The MLCC justifies this increase by stating that the cost of an annual licence is being increased to better reflect rising administration costs.

For some small-business owners, the cost of an annual liquor licence has more than doubled. These

fee hikes are a significant burden for business owners.

The decision to increase the annual licence fee, while at the same time eliminating the 2 percent supplementary licence fee payable on the purchase of spirits, wine and coolers, has the effect of greatly disadvantaging smaller businesses. Small businesses, which do not purchase liquor from MLCC in large volumes, will not receive the same benefit from the elimination of the supplementary fee. Instead, they are facing substantially increased costs simply to keep their doors open.

We petition the Legislative Assembly of Manitoba as follows:

To request the Minister responsible for the administration of The Liquor Control Act (Mr. Swan) to consider working with MLCC to find alternative means of addressing rising administrative costs; and

To request the Minister responsible for the administration of The Liquor Control Act to consider working with MLCC to revise the decision to implement a significant annual licence fee increase; and

To urge the Minister responsible for the administration of The Liquor Control Act to consider ensuring that the unique challenges faced by small businesses are better taken into account in the future.

This petition is signed by Cindy Skanderberg, Lisa-May Johnson, Catherine Bette and many, many other Manitobans.

COMMITTEE REPORTS

Standing Committee on Public Accounts Second Report

Mr. Jim Maloway (Elmwood): Mr. Speaker, I wish to present the Second Report of the Standing Committee on Public Accounts.

Madam Clerk (Patricia Chaychuk): Your Standing Committee on Public Accounts—

Mr. Speaker: Dispense? Dispense.

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

Meetings

Your committee met on the following occasions:

November 28, 2005

April 23, 2008

All meetings were held in Room 255 of the Legislative Building.

Matters under Consideration

Auditor General's Report – A Review of Crown Corporations Council and Compliance Audits dated March 2004

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 April 23, 2008, meeting:

Mr. Borotsik

Ms. Braun

Mr. Derkach (Chairperson)

Ms. Howard

Mr. Jha

Mr. Lamoureux

Mr. Maguire

Mr. Maloway (Vice-Chairperson)

Mr. Martindale

Hon. Mr. Selinger

Mrs. Stefanson

Officials Speaking on Record

Officials speaking on the record at the April 23, 2008, meeting:

Carol Bellringer, Auditor General

Reports Considered and Passed

Your committee considered and passed the following reports as presented:

Auditor General's Report – A Review of Crown Corporations Council and Compliance Audits dated March 2004

Mr. Maloway: Mr. Speaker, I move, seconded by the honourable Member for Selkirk (Mr. Dewar), that the report of the committee be received.

Motion agreed to.

TABLING OF REPORTS

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): Mr. Speaker, I'm pleased to table the Supplementary Information for Legislative Review, Departmental Expenditure Estimates '08-09 for Education, Citizenship and Youth.

Introduction of Guests

Mr. Speaker: Prior to oral questions, I'd like to draw the attention of honourable members to the public gallery where we have with us today a group from Grafton and Richland colonies who are the guests of the honourable Member for Springfield (Mr. Schuler).

Also in the public gallery we have with us from Sun Valley School 72 grade 4 students under the direction of Mandy Vanderhoof. This school is located in the constituency of the honourable Member for River East (Mrs. Mitchelson).

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

ORAL QUESTIONS

Manitoba Hydro Power Line Future Rate Increases

Mr. Hugh McFadyen (Leader of the Official Opposition): The existing two bipole transmission lines transmit 75 percent of Manitoba's generating capacity to southern Manitoba. They are literally a lifeline for our province. They ensure that the lights can stay on in our homes, in our offices, our hospitals and our other facilities. They're also fundamental strategic assets for our ability to sell electricity to other markets, Mr. Speaker. The need for a third bipole is driven by the need to enhance the reliability of our power grid in the event that those two lifelines should go down for any reason.

Mr. Speaker, on March 26, just about three weeks ago, before the Manitoba Public Utilities Board at the general rate application hearing, Mr. Peters, who's counsel to the Manitoba Public Utilities Board was asking questions of Harold Surminski, who's a section head in the resource planning and market analysis department of Manitoba Hydro. In those questions, Mr. Peters said, and I'll table copies of the transcript, he said, electric engineering reasons when a bipole can only be loaded with 2,000 megawatts, if sided on the west side, when Bipoles I and II aren't in service, compared to 3,000 that could be loaded if we're on the east side. Mr. Surminski's response was yes, that is the case, highlighting the fact there's 1,000 megawatts of lost energy on the west versus the east, if Bipoles I and II should go down.

Under further questioning later in the hearing, Mr. Speaker, Mr. Peters, counsel to the Public Utilities Board, asked Mr. Surminski about the financial implications in the event of the loss of Bipoles I and II, and he said that if we had a four-month incident, it would be a \$160-million negative financial consequence by having a west-routed Bipole III, assuming no Bipoles I and II in service. He goes on to say that the impact on the retained earnings of Hydro would end up costing half a billion dollars in the event of that sort of incident.

Mr. Ian Page, manager of financial planning for Manitoba Hydro, responded, and I quote, it would get that big if you chose not to have any change to the rate increases and then you had interest compounding, but something that large, you may want to change your rates.

Mr. Speaker, I want to ask the Premier why it is that he's concealed the fact that he's exposing the next generation of Manitobans to the added risk of half a billion dollars off of the retained earnings of Manitoba Hydro because of his directive to go down the long west-side route rather than the recommended east-side route?

Hon. Gary Doer (Premier): Well, Mr. Speaker, the only concealment of issues of reliability and cost were made in the early 1990s when a Farlinger report was prepared for the former Cabinet, and they hid the report from people of Manitoba about the impact of cancelling both Conawapa and a converter station to back up transmission. We have fully conceded, from the time that we were elected, that the existing infrastructure in Manitoba represents a reliability liability.

We've confirmed that again in the committee on Hydro. You can quantify that. It was quantified to the former government. I forget the number. If a reliability issue happened without the converter station and without the additional transmission, we actually thought the best way to proceed on dealing with the cost of reliability and the cost of conversion stations was increased revenues through export sales. We made that very clear. This matter was discussed at committee, Mr. Speaker. Other testimony before the PUB, including works and calculations made by the Consumers' Bureau, lawyers from Consumers' Bureau, again fully out in the open. In fact, they're so out in the open, the member opposite has the transcript.

* (13:50)

The Farlinger report, Mr. Speaker, did deal with issues of reliability and, as I understand it, the previous Cabinet wouldn't release the Farlinger report, never made it public. They never, ever made it public. The Farlinger report that we received has not only been made public, it's on the Web site. You can go there and see it. Anybody can read it. People that are covering and dealing with this issue can have it available to them.

There is a liability in Manitoba that can be quantified on the issue of reliability without additional transmission and without a converter station. The Dorsey station was recommended to the former Cabinet ministers that are in this House. We've acknowledged that, but we thought the best way to pay for it is increased sales, increased revenue and increased investment, both in transmission and in converter stations, Mr. Speaker. That's obviously the public strategy we're taking, and, obviously, some of these issues are referred to in the Farlinger report.

Mr. McFadyen: Mr. Speaker, I thank the Premier again for that history lesson, and I know he's keen to debate past premiers on decisions that have been made in the past. I would certainly encourage him to take the opportunity to organize an academic forum that maybe he and Mr. Pawley and Mr. Filmon and Duff Roblin and others may want to attend to debate these issues, but if we could just move to decisions being made under this Premier's watch, the decision that was made within the last year to direct Manitoba Hydro to go down the west side versus the east side, issues that were not raised at committee, which have never been disclosed by him or his Hydro minister to date, which are emerging under sworn testimony

before the Public Utilities Board just over three weeks ago.

I want to ask the Premier, yesterday he was talking about \$410 million in added construction costs. We also know that there are going to be losses in revenue due to line loss. Even a conservative estimate of \$15 million a year translates into another \$600 million over 40 years with price increases and inflation.

I want to ask the Premier, though, why he has hidden from Manitobans the added exposure of half a billion dollars caused by his decision in the event that Bipoles I and II go down. Why has he hidden that potential rate increase from Manitoba seniors? Why has he hidden it from the next generation of Manitobans, who are going to have to pay the price for his reckless misadventures with Manitoba Hydro?

Mr. Doer: Mr. Speaker, the Manitoba seniors are ably represented. I think Mr. Williams, Mr. Byron Williams is counsel for consumers and seniors before the committees. He's a pretty smart lawyer. He's been critical of the government in the past. He's been supportive of resolutions in the past. We expect that as part of the PUB process. His interventions have taken place on a number of different areas throughout rate settings at the PUB and include cross-examinations on these issues. His figure is quoted publicly on behalf of seniors and consumers.

I would also point out that the Farlinger report has advantages and disadvantages of the west side. It has advantages and disadvantages of the east side. It actually has one recommendation: that we do not proceed with the third transmission line down the Interlake. He then goes on to say that because of the major land use issues affecting both the west side, in terms of available land, and the east side, that the Hydro board and Hydro management should ask the provincial government for their views. It's in the report. It doesn't say, don't go down this side and don't go down that side.

Mr. Farlinger also, in the early 1990s—I believe he was a consultant—said there was a major liability of billions of dollars, billions of dollars, in terms of reliability of export sales, billions of dollars in terms of reliability for Manitoba businesses if a Dorsey converter station and a further transmission line is not built.

Members opposite concealed the report and cancelled Conawapa. We have made the Farlinger report public, Mr. Speaker—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Doer: The report is on the Web. The matter of reliability in transmission, I believe, I know is contained in the Farlinger report. I know it was discussed in the committee in December. Obviously, the report is on the Web site and if, you know, people don't have a computer, perhaps that's concealing it, but it's on the Web site. I'd recommend the member go there.

Mr. McFadyen: The Farlinger report doesn't deal with this risk. It deals in a general way with a variety of considerations. It talks, in fact, about the position taken by world Forest Watch about the endangered western boreal forest, but, Mr. Speaker, to bring it back to this point, they've been using numbers like 410 million. They've been—yesterday left out the finances, financial loss connected with line loss. We now know—have learned through PUB cross-examination—not by any political person but by counsel to the Public Utilities Board of Manitoba who brought out the fact that there's an added potential exposure risk of half a billion dollars which would wipe out one-quarter of the revenue from the Wisconsin power sale that he announced with great fanfare last week.

So I want to ask the Premier the same question that Manitobans everywhere are asking us: Given the fact that this directive to Hydro is so wrong on every count, wrong financially, wrong for Manitoba Hydro, wrong for the environment, wrong for people on the east side of Manitoba, wrong, wrong, wrong, the question is, why?

Mr. Doer: The issues raised by the member opposite are on page 5 of the Farlinger report. The Farlinger report goes into the cost issue. Obviously, the east side is a more direct route, we've always acknowledged that. We've been up front, it costs more. We've used the numbers that Mr. Brennan has used. Regrettably, the member opposite has not used the numbers Mr. Brennan has used.

He had to write a letter to the editor, a letter to the editors, some of which get published, some of which don't. The engineer, Mr. Blatz, on a public forum a couple of days ago admitted it wasn't the 1.5 million number used by the member opposite, it

was the smaller amount of money that was used by Mr. Brennan.

The issue of line loss, Mr. Speaker, there's a 75 megawatt benefit over the existing bipoles, but the longer route over a theoretical route on the east side has a different line loss. We've acknowledged that up front. It's again in the Farlinger report. The member opposite can look at the Farlinger report which describes arguments for either route. It does raise the issue of a serious or of an economic risk with major customers. We believe that the member opposite has been wrong about export sales. He's been wrong about revenues. He's been wrong about capital costs.

Another letter written, Mr. Speaker, but not published again, but we've all received copies of it. The Leader of the Opposition has received a copy of it. It's from Professor John Ryan. Mr. McFadyen would be well-advised to get his own factual house—*[interjection]* I'm quoting from—

Mr. Speaker: Order. When addressing members in the House, it's by the titles they hold or ministers by their portfolios, even when quoting from letters.

Mr. Doer: Professor John Ryan said the Leader of the Opposition would be well-advised to get his own factual house in order. He's talking fairy tales about additional expenses on the west route. His numbers, obviously, are a factually—he states here, fabricated data he's putting on the record.

Mr. Speaker, the Farlinger report deals with the issues raised by the member opposite. It was made public. It was debated for four hours in the committee in December. I would ask people to look at that. The PUB is dealing with testimony. The Consumer's Association has said that, in their opinion, it would be 3 percent greater in terms of rates, the west side versus the east side. We believe that will be more than overcome by increased revenues, with increased sales, with increased production. That's what we believe. That's what Mr. Brennan believes. But, even assuming the Consumer's Bureau is correct, we believe the more doable line, the way of getting it done—I know that's not a word that's used by members opposite—the best way to get a transmission route completed is to pick the one that is most easily achieved. If the member opposite wants to roll—*[interjection]*

* (14:00)

Mr. Speaker: Order.

Mr. Doer: –the dice on new dams, new economic activity, new sales to Minnesota, new sales to Wisconsin, if he wants to roll the dice on that, he can go right ahead.

We're proud of the fact that we are going to continue to build Manitoba Hydro for the benefit of our next generation, Mr. Speaker. As I said, with the letter that Mr. Brennan has issued and the testimony that's provided, has the assertions made and mailed to taxpayers fall like a house of cards on the issue of increased sales and the need for two converter stations, not one as he proposes.

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

**Standing Committee Meeting
Attendance of Dr. Ryan**

Mr. Hugh McFadyen (Leader of the Official Opposition): Mr. Speaker, the Premier (Mr. Doer) still hasn't responded to the question of why he hadn't disclosed to Manitobans this extra half billion dollars in exposure related to his political directive.

Mr. Speaker, I will say to the Premier in response to his questions quoting from Dr. Ryan that, subsequent to that letter, I had the privilege of meeting with Dr. Ryan. We had a very, very interesting discussion. In fact, I invited Dr. Ryan to come and testify before the Crown Corporations committee. He would be pleased to attend.

Mr. Speaker, I want to ask the Premier, given that he's using Dr. Ryan as his authority, whether he agrees with me; his committee members will support Dr. Ryan's appearance at the next Crown Corporations committee and whether the Premier will acknowledge the fact that he's the one who said that Wuskwatim would cost \$800 million. It's double that. Hydro towers, \$75 million, quadruple that.

He wants to use Dr. Ryan as his authority. Will he put his money where his mouth is and agree to have his committee members invite Dr. Ryan to come and testify before committee, Mr. Speaker?

Mr. Doer: Mr. Speaker, the member knows that the rules allow—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Doer: The members know that committees allow the members of the committee to determine

who will appear or not. There are many people that can talk about this issue on either side, including Dr. Ryan.

The first question in the House I asked was on water and its treatment. That's why one of the first pieces of legislation we brought in was based on advice Dr. Ryan made about the need to protect bulk water from sale to the United States; that was left unprotected in legislation produced by members opposite. It was one of the first pieces of legislation we brought in.

I respect Dr. Ryan's advice. He's also providing advice directly to Mr. Brennan on the underwater route, and Mr. Brennan is doing work. So I have no difficulty with the committee calling whomever it wants to call. It's always been under the purview of the committee.

On the issue of—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Doer: Mr. Speaker, the issue of the reliability and the liability of reliability on transmission lines exists, also, if we build no transmission lines. There is a huge cost of doing nothing. In fact, there's even a bigger cost of doing nothing. The easiest thing for any government to do is do what members opposite do. Do nothing. There is a huge liability of billions of dollars to do nothing on transmission lines in terms of reliability and to do nothing on converter stations on reliability.

Now, that is the route that members opposite took. The do-nothing route creates the largest liability for Manitoba. It's the same as the floodway proposal. The floodway proposal was a \$70-million liability per year, if we did nothing to go from one-in-a-hundred years' protection to one-in-700 years. This issue of having transmission lines that can be at risk because they go through the same portal, the issue of the lack of converter stations is a huge billion dollar liability for Manitoba. That's why we are planning a new transmission line. That's why we're planning two converter stations. To try to mix up that liability-of-reliability issue, Mr. Speaker, again does not deal with the Farlinger report that was released in committee.

**Manitoba Hydro Power Line
East-Side Economic Benefits**

Mrs. Leanne Rowat (Minnedosa): I appreciate the discouragement that the Member for Rupertsland

must feel at the decision that his Premier has made to abandon the east-side transmission line and slam the door on this economic development opportunity.

Mr. Speaker, the minister's commitment to tackling poverty is well-known. I ask the Member for Rupertsland, the Minister of Culture: Will he side with his constituents and tell the Premier that he should work with them to build an east-side line and help tackle the economic hardships that they're trying to deal with?

Hon. Eric Robinson (Minister of Culture, Heritage, Tourism and Sport): Mr. Speaker, I'm glad I have the opportunity to wade into this issue in this House.

Yes, I am on the side of the people that I represent. I've been their representative since 1993, so I think I'm doing something right.

I also want to say that over the years I've had the opportunity of visiting people in their homes and their communities, going hunting with, in fact, some of the elders, listening first-hand to the devastating effects that development has had on Indian people generally in North America, and more specifically to the communities on the east side.

What I've heard over and over again is, no, to a transmission line because of the effects that it'll bring upon the land and the surroundings and the livelihood that people have made for generations off the land and Mother Earth.

So I want to tell you, Mr. Speaker, yes, I indeed side with the constituents—

Mr. Speaker: Order.

Mrs. Rowat: Mr. Speaker, earlier this week at the University of Winnipeg two east-side chiefs, one a constituent for the Member for Rupertsland, showed their frustration at the Premier's (Mr. Doer) falsehoods about the position.

Chief Cook and Chief Fontaine both expressed a frustration—

Mr. Speaker: Order. Let's pick our words carefully here. All members in the House are honourable members, and making reference of a member using falsehoods and stuff like that, I'd be very careful.

The honourable Member for Minnedosa has the floor.

Mrs. Rowat: I withdraw the statement.

Chief Cook and Chief Fontaine both expressed frustration at the Premier's statement that they were demanding ownership of the line. That is not correct. They said, and they want to see some benefit-sharing from the transmission line, big difference, Mr. Speaker, big difference.

Mr. Speaker, the Minister of Culture is an honourable person, but the Premier has pit him against his constituents. Whom will he side with today, the people who elected him as their representative, or the Member for Concordia (Mr. Doer)?

Mr. Robinson: Well, in fact, Mr. Speaker, I'm very proud of the Premier of this province who has visited just about every community on the east side. It has been a pleasure travelling with him to each of these communities. He, too, has heard first-hand from the elders, the trappers, the fishers and others who make a livelihood off the land that they don't want disrupted.

Yes, there were some words exchanged between the chief of Bloodvein and I. He's just as frustrated with the poverty of Indian people as the Member for Minnedosa and I are, and we're trying to find ways to ensure that we eradicate poverty off the face of our province, and ultimately in Canada. It's frustrating, and all of us ought to be sharing in that frustration.

I also want to say that Chief Donovan Fontaine had some issues on matters that directly relate to his community because that community has been affected directly by hydro development for generations—

Mr. Speaker: Order.

Mrs. Rowat: Mr. Speaker, the chiefs for Berens River, Wasagamack, Red Sucker Lake, St. Theresa Point, Island Lake, they all have a voice in this, and they all have an opposition to this Member for Concordia.

The Member for Rupertsland is well-known for his care about social and youth issues. It must be extremely disappointing for him, personally, to see hundreds of millions wasted on a transmission line that could be money spent on social development for the people that he represents.

Mr. Speaker, I ask the Member for Rupertsland: Will he stand up for the people who elected him and demand the Premier work in good faith with them to build a Bipole III line on the east side of Lake Winnipeg?

Mr. Robinson: As I indicated, I've been elected since 1993 and I've been fortunate that I've been re-elected in every election since. I want to say that I have listened to the people very carefully. I have listened to the leadership. Unfortunately, I believe, that after some misinformation was directed toward the leadership of the east side that they would have an opportunity to own the land and lease it back to Hydro, which is not in the cards, Mr. Speaker, that misinformation was conveyed.

As in any family, we have disagreement. Ultimately, I side with the constituents that elected me, Mr. Speaker, and I will continue to stand in this Chamber and continue to echo the words that have been conveyed to me about no to a transmission line on the east side of this province.

Violent Crime Reduction Strategies

Mr. Gerald Hawranik (Lac du Bonnet): So far this month, I've asked the Justice Minister eight questions in question period, and in seven out of eight responses to those questions he blamed the federal Criminal Code for his own failures. May I remind the minister, Mr. Speaker, that the Criminal Code applies evenly throughout all of Canada. It applies the same in British Columbia; it applies the same in Saskatchewan; it applies the same in Ontario, evenly in every province throughout all of Canada. However, Winnipeg is the violent crime capital of Canada.

So I ask the Minister of Justice: Did it ever occur to him to look at other provinces, to look at what they're doing to reduce violent crime in their province?

* (14:10)

Hon. Dave Chomiak (Minister of Justice and Attorney General): In November, when every provincial Justice minister was in Winnipeg, with the federal Justice Minister—I'm not blaming the federal, because there were 13, 14 governments there, 14 governments—all the governments, including the minister from Alberta where Edmonton was the violence capital, unfortunately, of the country, all urged this other level of government that has control of the Criminal Code unanimously to amend the Criminal Code on the recommendations put forward by Manitoba and Nova Scotia. I'm sorry that the member doesn't get it, but I got a letter from the federal MP today saying the federal government's

done a really good job of criminal law in this country, and I say, not fast enough, Mr. Speaker.

Mr. Hawranik: Mr. Speaker, seven out of eight questions he blamed the federal government. Blaming the federal government by this minister for his own failures is a recurring theme to this Minister of Justice. May I remind the minister, that an all-party delegation travelled to Ottawa to make recommendations last fall and the Conservative government in Ottawa co-operated, and they're making those changes in spite of opposition from the federal NDP?

So I ask the Minister of Justice: While Jack Layton opposes Conservative legislation to get tough on crime, will this minister continue to campaign on behalf of Jack Layton in Manitoba?

Mr. Chomiak: Mr. Speaker, what the member is saying is patently wrong. When we visited all of the parties in Ottawa, the NDP and the Liberals said they would support our mission, No. 1.

Number 2, the NDP supported the legislation in the House.

Number 3, the federal Minister of Justice invited me to come to Ottawa to stand beside him, behind him, in front of him, to support this legislation. He invited me to come to Ottawa on behalf of the work that's been done by this NDP government.

That's one of the reasons, Mr. Speaker, that the laws are taking effect May 1 by regulation, and the laws with respect to the dangerous offenders and impaired driving are going to match Manitoba law taking effect July 1. They followed Manitoba law as a result of Manitoba lobby. I'm happy we're going to have a safer country as a result of these changes that we asked for.

Mr. Hawranik: In that rant he didn't answer the question. Obviously, he doesn't know the answer.

Mr. Speaker, one of this Justice Minister's federal counterparts, NDP MP Pat Martin wants to get tough on the penny. It certainly would be worth this minister's time to call Pat Martin to demand that he get tougher on crime.

I ask this Minister of Justice: Given the federal NDP's soft crime stance, will he at least tear up his federal NDP membership card?

Hon. Gary Doer (Premier): Mr. Speaker, I want to thank the member of Parliament, Mr. Martin, for his great support of the private member's resolution that

would make it a criminal offence and a much more serious offence, a crime against persons, to deal with a stolen car. It's something we reiterated in our public comments with the Prime Minister at the MPI centre. As I understand it, we have always said that if anybody slows down legislation in Parliament or opposes it when it's in the public interest, whether it's a Tory, NDP, Liberal, Green, Bloc Québécois, we will call it like we see it. We think those laws should—

Mr. Speaker: Order.

Lake Dauphin Fishery Management Plan

Mrs. Heather Stefanson (Tuxedo): Lake Dauphin was once recognized in major fishing and recreational magazines such as *Outdoor Canada* and *In-Fisherman* as one of the top 10 lakes for walleye fishing on the continent. Yet, unfortunately, it has lost this prestigious ranking this year because of declining fish stocks.

Given that the health of the fish stocks should be of paramount importance to this government, is the minister prepared today to implement and enforce a conservation closure on Lake Dauphin's tributaries in order to protect the spawning fish and help ensure fish stocks can be replenished?

Hon. Christine Melnick (Minister of Water Stewardship): We are very aware of concerns around Dauphin Lake. We're very aware of concerns around the spawning grounds, which is why we are working with the Western Region Tribal Council on a conservation plan, making sure that the fishery is sustainable. We are providing sustenance to the First Nations people as is their treaty right. We are also building capacity within the local community. We are working with the local community, Mr. Speaker. We have had a very positive response from them, and we will continue working with all the people of Manitoba to have a healthy fishery throughout our province.

Mrs. Stefanson: I'm glad, Mr. Speaker, that the minister is aware of this issue, but I guess the more pressing question is: When is she going to do something about it?

On a cover letter for the 2006 and 2007 Manitoba Water Stewardship Annual Report, the minister stated that her, and I quote, department's fisheries monitoring and management programs continue to ensure that fish stocks remain healthy

and viable for future generations, yet people are concerned that spawning fish are not being protected.

A conservation closure was enacted and enforced in 1999 on Lake Dauphin's tributaries in order to protect and conserve spawning walleye. Clearly that is not happening now.

Is the Minister of Water Stewardship prepared to implement and enforce a conservation closure on Lake Dauphin's tributaries in order to protect the spawning fish and help ensure fish stocks can be replenished in future years?

Ms. Melnick: Again, we're working with the Western Regional Tribal Council. We are running a pilot project in which we are working toward protecting the spawning fish. It will be the post-spawn fish that will be caught by a trap net. There will be controlled handing over of the fish to individuals who are interested. We are also working with the elder community, again through the Western Regional Tribal Council. This is their pilot project. We're very happy to be supportive of it. There is a strong capacity-building issue here, Mr. Speaker. There is a strong educational issue here. There is respect for the elders here. We know that in working towards a sustainable fishery there are a lot of creative ways that we can make this happen, and we will work with local communities around those ways.

* (14:20)

Mrs. Stefanson: I guess, Mr. Speaker, what that means is that she is not willing to protect the fish stock in Lake Dauphin, and I think that's rather unfortunate. So if the Minister of Water Stewardship is not willing to do her job and protect the fish stocks in Lake Dauphin, I'm wondering if the minister responsible for Conservation in this province, the MLA for Dauphin (Mr. Struthers), is willing to stand up for his community, stand up for his lakes, protect the fish in his lakes and ensure that we implement a conservation order in order to protect the spawning and replenish the stock in the lake.

Ms. Melnick: Well, Mr. Speaker, I'm not sure what part of working with the local community for a sustainable fishery the Member for Tuxedo doesn't understand. Again, we are working with the local community, we are aware of concerns, we are finding creative ways to ensure that there is a sustainable fishery for this generation and all future generations. We're working with Western Regional Tribal Council who are proving to be excellent

partners, tremendous vision, great creativity, working with the elders, working on education, again, for the sustainable fishery of all of Manitoba. I would encourage members opposite, instead of always complaining about creative actions, to be part of the solution. They might find life a bit better here if they were willing to work with individuals as we do.

Lake Dauphin Conservation

Mr. Stuart Briese (Ste. Rose): Mr. Speaker, since 2001, close to half a million dollars has been spent on the development of a co-management plan for the Lake Dauphin fishery in co-operation with the West Regional Tribal Council.

I ask the minister: How much more are the taxpayers of Manitoba going to spend to get a plan in place? The pickerel stocks continue to decline. The actions taken by this government have failed. Morally, how can you spend hundreds of thousands of dollars and still allow the fishery to decline? When will this government table a management plan?

Hon. Christine Melnick (Minister of Water Stewardship): Mr. Speaker, we value the fishery here in Manitoba. That is why we were the first government to bring in an organized fisheries group, the Manitoba inland fishers federation. I was very pleased to attend their annual general meeting just this past Saturday in Gimli. There was very good discussion. There is very good planning. I was very pleased to award some 28 awards to long-term commercial fishers in our province. Last year, I awarded 99. We are working with all the fishers of this province. We are working to make sure that there is a sustainable fishery for all of Manitoba. Sometimes it means working on individual lakes, individual tributaries, individual streams, but we have the big picture. Too bad—

Mr. Speaker: Order.

Crown Corporations Council Manitoba Hydro Capital Investigation

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, the Crown Corporations Council has a legislative mandate to review all capital proposals that are brought forward from our Crown corporations. That also includes the Manitoba Hydro. We know that the Crown Council submits on a quarterly basis at the very least, to the Minister of Finance, a report on what's happening with the Crown Council.

My question for the Minister of Finance is: Is he prepared today to table any documentation that he has received from the Crown corporation related to the capital investigation that the Crown corporation has a legal, legislative mandate to do?

Hon. Greg Selinger (Minister of Finance): Mr. Speaker, the Crown Corps Council does review capital for all the Crowns, makes a recommendation to Treasury Board as part of the budget process and that winds up being documented in our budget papers which are disclosed and put in front of the public here when we draw up the budget in this Legislature. That information is available to the member opposite and if he wishes to discuss it with me at Estimates in about 35 minutes, we can have a conversation about that.

Mr. Lamoureux: Mr. Speaker, I would assume that the Crown Corporations Council would have taken a look at the three options: the east side, the west side and under Lake Winnipeg.

A specific question to the Minister of Finance: Has the Crown Corporations Council provided any recommendations or opinions on where the capital expenditure should go with respect to Manitoba Hydro?

Mr. Selinger: No.

Mr. Lamoureux: Well, Mr. Speaker, there's a legislative mandate for this Crown corporation to be going over capital proposals. We should be concerned when we have information—and it goes right to the top. We could talk about Mr. Brennan when he made comments that there's oil in the underwater lines which is absolutely false, Mr. Speaker. It's not true. There is no oil that goes in those lines.

Mr. Speaker, there is a serious issue of information that is needed, and we have to be prepared to look at all three proposals. In listening to the answers from the Premier earlier today, I'm of the opinion that it doesn't matter what makes sense. It has to be the west side because this Premier refuses to swallow his pride, and he wants to play more party politics and protect the NDP interests as opposed to the taxpayers of this province.

I'm asking the Premier to do the right thing and to tell this Chamber that he has an open mind in

dealing with those three proposals that are before us today.

Hon. Gary Doer (Premier): Yes, I have an open mind.

Mr. Speaker: Time for oral questions has expired.

MEMBERS' STATEMENTS

Red Hat Day

Ms. Erin Selby (Southdale): I rise today to announce that April 25, 2008, will be proclaimed Red Hat Day by the Province of Manitoba in honour of the Red Hat Society's 10th anniversary. I will have the privilege of presenting the proclamation on behalf of the honourable Minister of Labour and Immigration (Ms. Allan) tomorrow at their 10th anniversary birthday bash.

The goal of the Red Hat Society is to create an atmosphere of fun where women can gather and celebrate all while donning their signature purple outfits and red hats. It's inspiring to see how these women are still so very young at heart.

The first chapter of the Manitoba Red Hat Society was founded in Southdale by Shirley Scaletta back in 2001. She had been inspired to found the chapter after learning of the organization during a trip to Arizona. Southdale's Prairie Pearls, as they call themselves, are still going strong after seven years. Since the founding of that first Manitoba chapter back in 2001, the Red Hat Society has grown to 140 chapters throughout our province.

I'd also like to acknowledge the hard work of Rossita Schau, a member of the Southdale Prairie Pearls, and co-chairperson of the 10th anniversary birthday bash in making all of this possible.

Please join me in wishing happy birthday to the Red Hat Society and in thanking Southdale red hatters, Shirley Scaletta and Rossita Schau. Thank you, Mr. Speaker.

National Soil Conservation Week

Mr. Cliff Cullen (Turtle Mountain): I rise today to recognize and bring attention to National Soil Conservation Week which runs from April 20 through 26. This year will be the 23rd year that Canada has recognized National Soil Conservation Week.

During this time, promotional events take place across Canada to highlight the importance of conserving vital topsoil. Soil conservation supports

and sustains crop, range land and woodlot production. It helps maintain other resources such as air, water and wildlife habitat. Today's soil conservation practices also contribute significantly in reducing and removing overall greenhouse gas emissions in Manitoba.

The value of these soils to Manitoba's economy is equal to almost \$4 billion. This is the amount that primary agriculture brings to the province each year, split between the livestock and cropping sectors. Soil conservation is the foundation for protecting our province's natural capital.

As Manitoba celebrates, we must thank our agriculture producers for being leaders in soil conservation. Nearly 35 percent of Manitoba's cropland is now direct seeded, which means more cover to help keep the soil in place. Producers use direct seeding and other management practices to improve water infiltration, increase seedbed moisture, enhance organic matter and reduce the risk of soil erosion.

During National Soil Conservation Week, I encourage everyone to acknowledge our agriculture producers and the many organizations, including conservation districts, that are dedicated to the conservation of our soil resource. Thank you very much, Mr. Speaker.

Manitoba Olympic and Paralympic Athletes

Mr. Bidhu Jha (Radisson): Mr. Speaker, I'm privileged to stand up in the House today to highlight the success of the Big Blind to Beijing reception and fundraiser in support of Manitoba athletes heading to this summer's Olympic and Paralympic Games in Beijing. As the legislative assistant to the Premier (Mr. Doer), I was pleased to be able to bring greetings on behalf of the government of Manitoba and Manitoba Lotteries, which was the title sponsor of the event.

This event was held at Club Regent, in my constituency of Radisson, and was a huge success. I was pleased to present a \$10,000 donation on behalf of Manitoba Lotteries Corporation to the two local athletes, Kirby Côté and Kevin Geyson. I was also pleased to present \$3,000 on behalf of the Minister of Culture, Heritage and Tourism (Mr. Robinson) to Mike Moore of Canadian Sport Centre Manitoba.

Along with the fundraising poker tournament, the evening featured Beijing-themed cuisine, décor and live entertainment. In addition, it provided a

wonderful opportunity for the evening's guests and participants to meet some of Manitoba's Olympic hopefuls who were also there.

Mr. Speaker, preparing for the Olympics is extremely challenging for athletes physically, mentally, and also financially. I was proud, therefore, to participate in the event that played a much important role in helping ease some of the financial stress athletes and their coaches face when preparing for the Olympics.

I thank all participants and events organizations, the Canadian Sports Centre Manitoba and Manitoba Lotteries for the major role they continue to play in helping amateur athletes in Manitoba realize their dreams.

On behalf of the members of this House, I'd like to wish all the athletes the very best as they prepare for the Olympics in Beijing, and I encourage our youth to keep participating in sports events as much as they can.

Thank you very much, Mr. Speaker.

* (14:30)

Manitoba Book Week

Mrs. Myrna Driedger (Charleswood): Mr. Speaker, this province boasts many home-grown written and published books that are often hidden gems waiting for readers to discover.

That is why I am so pleased today to recognize Manitoba Book Week. Taking place from April 20 to 26, this week celebrates the book industry while educating Manitobans on the wonderful literary works we have right in our own backyard. Throughout the week there will be close to 30 events providing Manitobans the opportunity to discover all that the local book industry has to offer. In Winnipeg and Brandon there will be book launches and readings by local authors.

Additionally, contests are being held in Manitoba schools for those who make Manitoba Book Week 2008 displays, and the young talent of this province are encouraged to take part in the writers' contest with this year's theme being "You Won't Believe What I Found in Manitoba."

Finally, the week will conclude with the Brave New Words, the Manitoba Writing and Publishing Awards, held at the Winnipeg Art Gallery on April 26. This annual gala recognizes the contributions of the great literary community in our province. This

community includes the Association of Manitoba Book Publishers, which I would like to acknowledge for their work by not only recognizing Book Week, but also for their efforts every day of the year to raise the profile of this industry in this province. Comprised of 15 Manitoba-based publishing houses, the Association of Manitoba Book Publishers works to bring the great variety of books created in Manitoba.

Whatever book one might find of interest, you can find it amongst the collection of Manitoba-made books. I encourage everyone to not only participate in Manitoba Book Week, but also take the time to discover everything this province has to offer in the literary community.

Thank you, Mr. Speaker.

Crescent Fort Rouge United Church

Ms. Jennifer Howard (Fort Rouge): Mr. Speaker, many will know the story of the Raza family, who spent more than a year in sanctuary at Crescent Fort Rouge United Church. A dedicated group of volunteers were essential to supporting the Razas' life and sanctuary. These volunteers were teachers and fundraisers. They made grocery trips, ran errands and even late night visits to the hospital.

Even as the Razas are transitioning to a life outside of the walls of the church, this same group of volunteers are helping to find permanent housing. For these volunteers supporting the Raza family is an issue of social justice. Their resolve to make the Razas' lives better truly embodies the principles of compassion and service for which Crescent Fort Rouge United Church is known.

I have enjoyed immensely my visits with the Raza family and the many volunteers that have supported them. I am inspired by their courage and persistence and the caring and commitment of the church community.

Several volunteers have commented that one of the most positive aspects of working with the Razas has been the opportunity for inter-faith dialogue. This experience has surely broken down many cultural barriers and fostered understanding.

Crescent Fort Rouge has once again shown itself to be an institution full of open-minded and caring individuals. I would like to especially mention the members of the Sanctuary Committee: the Reverend Barb Janes, Bill Gillis, Barbara Ann Bryant-Anstie, Sue Morris, Rennie and Jana Smith, June Anderson,

Ken Anstie, John Schwandt, Diane Gillis, Shirley Hilton, and the chair and former chair of the Sanctuary Committee, Ken Derksen and Jim Penner. Their tireless work will represent a defining moment for the Raza family and will never be forgotten.

I would ask all honourable members to join with me in congratulating these dedicated Manitobans for their hard work and passion for justice.

Thank you, Mr. Speaker.

House Business

Mr. Speaker: The honourable Member for Lac du Bonnet, on House business.

Mr. Gerald Hawranik (Official Opposition House Leader): Yes, House business, Mr. Speaker.

In accordance with rule 31(9), I would like to announce that the private member's resolution that will be considered next Thursday is the resolution on Specialty Wine Store in the city of Brandon, sponsored by the honourable Member for Brandon West (Mr. Borotsik).

Mr. Speaker: Okay. In accordance with the rule 31(9), it's been announced that the private members' resolution that will be considered next Thursday is the resolution on specialty wine store in Brandon sponsored by the honourable Member for Brandon West.

ORDERS OF THE DAY

(Continued)

GOVERNMENT BUSINESS

Hon. Steve Ashton (Deputy Government House Leader): Mr. Speaker, I believe we are proceeding into Estimates.

Mr. Speaker: Just before we break into Estimates, I just want to remind the House that, by agreement, we will be sitting till 6 o'clock instead of the regular 5 o'clock adjournment, and we won't be adjourning because we will be sitting in Estimates tomorrow, which has also been agreed to, and there's been agreement that there'd be no vote or quorum calls between 4 and 6, and tomorrow. There'll be no quorum calls or votes tomorrow.

The House will now resolve into Committee of Supply. In the Chamber will be Executive Council; room 255 will be Finance; and room 254 will be Justice. So appropriate Chairs, please go to your respective committee rooms.

COMMITTEE OF SUPPLY (Concurrent Sections)

JUSTICE

* (14:50)

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

Does the honourable minister have an opening statement?

Hon. Dave Chomiak (Minister of Justice and Attorney General): Yes, Madam Chairperson.

Usually, in most years that I've been before the committee, I have not made opening statements, and then it occurred to me that perhaps I was selling the department short by not outlining some of the work that's been done by the department. So, in that light, I've always wanted to utilize time best, I do want to make a few opening comments about the department because I've learnt that all of the people there are pretty hardworking and decent and often don't get the credit for all of the work that's been done, and it gets lost in the political shuffle. So, having said that, I'm going to be making opening statements, and I will proceed.

As indicated, Madam Chairperson, as the members are aware, we're continuing to make significant investments in the Department of Justice at 7.7 percent this year over previous years. This, despite some criticism and suggestion that we should only increase the budget at the rate of inflation. We, certainly, are feeling the pressure on the public safety side and the corrections side so that we feel we have no choice, but to continue to move in this area.

Our primary objectives and strategies in the budget can be categorized into five major areas: safer communities, Aboriginal justice, a just society, offender accountability, and maintaining the integrity of the justice system.

It is somewhat difficult despite comments that I've heard in the House about constitutional division of powers, Madam Chairperson, that we do not have the constitutional authority to enter into criminal law. Every day I answer questions in the House about criminal law and I wish I had the ability, or I wish the department had the ability, to make criminal law but it would be unconstitutional. We daily hear questions in the House about criminal law. What we can do as a department is what we are doing, which

is taking action on gang and organized crime. Taking significant action on auto theft, we've seen a reduction of over 20 percent year over year. Improving supports for children and victims of violent crime. Strengthening our prosecutions unit, if we kept it to the rate of inflation, Madam Chairperson, we'd be laying off prosecutors.

Providing strong support for policing, if we kept it at the level of inflation, Madam Chairperson, we'd be laying off police.

Strengthening the ability of courts to provide fair and effective dispositions and investing in information and communications technology.

On Aboriginal justice, we're, of course, continuing to work through the recommendations of the AJIC Implementation Commission. Most significantly, Madam Chair, but often not looked at, is the work we're doing in education, training, employment/career development opportunities for Aboriginal people both within and outside of the justice system.

With respect to a just society, we're trying to make as effective a Chief Medical Examiner's Office as possible, keeping in mind there's different means of dealing with a medical examiner, whether it's a coroner's office, or medical examiner office, as we have in Manitoba, and maintaining an effective legal aid program.

Again, some might criticize that the increase to legal aid tariffs is beyond the rate of inflation, but, Madam Chairperson, it's been very difficult to maintain lawyers doing legal aid cases. We've seen a drop-off, particularly in the north in rural Manitoba.

In terms of accountability, we have to provide for adequate physical infrastructure and address the needs of the special offender populations, Madam Chairperson. There are some who view that we just lock everybody up to the extent that we can, under the Criminal Code and the Youth Criminal Justice Act. We have a disproportionate amount of people in custody. You can't keep people in custody forever. You can't keep them in custody forever. You have to put in place programs; you have to put in place supports to both prevent incarceration and post-incarceration, deal with the issues.

Finally, we have to maintain the integrity of the justice system. That includes improving security for staff across the department. I can't stress that more. You know, Madam Chairperson, the face of our

justice system are the men and women on the front lines who do it every single day, who have to face some of the most difficult people in difficult conditions. They do it with integrity and they do it in the interests of all of us.

Like all humans, everyone makes mistakes right across all levels. One of my favourite quotes is a doctor who was trained in Glasgow by a Nobel Prize winner who said the first lecture he received from his doctor was he would give the 10 mistakes he made that day before he would address the students. His point was, despite the training of the medical students and despite their intelligence, they were going to be like every other human being and make mistakes.

They're amplified in the justice system because the justice system is easy to make headlines about. It's easy to make a report on the justice system. It's easy to get a headline because it involves violence, it involves sex, it involves some of the worst aspects of our society, and it's very tough to work in that system, so I take my hat off to everybody that works in the system. Right across the system, I found it to be just exemplary people, right from the—at every single level.

* (15:00)

Safer community strategy was a priority area. We have a new justice security co-ordinator position, which will begin to implement threat management recommendations from a cross-divisional committee forum to address staff security concerns. This position will be responsible in department-wide security.

As recommended by the special council on organized crime, we've established a criminal property forfeiture unit with two new positions, Madam Chairperson. The people might question the constitutionality or the validity of our other service. We've been criticized for not being able to implement our previous act. Even though we implemented four or five acts that had significant differences, yes, we couldn't implement this act any more than the federal government could implement some of their gang strategies. It wouldn't work. The courts tossed it. But that doesn't mean we gave up. That doesn't mean the people in justice should be criticized. They came back with a new system, a new unit, based on a model from another province, and they're trying to make it work.

The government has tabled Bill 5, The Witness Security Act, to increase the security of witnesses testifying on organized crime. Manitoba is co-leading, with the Government of Canada, with steps to reform the Criminal Code. I'm sorry if this has taken its criticism of the federal government, but we're trying to reform the Criminal Code to target gang murders, violence and other activities to make safer communities. This isn't Winnipeg in 1965, I wish it were. In the 1990s, I made speeches in the Legislature warning the then-government about the influence of gang activity. In 1996, three gang members were murdered in my constituency. I went to the scene. It was horrific. It was gang related. No response. We've been forced to play catch up. We've asked for measures and I'm very proud that the federal government is working with us to reform the Criminal Code.

On auto theft, it's well known what the department and what the officials at the police and MPI have been able to do to dramatically decrease auto thefts. There, Madam Chairperson, is an example of something that was criticized, but people went forward and did it. They've decreased. Now we've learned the lessons of how to deal with, perhaps, other areas of criminal activity by collaborative approaches. Even though we've reduced it 20 percent, we still hear calls for bait cars. Winnipeg police can have bait cars. They prefer to do the method we're doing right now. I'd rather listen to the police than people that want to get a headline. We've invested significantly with our partner MPI on auto theft-related offences, and additional money has been given to the division's auto theft unit. In addition, we have prosecutors working in that unit.

We're also improving supports for children and victims of crime. We're further expanding the Victims' Bill of Rights to include more types of charges, in particular, child sexual interference, touching and exploitation offences, and funding will be dedicated to this. The department is also providing incurrent support to a Family Services and Housing-led initiative to establish a new child advocacy centre to improve integration of child victim advocacy services provided by Manitoba Justice and partner agencies. We'll also continue our management in investment and the maintenance enforcement management system. After all, Madam Chairperson, I believe it's something like 45,000 matters are dealt with under the Maintenance Enforcement unit.

The Domestic Violence Intervention Unit will be strengthened. Madam Chairperson, every domestic violence scene is visited by police officers. If charges are laid, there's a follow-up through the domestic violence unit. If there's no charge, there's a follow-up by the Domestic Violence Intervention Unit. No place in Canada does that. We implemented the recommendations of the Lavoie tragedy that occurred in the 1990s. Every recommendation has been implemented in order to deal with domestic violence. Still it occurs. Still we continue to work on it.

Plans are under way to establish five new Lighthouses. Imagine, Madam Chairperson, 130,000 children have a safe place to go that they didn't have to go before, after hours and on weekends. In our safer communities strategy, we have already indicated dramatic increases to police funding, strengthened the ability of the courts to provide safer dispositions, strategies investment in communication, and I haven't even got to our second priority and my time has passed. But I am very hopeful of expanding on these and other priorities as the Estimate process goes on. Thank you.

Madam Chairperson: We thank the minister for his comments.

Does the official opposition critic have any opening comments?

Mr. Gerald Hawranik (Lac du Bonnet): Yes, Madam Chairperson, I do have an opening statement. It will be a brief opening statement but, of course, the Minister of Justice has other responsibilities in government, one of them being, of course, House Leader.

While this isn't about House Leader Estimates, it's about Justice Estimates, I just want to make a couple of comments on the record. I've only been the Opposition House Leader since, I think it was August of last year. I never really took a lot of notice as to what goes on in the House, to be honest with you. I was elected in 2002, and never really paid a lot of attention to it because I focussed on a lot on my critic responsibilities at the time as they changed and evolved with time.

Having taking over as Opposition House Leader in August 2007, I didn't know what to expect. What I can say publicly on the record, that the Minister of Justice (Mr. Chomiak) who is also the Government House Leader, I appreciate his co-operation in terms of organizing the House business. We always

negotiate, I find, fairly together; he usually has a lot of give-and-take on both sides. I, certainly, appreciate the fact that he's very accessible and he's very open to suggestions and so on. We always seem to be able to work things out to ensure that House business does proceed in a fairly normal fashion, although those in the gallery might disagree during question period and so on. It doesn't seem very normal, but the reality is that I appreciate what he does in terms of Government House Leader. He's made my job, I think, a little bit easier in that respect, just as an opening comment in his extra responsibility as Government House Leader.

In terms of the Justice Minister (Mr. Chomiak), I know that over the last couple of months, Madam Chair, the minister is personally in a very unfortunate set of circumstances. I can say that, in spite of all of that, I think he's been doing his job in spite of all the extra demands on his time that he may have had in the last couple of months. He's been undergoing a lot of stress that a lot of us don't go through. As well, I wanted to make a comment that I appreciate all of the employees in the Justice Department and all of their work. They're working a lot of times under very difficult circumstances. In my observations and, I think, in lot of Manitobans' observations, they're doing a very good job as well. I appreciate all of that work that they've been doing, not only since I've been Justice critic but, of course, previous to that as well.

With respect to the minister's comment about there's been some comment in the House that the budget should increase at the rate of inflation, that's not quite accurate. I think what was said is that spending in the budget should really reflect the rate of economic growth, not inflation. Inflation is at 2 percent, sometimes less. The rate of economic growth is 3 percent to 3.5 percent at this point.

There is a reason why we would, certainly, want to do that. That's because, of course, we'd want to ensure that there is some sustainability in the system so that we're not spending overall more money than we can afford and increasing debt and so on. There is a reason why you'd want to restrict your spending at the rate of economic growth. As I say, it's higher than the rate of inflation, 3 percent to 3.5 percent. I don't think it's fair to say that, because we indicated the budget should increase at the rate of economic growth; every department would be treated the same.

* (15:10)

It's all a question of priorities. The priority, I believe, of any government—and I'm not just saying this because I happen to be the Justice critic—but we also said it in the election that the priority really should be Justice. If there is an increase at the rate of economic growth which is 3 percent to 3.5 percent, that doesn't necessarily apply to Justice issues. Justice should be one of those areas, I believe, that should be given that kind of priority. So it's not fair to say that we'd be not hiring enough police officers. In fact, in the last election, we asked—one of our planks in the election campaign was to, in fact, increase the number of crime fighters in the province by 350, so that has nothing to do with laying anyone off. In fact, there's more hiring that should probably take place.

I think Manitobans deserve a very strong justice system, and all the components have to be strong. It's like a chain. One weak link in that chain and the whole system kind of falls apart, and I think the minister would probably agree with that.

It all starts with investigations. Of course, we have to have a strong police presence in the province, whether it's RCMP, City of Winnipeg police, or any of the other police forces across the province. We have to—and the next link in the chain, of course, is prosecutions. Police will investigate, they'll charge, and you need a strong Prosecutions department, including sufficient Crown prosecutors, to make sure that they have sufficient resources and sufficient time so that they're not rushed into making plea bargains that ought not to be made and the like.

Also, prosecutions, in my view, includes, of course, judges, and we have to make sure that there are enough judges within the province to handle the workload as well. That's why we called for supernumerary judges, something we don't have here in Manitoba but something that ought to be considered, particularly when it comes time to some judges being on holidays, vacations, and that kind of thing, or being ill. We have, at times, cases being postponed or cancelled because judges aren't available because of vacation and sickness. That would give a little more flexibility, I believe, into the system in terms of the prosecutions link in the chain.

Of course, the final link in the chain has to be detention facilities, the number of cells. I know that there's, as we speak, another 75 beds being constructed in Milner Ridge in Lac du Bonnet, in my constituency. *[interjection]* Absolutely, I should announce it. In any event, it's being constructed in

the constituency, and certainly, that's a good place to put it from my perspective. Some MLAs may see otherwise if it was put in their constituency, but from my perspective and my constituency, I supported it.

But we also have to not only increase the number of jail cells in the province, we should really be looking, in my view, at increasing the programs that are available to inmates such as—and a fair amount of the criminal activity in the province is generated because of drug issues, and I think we ought to have more intensive drug treatment centres within those facilities to better treat drug addiction. I believe that would, certainly, help in terms of the volume of criminal activity in the province if we try to get some of these people off of illegal drugs.

With that, I'll leave it with that. I know my time is just about up in the opening statement, and look forward to hearing the answers from the Minister of Justice (Mr. Chomiak).

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

Under Manitoba practice, debate on the Minister's Salary is the last item considered for a department in the committee of supply. Accordingly, we shall now defer consideration of line item 4.1.(a) contained in resolution 4.1. At this time, we invite the minister's staff to join us at the table, and we ask that the minister introduce the staff in attendance.

Mr. Chomiak: Madam Chairperson, I'll introduce Ron Perozzo, who'll introduce everyone down the line, so I don't get the names wrong, keeping in mind I once called a fellow who worked in my office Andrew, even though his name was—what was his name? For two years I called him the wrong name. So I'll let Ron introduce everyone.

Madam Chairperson: I have to recognize you. Ron Perot?

Mr. Ron Perozzo (Deputy Minister of Justice): Perozzo.

Madam Chairperson: Perozzo.

Mr. Perozzo: Can I go now?

Our executive director of finance is Pat Sinnott. The ADM, Courts is Jeff Schnoor next. The ADM, Prosecutions is Don Slough. The director of finance for Corrections is Aurel Tess there. The person on his BlackBerry is Greg Graceffo, the ADM, Courts—

An Honourable Member: Corrections.

Mr. Perozzo: Corrections. Corrections.

Next to him is David Greening, our director of policy, and next to him is Ed Ritlbauer, the director of human resources, and next to him, observing the dress code is Mike Horn, who is our ADM in charge of Criminal Justice.

Madam Chairperson: Thank you. I need leave from the committee for the deputy minister to speak so I'm asking leave after the fact, but I'm hoping that everyone agrees that it's okay for the deputy minister to introduce his staff. *[Agreed]* Thank you.

The floor is now open for questions.

Oh, I'm sorry. Is it agreed that questioning—

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

Mr. Hawranik: Yes, as in previous years, I would hope that we would have a general global discussion of the issues and then proceed on line-by-line basis, perhaps sometime later on Monday afternoon. I know that our particular section of Estimates will last all day today and all day tomorrow and might continue pretty much all day on Monday. So I'd like to be able to reserve the line-by-line some time later on Monday.

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

The floor is now open for questions.

Mr. Hawranik: Yes, Madam Chairperson, I know we had Committee of Supply Estimates the end of September last year, 2007, and I asked quite a number of questions during that particular committee. There were a number of commitments that were made by the Minister of Justice with respect to information that I required. While, certainly, there are maybe some reasons why I didn't get the answers, I just asked the minister, in fact, I reminded the minister on January 22, 2008, with a list of questions in Committee of Supply that weren't answered. That was four months later and then another month later on February 25, I sent the same letter to the minister, reminding him that I still hadn't received my answer to a total of 16 questions in last Committee of Supply. I'm wondering why those questions weren't answered within a timely basis because I haven't received the answer yet.

* (15:20)

Mr. Chomiak: Yes, to the extent that the department's aware, they keep track of all the questions and are advising me that they respond to all the questions. Now, can the member, perhaps, provide a list of the unanswered questions, and I'll have the department review to see, either if they've been answered in some fashion, or perhaps I had misrepresented in my answer the fact that the department was going to answer or some kind of communication breakdown. It's not like the department not to answer the questions, and they believe that all of them were followed up on.

Mr. Hawranik: Actually, not one was followed up on, never received one correspondence on any of those 16. I'll give you a sample of the kinds of questions I had posed in September, and I'll hope to get a complete list. I'll give the minister, in any event, some of the information on the record. I asked about prison populations as of a certain date year over year since 2000, I never received anything. I asked for a copy of the Justice Department's recent analysis on increasing prison populations in Manitoba—again, I received nothing—the number of applications as well as the number of approvals made under the 2003 cross-border policing legislation; the number of victims who have been assisted under the Victim Companion program.

I also asked for a general indication of Crown attorney workloads, how this is measured and where it is to date; how often the 2004 Highway Traffic Act amendments had been used to impound vehicles for 48 hours in the act of street racing; how many vehicles had been forfeited as a result of impaired driving since 2002; the number of out-of-province trips made by the minister, their purpose, who went with them, who paid for them and when they were taken; whether the department has paid for any trips for Executive Council during the fiscal year 2006-2007; how much money was raised from court costs, justice surcharges and victim services surcharges; relating to red-light cameras on the photo radar system: where the money went and what it was used for.

I asked for details of e-mail schemes designed to fraudulently take money away and the number of Manitobans who have been victims in this way; then of the 85,000 firearms the Canadian Police Information Centre records are stolen or missing in Canada, how many were from Manitoba; when bait cars were in use, the number of bait cars used in the

province including the make and models of these vehicles; the number of full-time equivalent police officer positions that existed at the time the promise was made during the election campaign to increase the number of police officer positions by 100, and how much the program to electronically monitor repeat auto offenders will cost on an annual basis.

So those are the general kinds of questions that I asked. I could get the very specific ones and provide them to the minister, and I can understand when—there may be a time when, obviously—when you can't answer the question, and I'm not sure whether my particular letters were brought directly to the attention of the minister. I can't say that for certain, but I did send the letter on January 22 directly to the minister, including a copy itemized list of what I just read out, and, again, I did the same thing on February 25. So I would appreciate an answer, I guess, from the minister as to when we could expect that since I asked them eight months ago.

Mr. Chomiak: The member doesn't have to give me a list. I have copies of the letter obviously on file, and I'll endeavour to have all of the answers to the member, if at all possible, by Monday at the latest.

Mr. Hawranik: I thank the minister for that and to bring his attention to it, I would rather have gotten it before rather than bringing it up in Estimates, but, certainly, I appreciate that answer and I look forward to the reply.

Can the minister give me an indication, a list of all his political staff, including their name, position and whether they are full time or not?

Mr. Chomiak: I never really quite know what to—I know that special assistant is Janis Bermel, who is full time, and I have an executive assistant in the constituency named Evelyn Livingston. That's the extent of what I could classify, I suppose, as political staff. The member would also know that Erin Crawford, of course, does most of the work for me as a government house leader.

Mr. Hawranik: With respect to the special assistant, I think it's the special assistant, the first one you've mentioned, Janis, can the minister indicate when that particular special assistant was hired?

Mr. Chomiak: If memory serves me correctly, I think she's been with the government since '99.

Mr. Hawranik: With respect to the executive assistant, is that executive assistant your constituency assistant or is it some—

Mr. Chomiak: That's correct, and she's been with me since the mid-90s.

Mr. Hawranik: I wonder if the minister can provide me with a specific list of all staff in the minister's and deputy minister's office. He can undertake to provide me with that.

Mr. Chomiak: In fact, I could provide the member right now. I've already indicated the secretary to the minister is Shirley Heppner; administrative secretary is Elizabeth Chomor; administrative secretary is presently quasi-vacant. It was held by Rene Neufeld. In the deputy minister's office, of course, there's Deputy Minister Ron Perozzo; his executive assistant, Kim Nicholson; secretary to the deputy minister, Chantal Berard; and administrative secretary, Louise Wilkinson. That's for a total of nine staff years.

Mr. Hawranik: With respect to that list of individuals that the minister has indicated, are there any there that are new hires? What I mean by that specifically, any new hires within the last year?

Mr. Chomiak: Except for the administrative secretary position that Rene Neufeld occupied and then we had a replacement who then left and Rene Neufeld re-occupied it kindly, we have a new person in there now whose name escapes me. There hasn't been any changes.

Mr. Hawranik: Any of those individuals that the minister has indicated as having been fairly recently hired, are any of them from out-of-province?

Mr. Chomiak: No.

Mr. Hawranik: Were any of those that were hired, those new hires again—he listed three or four of them there—were those hired through competition or were they hired through appointment?

Mr. Chomiak: Of the total nine FTEs in both offices, with the exception of the two, Janis and Evelyn Livingston, they've all been long-standing civil service positions since I came to the portfolio.

Mr. Hawranik: So I take it then from the minister that all of those hires were done through competition, except for those two that he indicated, special assistant and executive assistant.

Mr. Chomiak: Yes, they all were through competition and those two, Janis has been with the department, as I said, since '99 and Evelyn's been with me as a constituency assistant since the mid-90s.

Mr. Hawranik: With respect to any staff within his department and during the time that he was minister, were any of those positions reclassified?

Mr. Chomiak: Madam Chairperson, I don't believe so.

Mr. Hawranik: I wonder if the minister can give me an indication as to—and I think he alluded to it earlier, but I don't know if I got it all—if he could indicate to me a listing of any vacant positions within his department.

* (15:30)

Mr. Chomiak: Madam Chairperson, two things. The member is looking for any vacancies within the department. Overall department?

Mr. Hawranik: Within your office.

Mr. Chomiak: There are no vacancies within my office.

Mr. Hawranik: What's the vacancy level within the department as a whole at this point?

Mr. Chomiak: As of March, the vacancy level is 8.7. I should just return to the matter of reclassification. Erin Crawford was reclassified to a higher level within the last twelve months.

Mr. Hawranik: And I just might add that she deserves it, too.

Mr. Chomiak: I know. I agree wholeheartedly.

Mr. Hawranik: I have to agree that you got a bargain there. But in any event she does very well at her job. The minister indicated that he has a 8.7 percent current vacancy rate. What's the overall objective for the entire year? What's the target for vacancies in the department?

Mr. Chomiak: The normal turnover rate is, and the target is around 6 percent. Of course, because of some of those important things that occur in Corrections and other areas. Of course, hiring in terms of need is usually not a problem within Justice which is one of the reasons why the staff here has grown fairly dramatically over the past few years.

Mr. Hawranik: Obviously, Department of Justice does contract out some of its work. I would think that it would do some contract work and I wonder if the minister could provide me, and he may not be able to give me all the information today, but if he could undertake to provide me with how many contracts, what type of contracts are being awarded by the Department of Justice, and under what

circumstances. He may be able to even answer some of it, under what circumstances there are or would exist before he would award a private contract to do some of the work in the Department of Justice.

Mr. Chomiak: Madam Chairperson, we're in a dilemma here because we're all lawyers, and when the member says contracts, everyone just sort of, you know, we're all now looking for definition of contract. I'm not trying to be facetious. We contract a myriad of services to outside agencies, organizations, et cetera, that shown up in the public accounts. Is the member looking for something specific like untendered contracts or something? I'm just trying to narrow down the field because it could be a very lengthy list.

Mr. Hawranik: The same question would apply, but perhaps to narrow down that list, maybe use as an example any contracts that are worth more than \$25,000, certainly, would narrow down the list substantially. I wonder if he could provide me with some of that information. As I say, it may not be today but if I could get that information at some point in the future that would be appreciated.

Mr. Chomiak: It is a fairly lengthy list because of the institutions we run and the various contracts with relation to food services and those kinds of matters. So will the member accept a, sort of, reasonable list of contracts that we can provide with assurance that most of the also-run, or usual category of contracts are included in Public Accounts?

Mr. Hawranik: Yes, I would accept that. For further clarification, I'm wondering whether the minister can indicate whether all contracts by the Department of Justice go to tender or if not, what criteria are used to determine whether they should go to tender or not?

Mr. Chomiak: Madam Chairperson, the vast majority of contracts go to tender. Those that are not tendered are all reported.

Mr. Hawranik: Can the minister indicate in 2007-2008 fiscal year how many positions within the department have been relocated? As an example, relocated from rural and northern Manitoba into Winnipeg, or from Winnipeg into rural and northern Manitoba.

Mr. Chomiak: Madam Chairperson, in practice there would generally be—because of the nature of the department, there wouldn't be any positions moved from rural and northern into Winnipeg. There may be occasion when services from Winnipeg are offered to rural and northern because of shortages

but, in general, there aren't any examples, for example, of Crown prosecutors moving from—if anything, there hasn't been any movement.

There's a requirement for more services in northern Manitoba, in particular, and in rural Manitoba there haven't been any closures that I'm aware of, or any movement of any facilities, be it court facilities or related facilities, prison facilities, police facilities. There's been no change that I'm aware of.

Mr. Hawranik: Can the minister indicate whether any travel taken by the Premier (Mr. Doer) or any delegation led by the Premier was paid for by the Justice Department during the past year?

Mr. Chomiak: The only trip that was paid for was the delegation to Ottawa that occurred after June, occurred in September which included and was accounted for and we could provide the member. I think we've already provided that to government through the normal reporting procedure, but it was that one. That was the only occasion that any of us can recall of any trips that were other than ordinary travel done by departmental officials.

Mr. Hawranik: The minister may not be able to answer that today, but, with respect to that particular trip, can he provide me with the total cost of that trip for the department and a breakdown of the cost as well for that trip?

Mr. Chomiak: Yes. We've submitted that to various agencies in government. Yes, we won't have a problem providing that to the member, either tomorrow or Monday.

Mr. Hawranik: Now, other than that delegation, that all-party delegation that the minister spoke of last fall, can the minister provide me with details as to how many out-of-province trips he took in the past year, past fiscal year I'm talking about, and details of those trips such as the purpose, the dates, who went, who paid and what were the costs, overall?

Mr. Chomiak: Yes.

*(15:40)

Mr. Hawranik: I thank the minister for that answer. We'll move on with a little bit of a discussion, which is, I guess, currently, pertinent in terms of what was in the *Free Press* today with Legal Aid. In fact, I can tell the minister that I had quite a few questions about Legal Aid until he announced his 40 percent increase.

An Honourable Member: You had a pecuniary interest.

Mr. Hawranik: No, I don't. I don't have a pecuniary interest. I must say to the minister the last time I had a Legal Aid certificate was probably about 1984. It gives you a pretty good idea. There is a reason for that. I have to tell the minister I prefer to do it for free than go through Legal Aid, to be honest with him.

The last Legal Aid certificate I took was involving a family matter. It was a very bitter custody dispute. I spent probably two weeks preparing for it, called 30 witnesses, and the other side called another 34. I spent a whole week in trial, and I got \$800 for it for almost a month's worth of work. That was the reason why I thought, well, if I'm going to take those kinds of cases, I, certainly, would do it on—and the bureaucratic nightmare that was out there at the time, I can tell you, was a bit of a problem, too. It was basically all the paperwork that had to be filed and so on that created a problem.

Certainly, we would agree that Legal Aid increase has been long overdue. I see now that the minister has increased the Legal Aid rate to \$80 an hour. I know it hadn't been adjusted for the past three years before that and before that increase, was years as well.

I'm wondering whether the minister would give some consideration to perhaps adjusting that rate every year, if at least for the rate of inflation, to prevent discontent that could be brewing out there because the rate hadn't been increased for five, 10, 15 years at times. So, whether that might be an appropriate strategy to follow to ensure that—of course, I'm advocating on behalf of lawyers, I happen to be one. But, as I say, I'm not in a conflict-of-interest position. I haven't accepted a certificate for a long time. But I think that might be an appropriate kind of response, and it might head off some of the discontent that perhaps he would have received in the last three years which led him to increase it by 40 percent.

Mr. Chomiak: I take the member's suggestion with a good deal of consideration, We have committed to tariff reviews every second year. We increased the tariff in 2000, 2003, 2005, after 11 years with no tariff increases. I actually commend the member for his pro bono work. The complexities in filling out the forms and certificates, it is difficult for a lot of lawyers, and I don't think they get enough credit for the kind of work, as the member pointed out, that

they do. So, yes, we have committed to tariff reviews every second year, and I commend the member for the work that he does do, as a lot of people do in the legal community for which they receive—there's a place reserved somewhere for them for rewards, but it's not, certainly, financial.

Mr. Hawranik: I'm going to have to agree with the minister there in terms of lawyers don't get the recognition they deserve. Usually, we're the end of a bad joke about lawyers, and I think I've heard them all. I think everyone who's still a lawyer hears them quite often. The reality is lawyers, by and large, are a very generous bunch, and they don't always do work simply for what's in their best interests. So I commend most, if not all, the lawyers in the province for doing that as well.

Another interesting comment, I guess, in the article today was, and I was quite aware of it as well, is that to qualify for legal aid, a person's annual income can't exceed \$14,000. While I don't do legal aid, an associate of mine does do a fair amount of family law legal aid, takes a fair amount of family law Legal Aid certificates, and that's kind of the complaint that she receives quite often. Of course, it's a cost to the province, if you increase the threshold at which you qualify for legal aid. I don't believe that that threshold has increased to a great extent over the last 10, 12 years.

I'd like to hear the minister's comment with respect to that particular threshold, whether there's some consideration being given to increase that threshold substantially or to adjust it in accordance with inflation?

Mr. Chomiak: The member is correct. Madam Chair, there hasn't been significant adjustment, although the rate the member quoted is for single individual. Notwithstanding that, there's no question that the eligibility criteria exclude a fair amount of people. We do have a special adjustment that provides some assistance to individuals who are otherwise excluded because of their income. So we do provide some assistance in that regard.

The fundamental issue at this point is the question of who's responsible for the legal aid coverage. I should tell the member that it was one of the top priorities at the ministers' meetings, and there is a concern across the country that a program that started out at 50-50 is now down to roughly 80-20. I'm not making this as a criticism because the last couple years the relative rate has gone up slightly, but it is a—I call it an orphaned program of the '70s,

like a number of other programs that were started on a 50-50 cost basis with the federal government that have almost exclusively come within provincial funding jurisdiction.

Now, the argument could be made, well, transfers—there are different arguments, actually, that are made whether or not in fact the CHST transfer includes a provision for civil legal aid or family legal aid or not. That's actually a debatable point, and it's been suggested by some provincial ministers that we go to battle with Ottawa on that issue and I don't see it of any particular—I don't particularly support it at this point because I think the die has been cast. We continually look for more inputs on legal aid and more assistance because if you look at the fundamentals of legal aid, and you argue that while the Province is responsible for the administration of justice, a considerable involvement of the federal government in funding of Queen's Bench and other related prosecutors is provided and we provide support on the other side. A stronger case can be made for more federal spending.

Having said that, we do the best we can. We're pleased we're able to increase the tariff this year. We're pleased that we can review the tariffs every couple years. Legal aid is a fundamental aspect of any justice system. We'd all like to provide more, particularly in the family and civil side, but we're doing the best that we can under the circumstances.

Mr. Hawranik: The minister brings up a good point, and I'd like to have it elaborated on, and that is the sharing of the cost of legal aid system between the Province and the federal government.

Can the minister provide me with the amount of money that comes specifically from the federal government to support the legal aid system?

Mr. Chomiak: I believe it's \$4.7 million that's provided from the federal government and we put in \$22-point-something million. *[interjection]* We put in \$18-point, we put in around \$17.5. *[interjection]*

* (15:50)

Mr. Hawranik: That \$4.7 million, is that the amount that actually flows from the federal government directly for legal aid? Does more money flow than that for legal aid or is that just the amount of money from the federal government that's put into the legal aid system?

Mr. Chomiak: Essentially, the \$4.7 million is the core funding provided by the federal government.

There are several demonstration or related projects that the federal government participates in, but the percentage level is about 20 percent of federal government funding. We make the argument every meeting that it should be 50-50 again and we get the same response, but I don't know if that's going to change.

Mr. Hawranik: I may be incorrect in this, but perhaps the minister can clarify. I was under the understanding, and maybe I'm wrong, that interest on lawyers' trust accounts that are sitting in banks and credit unions would attract no interest, of course, for the benefit of any lawyer or any client in their general trust account. That, in fact, goes to the legal aid system. Would the minister clarify that?

Mr. Chomiak: Yes, a good portion of that goes to Legal Aid. It's normally around a million dollars, which I put in the total as I was doing the calculations in my head. This year, it's a little bit over \$3 million.

Mr. Hawranik: So the \$3 million that comes then from interest in lawyers' trust accounts, is that part of the \$17.5 million that you indicated the Province puts into Legal Aid? Is that part of it, or is that additional to the \$17.5 million?

Mr. Chomiak: No. It's a part of the total, but it's reported on year from year so I wouldn't say it's necessarily—*[interjection]* Just for clarification purposes, of the \$22.7 million that goes to Legal Aid, \$4.7 is provided by the federal government this year. Three million will be provided by the Law Foundation. The rest will be provided, essentially, by the Province. Generally, that formula's been fairly constant except for the additional.

Normally, the Law Foundation only provides funding in the range of a million, a million two or that variation. This year, it's up, and the federal government funding is actually down from a couple of years ago. So the percentages are generally the same except for the slight increase, not slight, the significant increase this year of the Law Foundation funding.

Mr. Hawranik: So I take it then that the Province, out of general revenue, is funding \$15 million or are there any other participants in that \$15 million?

Mr. Chomiak: Yes, that would be net. The two factors that have to be kept into consideration are the fact that the Law Foundation funding is not guaranteed in the sense of total revenue every year. It's ebb and flow, and the federal government

funding isn't guaranteed except for a two-year agreement we just signed on an interim basis while we work on a long-term funding agreement with the federal government. So neither of those sources of funding is guaranteed. The only guaranteed money on the line is the Province's.

Mr. Hawranik: Except that, I just wanted the minister to confirm that the \$22.7 million is guaranteed to flow to Legal Aid. It will depend on interest rates, of course, within banks on trust accounts, and the Province gives \$15 million. Does that mean then, if lawyers' trust accounts attract \$4 million, the Province withdraws \$1 million out of its contribution? Does it go down to \$14 million or is the Province going to give \$15 million in which case, if there's more than enough money, how do you account for that? If you actually take in \$23.7 million, what happens to that extra \$1 million?

Mr. Chomiak: Madam Chairperson, that actually doesn't happen. We're projecting the Estimate for expenditure in '07-08 is \$22.7 million. The Province puts in \$20.5 million which includes the funding this year. The Legal Aid foundation includes it from the federal government. Then we subtract the revenue from the federal government to get \$15.8 million as our net cost. We'll provide the member with a statement of the funding over the past 10 years.

Mr. Hawranik: The Legal Aid rates were boosted 40 percent. Can the minister indicate what that 40 percent boost means to the budget? How much is it projected to cost government in the Legal Aid budget?

Mr. Chomiak: Madam Chairperson, \$1.5 million this year and estimated to be \$3 million next year.

Mr. Hawranik: Okay, \$1.5 million this year, \$3 million next year. Can the minister explain why it would be \$3 million next year? I'm not certain when the 40 percent—and it may very well be because the boost to Legal Aid rates takes effect after the start of the fiscal year, or it may very well be you anticipate more lawyers getting Legal Aid certificates. Do you have an idea as to how that flows through?

Mr. Chomiak: It's a cash flow issue. The rate is effective April 1 and it's just a cash flow over the year. Overall, we anticipate the increased expenditure to be \$3 million.

Mr. Hawranik: Okay, I think I got that. I don't like the forms. I see the chart here in the clipping from the *Free Press* this morning and it shows Manitoba at \$80 per hour. The minister just indicated that it's

effective April 1 of this year. It makes us somewhat competitive, less than British Columbia, less than Alberta. Of course, the cost of living there is much higher as well, so we're about equal with Saskatchewan and below Ontario.

Can the minister elaborate, since those particular provinces, Ontario, Saskatchewan, Alberta and B.C. had higher rates, obviously, than Manitoba prior to this 40 percent increase? Can the minister comment as to whether or not those particular provinces over the last year or two or in the past have also had difficulty attracting private lawyers to take Legal Aid certificates?

Mr. Chomiak: Madam Chairperson, there are different criteria that apply to the legal aid systems in each of the provinces in terms of how and who receives funding for legal aid. There are conditions on some of those provinces with respect to the type of legal aid that is provided. We think that, in general, our system is fairly comprehensive vis-à-vis other jurisdictions in terms of providing support in criminal and family law areas.

* (16:00)

That's one of the reasons that the now deputy minister and consultant, Ron Perozzo, provided his report to the government with respect to Legal Aid and some of the changes that occurred with respect to in-house lawyers, conflict offices and some of the management structure of the Legal Aid program. There was an attempt to provide more resources to more people in the most expeditious fashion.

You and I know that there are not going to be any lawyers going from Winnipeg to Vancouver to rely on Legal Aid in order to get income. So it's a relative question. We think that the fact that we're in the middle of the pack is sufficient. Will it satisfy all of the people that practise or want to practise with Legal Aid certificates? No. Is it a significant step forward? Yes.

We'll have to fund it for a couple of years and then we'll be faced with our tariff committee making recommendations again as to what the tariff should be.

Mr. Hawranik: Note as well in the article, that it was indicated at the end of March, there were 225 private bar lawyers who had taken on at least one legal aid case in the previous 12 months.

Can the minister indicate how many of those 225 took Legal Aid certificates for family cases?

Mr. Chomiak: We'll have to provide the member with that. We don't have it in front of us today.

Mr. Hawranik: Perhaps this next question might need some clarification, depending on the kind of statistics that Legal Aid keeps, but I'd also be interested in knowing how many of those 225 only took one Legal Aid certificate in the previous 12 months? How many—and I'm not sure where it goes from there—how many would have taken say between two and 10, and then more than 10 within that number of lawyers?

The reason I ask is that I have a lot of sympathy for family law lawyers. I don't do anymore of it, for quite a number of years, but in any event, a lot of sympathy for family lawyers in particular who, I believe, do a lot of not only legal work, but also counselling of clients. They spend a lot of time with family law clients, and I'm really concerned. Particularly in the eastern Manitoba area and that's, of course, where I practice, but there really is in eastern Manitoba only one lawyer in the entire eastern region that really practices in family law to any great extent and takes Legal Aid certificates. So I'd, certainly, like to know how many of those 225 took one case versus more and so on. I wonder if the minister can get me that information if he doesn't have it handy today.

Mr. Doug Martindale, Acting Chairperson, in the Chair

Mr. Chomiak: The member is correct. The complexity and the number of lawyers who take on family law cases has diminished. We are doing probably a lot more through staff lawyers than probably in the past. We don't have those statistics here in terms of the percentages from Legal Aid. We'll endeavour to get it from that organization. The point is well-taken. There's been no doubt in the last 25 years of a diminished number of individuals doing family law and, in fact, criminal law, from my recollection.

Mr. Hawranik: I wonder if the minister could also indicate to me how many, you know, in the budget, in terms of we've got \$22.7 million to Legal Aid and we've boosted their rate and so on.

What kind of projections have been produced as to how many Legal Aid certificates will be issued within the legal aid system to the private bar?

The Acting Chairperson (Mr. Martindale): The Attorney General and Keeper of the Great Seal.

Mr. Chomiak: Thank you, Mr. Acting Chairperson. I am just waiting for that question. If memory serves me correctly I think it's something like 20,000 certificates we have issued last year, but I'll endeavour to get that information for the member.

Mr. Hawranik: Is that the number of certificates that is contemplated to be issued to the private bar this year or has it gone up, particularly since I see the goal is to have 350 to 375 private bar lawyers take Legal Aid certificates? So I'm wondering, even though you issued 20,000 last year, what the projection is for this year or what they anticipate giving to the private bar.

Mr. Chomiak: Mr. Acting Chairperson, if Legal Aid has those projections, I will, certainly, endeavour to get them, although the goal might be to spread the work around to more lawyers, but it might very well be more expeditious for some family-law lawyers or criminal lawyers to take on more certificates now that the tariff is a bit higher. It becomes a volume-related issue. If Legal Aid has those particular projections, I will endeavour to get them for the member.

Mr. Hawranik: I also see in the article that Legal Aid is hoping the situation will improve in northern communities. What was cited was Dauphin, Thompson, Swan River and The Pas, where Legal Aid has had to fly lawyers in to handle cases. Can the minister indicate whether in fact there are any lawyers who take any Legal Aid certificates from Thompson in Thompson?

Mr. Chomiak: Mr. Acting Chairperson, my thoughts would be probably yes, but we'll endeavour to find out.

Mr. Hawranik: I thank the minister for that. As well, rather than ask the question over for Dauphin, Swan River and The Pas, if I could have the same question answered for all of those other three communities, I would appreciate that.

Mr. Chomiak: Mr. Acting Chairperson, we'll try to find out for those communities. I think it's fair to say that a phenomenon has occurred that I never thought that we would actually see, and that is that we have shortages of lawyers in Manitoba, in particularly rural and northern areas, and that we've seen across the board in terms of both Legal Aid and on the Prosecutions side. But I will endeavour to find that information from Legal Aid that the member's asked for.

Mr. Kevin Lamoureux (Inkster): Mr. Acting Chair, I want to take this opportunity to share with the minister and staff some thoughts that I have based on concerns raised from my constituency. There are periodically every other year I make a point of trying to really canvass what the public is thinking about justice as a whole.

I thought maybe what I would do is share with the minister some of the questions I specifically asked and then see how he would answer the question and maybe even a personal opinion is most welcome, but at the very least a government opinion.

One of the questions, and this isn't the first time I've asked this question, but one of the questions I asked this year was if you feel that our judges are doing a good job. I am wondering if the minister could give at least what he believes his constituents, how they would answer that type of a question.

*(16:10)

Mr. Chomiak: Mr. Acting Chairperson, I think there is a general sense in the community that criminals get off too easy and that judges should, quote, be harder on criminals. Certainly, from my constituents there is a sense, particularly because of American court room and American drama, and every time there's a case that occurs where an individual isn't incarcerated, that, quote, the criminal justice system isn't harsh enough. A lot of that criticism goes towards the judges, I think unfairly, because they are the arbiters of a system that we've created and they follow precedent and experience in terms of making their rulings and their determinations. So when you say to the average person that, quote, kid that just stole a car can't be held in custody, the public doesn't understand it. Yet the Youth Criminal Justice Act says you can't. It effectively says you cannot hold that kid in custody on a first offence. The judge has no choice in the matter, and that's by virtue of the wording of the Youth Criminal Justice Act. We have asked for changes to that.

Now, having said that, we have more people incarcerated in our system now than probably any other time in our history. It's easy to blame the politicians who make the laws. It's easy to blame the judges who arbitrate the laws. It's easy to blame the Crown prosecutors who prosecute the case. At the end of the day, we have a system of rules and regulations in our society that follows a particular pattern, and a lot of people think that enough isn't being done to punish criminals. So I think that

generally would be what my constituents and I daresay your constituents would probably say.

Mr. Lamoureux: Mr. Acting Chairperson, I would like to maybe provide a little bit more, even, clarity to the issue. This is the second time in which I've posed this question. I'd like to think that I meet with a lot of constituents even between the elections. There is a general feeling of lack of confidence in the judicial system. Even though the question specifically asks the question about judges, do you feel that our judges are doing a good job, I can tell you from the first go around there would have been—to give you a sense, there's about 5,600-5,700 homes that I represent in which, at least, close to 500 would directly participate in it, and then there's a lot of dialogue that also occurs. If it was less than 90 percent, I would have been surprised in the previous one. It would appear, and I don't have all of them coming in yet, but definitely more than 50 percent of them that have come in, and it reinforces that there is a genuine concern about a lack of confidence in our judicial system. I think we need to be doing something in regard to that. So, as elected officials, we can attempt to try to portray something that's different but, in reality, the public as a whole isn't buy it.

Another question that I had put forward, and this one was specific in regard to first offences, posing the question if someone breaks into a house do you feel that there should be a minimum jail sentence to it? I was a little bit surprised in terms of the type of feedback that I'm getting on that one. Usually, when I get this kind of feedback, I will also talk with individuals. I appreciate that there are always qualifiers about stats and who fills out surveys and questionnaires, and things of this nature, but I don't think it's too far off the mark. A majority would say that, yes, that there should be some form of incarceration, even for a first time offence, whether it's a home break-in. I've argued in the past that a home break-in, quite often, can be a home invasion, because when they break into a house, there's no way of knowing whether or not there's somewhere there.

The question that I would put to the minister is: What would be the government's position in regard to home break-ins? Does he believe that there should be some form of incarceration? It's not in terms of who has jurisdiction. What I'm looking for is what would be the position of the government or this particular member?

Mr. Chomiak: Just dealing with judges, and I'm not trying to be—does the member know how many judges we have in Manitoba and who appoints them?

Mr. Lamoureux: Depending on the level of court, both Ottawa and this minister appoint their judges. In terms of numbers, no, I couldn't give him the specific number.

Mr. Chomiak: Yes, I think we have about 40 at the provincial court level and about 40 at the QB level that are put in by the federal government and about seven or eight that are appointed to the Court of Appeal by the federal government. It's all an appointment process by government. So that's the first point I want to make about judges and judicial appointments and decision-making, et cetera.

I don't want to talk about jurisdictional questions, but if I were to try to make an offence of break-and-enter, it would be unconstitutional. I would be crossing over the boundary into the criminal law provisions of the federal government. So, almost any measure—and Gord, good heavens, Gord Mackintosh went every, he went as close as you can get to criminal law-making in the provincial jurisdiction as you could in terms of a lot of the innovations he brought into Manitoba to try to deal with crime. But once you as a provincial minister deal with crime, it's unconstitutional.

So, because the Criminal Code is under the jurisdiction of the federal government, I cannot make criminal law. I cannot make sentences. Now, the break-and-enter is a very good example. Break-and-enter as a maximum sentence has a life imprisonment attached to it. I don't think anyone, in my memory, has gone to life for break-and-enter.

But let me just posit a little bit of reality to the daily—and it's from my own experience and from experiences I know—what about the drunk individual who accidentally stumbles into the wrong house which happens on many occasions? That is a break-and-enter. What about the kid who breaks into his parents' home to steal their wallet to deal with his drug habit? That's a break-and-enter. What about the kid who goes to the neighbour's next-door garage and steals the bicycles out of the garage? That's a break-and-enter.

When one imposes minimum sentences in this area, you have to be very conscious of the ramifications of imposing a minimum sentence on an offence of this kind. Breaking into someone's home is a horrific event. No question. We don't have as

many break-ins as other locations. Some more, some less. But there's no question it's a valid—it's a classic concern of people in all of our neighbourhoods. But imposing a minimum sentence on break-and-enter without looking at the circumstances, I suggest, would cause a fair bit of difficulty in terms of criminal law, if I even had the power to make criminal law.

The Acting Chairperson (Mr. Martindale): Before I recognize the Member for Inkster, I'd like to remind the Government House Leader that we refer to ministers by their title or their constituency, including former attorney generals.

Mr. Lamoureux: Mr. Acting Chair, and I guess because of public pressure and some within politics that, in the Criminal Code, as the minister's pointed out, Criminal Code allows for very severe consequences for break-ins, but one of the things that I've noticed is that you're seeing, and I don't know to what degree how recent, but we're seeing more minimum sentences that are also put into the Criminal Code.

I think that if we enable, as we do, the judicial system to have the independence of being able to decide, like what you say, the drunk that accidentally goes into the wrong home, you wouldn't necessarily want to see that individual having to go to jail. But for 95 percent of the break-and-enters, even if it's a first-time offence, the issue is, then, should there be a minimum, or some confinement in a jail situation. The simple answer, if my constituents were to ask me that question, my answer would be, yes, I do believe that that should be the case.

Madam Chairperson in the Chair

I wonder if the minister would indicate what his or his government's position would be for 95 percent of the cases that are out there. Would he not agree? I would suggest to him that that's what his constituents would want to see.

* (16:20)

Mr. Chomiak: Madam Chairperson, minimum sentences have been recently invoked in the Criminal Code with our approval and our suggestion for violent offences and for offences that deal with gun-related matters. I suggest to the member that once you impose minimum sentences you take away the right of any judge to have any discretion, which would then eliminate the ability of the judge to look at the particular fact situation involved and make a determination, because once you impose a minimum

sentence, the judge has no discretion whatsoever but to give the minimum sentence.

I suggest to the member that if the member were to review the circumstances of break and enter, there would be some significant fact situations that might cause the member to not suggest that all break and enters have a minimum incarceration.

It's interesting because there's a bit of a contradiction in the member's first question about judges not—if judges follow precedent and they have discretion, if you impose a minimum sentence, you're giving judges less discretion. So there's a bit of a contradiction between the first question and the second question.

Will more respect go to judges because they're imposing minimum sentences? The member suggests probably yes, but then you're taking away one of the most significant aspects of judicial independence, which is the ability to look at the fact situation and make a determination on that particular fact situation as it applies to that particular individual and that particular circumstance.

I was involved in a case where an individual constantly broke into locations and was brought before the court three, four, five, six times on break and enter. The individual was schizophrenic and broke in and lit fires and was incarcerated and hanged herself in custody. That had an impact on me. My experience with judges is that they are far more experienced and far wiser than generally I am and their experience is far deeper. Most decisions that I've seen made by judges are well thought out, well crafted and generally a lot fairer and a lot more just than we in the public give them credit for.

If you spend a day or two at screening courts or at the courts and watch the kind of people that go through and the kinds of offences that come before judges, one does start to appreciate the magnitude of the task they're faced with and one appreciates the fact that we allow them to have more discretion rather than less when you deal with issues of prescribing what they must apply as a sentence, which I think is one of the reasons why minimum sentences have been reserved in the Criminal Code to very violent or gun-related, intentional kinds of offences.

Mr. Lamoureux: This is why I would emphasize the issue for me is that of public confidence in the judicial system. Some of the biggest critics that I've seen are individuals that stay or put a lot of time in

our courts and that's our police officers that feel that there is a great deal of issues that have to be dealt with within our courts.

I'm sure the minister himself has had dialogue with some of our police officers. So, you know, I think that we can have whatever opinions we want per se and articulate on them, but the overriding issue for me is the issue of public confidence, and I haven't seen any real improvement there. That means there needs to be some dialogue, something needs to be happening from within the system.

Another question I put forward is that if a 10-year-old steals something from a store, is there a need for the courts to be involved or should a parent-guardian just be contacted and told about the offence? I've always advocated, and again I don't want to get lost in the jurisdictional, well, it's Ottawa, well, if you're under 12 you fall outside of the Youth Act. For most people, they will tell you that a nine-year-old knows what's right and what's wrong.

Now, I'm not suggesting that a nine-year-old has to go before a court if they're stealing something from a Wal-Mart, but what I am suggesting to you is that we've got to make sure that there is clarity on the issue that where a crime is committed, that there needs to be a consequence. It doesn't necessarily mean that you have to go to jail all the time. But, it does mean that there has to be a consequence when you commit a crime. I would suggest to you again, based on the types of feedback, based on what I believe my constituents are thinking, which, I think, would be a fair reflection in terms of the minister's constituents, that people want a consequence no matter how petty the crime is, that there needs to be a consequence.

Would the minister agree with that?

Mr. Chomiak: I don't think that under the present system we have that there isn't a consequence. I think everyone agrees that there ought to be a consequence to every action. I don't disagree.

Mr. Lamoureux: Can the minister indicate—we have 16-year-olds that steal from stores every day. What would be the government's position if you have a 16-year-old that's stealing from a store, what should typically happen to that 16-year-old, from a government perspective?

Mr. Chomiak: I'd be interested to see what the member suggests should happen to that 16-year-old.

Mr. Lamoureux: I'd be more than happy to provide an answer. If it's a first-time offence, I would have that individual going before a youth justice committee, have a youth justice committee deal with the young offender and come up with a consequence which might include anything from curfews to writing essays. There are a multitude of things. But, there has to be a consequence. Today, that's not the case.

Would the minister agree with me that there has to be a consequence of the type of nature which I just finished suggesting?

Mr. Chomiak: I've already agreed with the member that there ought to be consequences. The member's outlined one of the consequences that can apply and that already does happen in our system, going before a justice committee or a judicial or a police caution. There always is a consequence that occurs as a result of the action.

Mr. Lamoureux: I was somewhat with you all the way up until you said, or a police caution. You know there is a great deal of discretion that is out there, and if you check with even the parents of some of these individuals, and I have talked to parents of young offenders, many of them, everyone believes that there needs to be meaningful consequence. Maybe that's the word I should have been using. It's not good enough if a 16-year-old goes and steals a bike from Wal-Mart to have two police officers pick the person up, drive them home and say, don't do it again—that there has to be a meaningful consequence.

Would you agree to the fact there has to be a meaningful consequence, Mr. Minister?

Mr. Chomiak: I believe there ought to be meaningful consequences.

Mr. Lamoureux: What we'll do is we'll pursue that line at a later time because we're somewhat limited.

Do you feel it is necessary to increase presence of police in your neighbourhoods? A nice question, I'm surprised, I always thought I would get a much higher, yes, on it, on that particular question. I don't have, as I say, this year's, the actual numbers. I'm expecting that it'll be in excess of 60.

The minister takes whatever opportunity he gets to remind people that I said one day on CJOB that Winnipeg doesn't need any more police officers, that we Liberals don't support hiring more police officers, and it's somewhat out of context. I do believe today, and maybe the minister could correct me if I'm

wrong, but today out of the top 20 metropolitan areas in Canada, that Winnipeg has the highest per capita police officers. Is that not correct?

* (16:30)

Mr. Chomiak: Madam Chairperson, I think the last statement I saw, we were the second highest of urban centres in the country. Is the member clarifying his statement about not wanting any more police officers? I'm waiting for the other shoe to drop.

Madam Chairperson: Prior to recognizing the honourable member, I'm going to ask all members at the table for courtesy for the individuals who are speaking so that we can hear the questions and answers.

Mr. Lamoureux: I am going to drop the other shoe right away but, who is the highest then?

Mr. Chomiak: Madam Chairperson, I believe it's Thunder Bay. The issue of more police presence, I don't think you'd find anybody that would disagree with that notion, which is one of the reasons why we've taken the unusual step of putting provincial money into municipal and other police forces on a historical-high basis in order to have more police presence right across the province. We're quite proud of that, and I think we've been recognized by both Winnipeg Police Service, City of Winnipeg and the RCMP and, indeed, the federal government as being active and probably the most-active jurisdiction in the country in this particular area.

I make no apologies for the fact that no matter where you're dealing in the system, if you're dealing with doctors, if you're dealing with health care, if you're dealing with education, if you're dealing with justice, what makes it tick? People. Eighty percent of the money we spend goes to salaries or some form of remuneration. People make it tick.

If you have a kid in distress or a family in distress and you get a domestic violence intervention person, a social worker trained in the situation, thank God for that. If it's more difficult and you have a police officer there, thank God for that. That's what they're trained for.

The more bodies we have, the more people we have that can be involved in the system and help people to deal with these issues, the better off we are. That's one of the reasons why the member often says in the House, we've spent X billions of dollars more, and what have we got for it? You know what we've got for it? Madam Chair, 1,500 more nurses

than we did when we came into office, 200 more doctors than when we came into office, 194 more police officers than when we came into office. Do the math.

Eighty percent of the costs of government go to salaries and remuneration, and it's people providing services to people in the community. We make no apologies for that. In fact, we're proud of that, and, in fact, we're going to continue to do that. It's not just police; it's correction officers; look at the numbers. It's prosecutors; look at the numbers. It's right across the system. I daresay it's in social work; it's in education; it's in health care.

You want to provide extra services; you want to improve the situation. You need people that undertake the work, and the price is that you have to pay for it. We're not ashamed. In fact, we're quite proud of our effort of training people and employing people to do the kind of work that Manitobans over the past three elections have told us they want us to do.

Mr. Lamoureux: Madam Chairperson, this is where I'll go out on a limb and tell the minister in terms of what my feelings are on the issue and that is that, for all intents and purposes, per capita, we have a lot of police officers in the city of Winnipeg.

If the government can demonstrate that we are spending smart and using our police forces effectively and we're not squandering the resource of what our officers have to contribute and the problem still is there, then I would suggest to you that we need more police officers. One thing this government has not done is it's not proven at all, hasn't even come close, to demonstrate that the way in which our police officers are being utilized and where there's wasted police hour time, is being addressed by this government. Finally, I understand the City of Winnipeg's doing something about it.

The other day I asked the minister in regard to hospitals. How many police officers are in our health-care institutions that don't necessarily need to be in the health-care institutions? I must say, this isn't something that came out of the blue, for me. This is something that was raised by several police officers, brought to my attention, and they're the ones that are experiencing the frustration, why do we have to be in our hospitals? I've had a parent of a young lady who said that her daughter had eight police officers over a 12-hour period of time having to be in the hospital because the hospital was not able to deal with the admittance issue. I am told by members of

the police force that there is a great deal of waste, and for the first time the Minister of Health (Ms. Oswald) attempted to answer the question, saying, we're going to try to do it this way.

I had a couple of police officers in which we had a great exchange in terms of the some of the basics. Now, again, I'm relying on information and I trust that the information is somewhat, if not absolutely, accurate. Things such as the calls, calls that go in queue, and how Winnipeg, compared to, let's say, Edmonton and Calgary, send out their police cars. If someone calls 911 or the 986 number, generally speaking, I'm told, it's over 75 percent of those that are calling are actually responded to, where a police car with the two officers will go out. How does that compare to cities like Edmonton and Calgary? Well, again, what I'm told is Edmonton and Calgary is less than 30 percent.

If you take a look on a Friday or a Saturday night where you've got 125 to 150 calls in queue waiting for a police officer to get out to the scene, well, why do we have that extraordinary number in the queue? Some of the examples I'm given is, police are asked to take—there's a bed mattress in the back lane, didn't know what to do with it, ends up sending out a police car for it. What are some of the differences? I'm told, again, that maybe it's—we need to do some screening where the police officers or retired police officers that are the ones that are answering and handing out or putting the calls into the queue.

We could talk about the courts. You know, the other day when I was driving by, the day I had asked the question, I was amazed when I saw—it was probably about six or seven cruiser cars, marked cruiser cars—right out in front of the courthouse, so I made the little detour and I counted the ones that I could see and there was, you know, at least into the double digits, when I went around the corner and I assumed that there would have been cars that were not identified. Now, you say, well, it's Thursday or Wednesday morning and they have to be there. Well, I've gone into the courts also and I've talked to some of the police officers and again, the sense of frustration that they have in terms of—well it's remand, we got to be here, have to be here for this or have to be in it, and you have two police officers and how much time they're actually spending in. I understand that, yes, that there have been some improvements to the system.

I believe that if you were to sit down with some police officers around the table and ask, in terms of are there better ways in which we can be utilizing the police hours, I think the resounding answer would be absolutely.

* (16:40)

When you talk about police per capita, per metropolitan centre and the only one that has more per capita than us is Thunder Bay. Well, you know, you can't blame me for raising the issue. Maybe we should be changing the way in which our police are serving the public and maybe there is a waste of time in certain areas that the government needs to look at managing.

So prove to me or to the public that those wasted police hours do not exist, and then you'll be able to convince me that we should spend more tax dollars on police officers.

Mr. Chomiak: I'm fairly astounded that the member is suggesting that our police officers are not utilizing their time effectively. I'm quite astounded at that, that the member would suggest that. I know from—we have an ex-police officer at the table here and I talk to police officers on a daily basis. I'll tell you that if you go to a call and there's a psychotic kid out of control, you want a police officer there. In fact, you want to have what Winnipeg has, which is two officers per car, which they don't have in other jurisdictions, which I support for safety. Maybe that's one of the reasons we haven't had, thank God, a major incident in the past 25 years.

The City of Winnipeg has a new police chief. I do not direct the police chief or the City of Winnipeg police force. I do not have the authority to tell them what to do. I do know that they're doing a review of their operations in order to maximize the time they utilize. I'm not going to go in as a lay-person, or even the member can go in as a lay-person; he might give examples. I agree on mental health issues. It's a significant problem. Solving it is a significant problem.

Now, we had a process in place where people were deputized and acted as police officers in institutions, and we're working on reinstatement of some of that. But, if you have an individual—and we just passed legislation where we said, if a kid's required to be taken into custody to protect themselves from a drug or alcohol issue, that we involve the police. Is the member suggesting we not involve the police? Almost everything we do as a

society, one way or the other, is going to involve the professional tools that police are trained to deliver. I don't think there are a lot of cases where they're going around picking up mattresses in back lanes. I think we should rule that one out as a common example.

I think you can talk about calls that maybe can be triaged. I think you can talk about utilizing services of other kinds of professionals. I think you can talk about changing legislation to allow for more, quote, officials, to be involved in activities that police have to do today, but, at the end of the day, the person who makes the call would rather see a police officer there. I daresay the police would rather be there assessing the situation than not having someone on site to assess the situation. I think the City does a superb job of that. Can it improve? Well, there's a committee studying that issue as we speak at City Council. There are improvements that could be made to tie in management.

I'm very confident in the new police chief of Winnipeg. In fact, he was an employee of the provincial government for several years, and he was one of the individuals that set up our program for addictions and dealing with youths. I think that he understands the issues of public presence of police, and he understands the issues of time management. I think we're going to see significant changes, and, to the extent that the provincial government can assist in changing, we will be there because we work co-operatively. If the police come to us formally and want to put in place protocols for dealing with individuals within the mental health system, et cetera, we'll be there.

Can we put in place protocols to deal with issues in the court system? That's a little bit more difficult, and it is a problem. It is one of the realities of our system that police are often the main witnesses, if not the main witness, to a particular case, and the only way the case can be prosecuted is with the evidence of the police officer. I don't know how you substitute that.

So the member makes some valid suggestions that we are quite prepared to look at, but at the end of the day, the police have a management and a governing structure that outlines how they carry out their work and it's a decision that's made by the police and their management in terms of how they utilize their work. And to the extent that the Province can be involved—we have been involved in terms of resources and money and assistance, and we'll be

there for any other suggestions that come through the system, whether the member has them, or the police have them—I think our dialogue with the police is as good as anywhere else in the country, maybe better than most, and that has been the case in the past and I think that will be the case in the future.

Mr. Lamoureux: Madam Chair, I can tell the minister that the mattress story is actually a true story, so they do exist. *[interjection]* And I realize that is an extreme. But quite often you go to the extremes to highlight the issue, and the issue there is, you know, that maybe what we need to do is to think outside of the box in changing the way in which even police cars will respond. That's the issue.

Now, what we need to, and that's what we're getting to, what we need to recognize is that we're talking about different levels of governments co-operating, as the minister himself has alluded to. Some of the responsibility is with the City; some of that responsibility is with the police chief; some of that responsibility is with the Province. Yet we have a committee that's out there, and I would ask the minister: does the Province have any representation on that particular committee?

Mr. Chomiak: Madam Chairperson, the City of Winnipeg police are employed by the City of Winnipeg and report to the City of Winnipeg and they conduct their operations with the City of Winnipeg.

Mr. Lamoureux: Given that there's this review that's going on and the fact that the Province, more so than the City of Winnipeg, talks about having additional police officers; given the fact that police officers—we talked about the courts, we could talk about Family Services, we could talk about our health institutions—does the minister not realize that there would be some benefit in terms of having someone from the department or from the government sitting down, if not at least as an observer, to see what's actually taking place? I would have thought there would have been a natural interest.

Mr. Chomiak: I don't know if the member understands how municipal police forces work, but the City of Winnipeg has a City of Winnipeg police force. It employs police and there's a management and there's a labour agreement between the two as to their work conditions, et cetera.

We, as a province, started funding directly officers for the City of Winnipeg police force as we

do for Brandon and other jurisdictions, but the jurisdiction and the governorship of the City of Winnipeg police is not under provincial control.

However, the fact that the new police chief of Winnipeg has worked very closely with the department, and has a very good relationship with the department—and we have a good relationship with the mayor—we are ready to assist in any fashion or any manner that they might have. But for me to walk into and tell the City of Winnipeg how to manage its police force would not be appropriate, any more than it would be for me to go tell the regional health authority how to conduct operations. I mean, I don't do the operations; I don't know which artery is connected to which part of the body; I don't know how to maximize doctors' time, how to work in an operating room. I let the professionals determine what's the best use of their time. We provide resources and direction. For me to step in and go to a manager meeting at the Winnipeg Regional Health Authority and say, I think you should be using doctors more for hips and knees than for brain surgery, is not a decision that I should make. The decision should be made by the professionals.

* (16:50)

A decision as to how the City of Winnipeg should deploy its resources, notwithstanding that we give some direction as to how some of those resources should be deployed in the schools, in the community, in certain areas, I'm not going to tell the City of Winnipeg how to manage their police force.

Mr. Lamoureux: Well, Madam Chair, I guess I base it somewhat on the past. I was chair of a Justice committee and Vic Toews was the Minister of Justice, and there might even be some of the civil servants that were here at the time. We talked about dealing with youth under the age of 12. Meetings were arranged in which there were representatives from the City of Winnipeg police force, provincial civil servants and city civil servants, sitting down to have dialogue because it had an impact on all of them. Right?

Mr. Chomiak: Let me interrupt. I agree, but that wasn't your question. Your question to me was should I have someone on the task force determining utilization of the City of Winnipeg police force. That was your question.

Mr. Lamoureux: Well, I would argue that there's a vested interest for the Province to be involved in some form or another. I believe, and I would have to

check *Hansard*, but I believe I said, even as an observer status, that we should have a sense of what's happening and how we might be able to contribute. If we are sitting at the table we can say, here's what's happening in the mental health area that's going to be able to alleviate some of the concerns. After all, if you can free up 1,000 police hours at a health-care institution, well, that, I would think, would contribute toward positive dialogue.

Anyway, I want to move on because I only have about another few minutes before I know the Member for Lac du Bonnet (Mr. Hawranik) is going to continue on, and that's just to very briefly talk about the ankle bracelets. The government has taken the position that GPS is the way to go. That's what they have invested in. I would have thought that the radio frequency system, where you have a bracelet and a homing beacon, if I can put it that way, or a receiver, was a viable option to include in any sort of an ankle bracelet comprehensive plan.

Can the minister indicate why it is that those radio frequency systems were not brought in?

Mr. Chomiak: You know, the member should check *Hansard*, and he should check his question. He should note what my response was in the previous question, that we are working with the police with respect to utilization on mental health and other areas.

He should also note that there is ongoing liaison between the City of Winnipeg and various branches of the police department. It's not of low value that the City of Winnipeg police chief worked with the Province for several years. So I just want to—before the member makes inappropriate conclusions in terms of the comments.

With respect to ankle bracelets, I came from opposition when I sat with the member and we heard a lot of talk about a \$100-million health-care system that was going to solve, with IT, all of the problems in health care. I was a bit sceptical. Then I walked into the ministry and I saw my briefing note. I saw how much money had been expended, and diddly-squat had been achieved. I have to tell you, that moment was stunning. I got the briefing notes from the previous ministers. I'm looking, and I didn't know that that much money—even though I had asked it in Estimates—had been spent and no product on an IT system, no product. I am very leery of everyone who comes in, and I've seen it year after year, and says we are going to have this system and it's going to solve all of your problems. I was determined on ankle

bracelets, even though the member stood up and wanted to do bait cars and ankle bracelets as the solution.

An Honourable Member: Part of the solution.

Mr. Chomiak: I still think the solution—well, part, I'm glad the member recognized that, because it doesn't come out in question period. That's part of the solution. There's a whole array of tools to deal with it. There's no one single silver bullet to solve these problems.

Electronic monitoring was something that we studied for a long period of time. I did not want to be the first jurisdiction to jump into something that was groundbreaking, like all of the vendors want us to do. I won't do that on IT stuff. It's just kind of a principle that I've adopted.

The member says three other provinces have it. That's precisely why we went to Nova Scotia and partnered with a jurisdiction that had actually tested a system to see if the system worked, because I didn't want to spend a bazillion years doing all of the groundwork, developing a new system and then trying to sell it to everybody else, like most jurisdictions try to do. It's a beta system and we get the cost, so we were very cautious. We partnered with Nova Scotia; the system appeared to meet our needs from Nova Scotia. It was the same kind of clientele they were working with as Nova Scotia, so we partnered. There's nothing new with that. I like that. I like the fact that we had the only Gamma Knife in Canada, and we worked hard to get it. We worked hard to get jurisdiction, and I'll give other jurisdictions credit. Alberta could have bought a Gamma Knife because they have lots of money but they said, we won't buy a Gamma Knife because we recognize that Manitoba will have the Gamma Knife, and we're doing the children's pediatric heart surgery anyway. Since there's only 100-110 for Manitoba, not all of us have to do everything.

I like sharing in the federation; it's kind of something that I think makes sense. If there's another jurisdiction like Nova Scotia that pilots something, if we could tag on and we don't have to be the main facility, I will do that. That's why we chose the system that we chose. I understand that it's state-of-the-art; the system we have now is so much more interactive than other systems. It not only allows us to know where the individual is, but where he shouldn't be, when and where he should be. It's the kind of interactive system that's more appropriate for the type of individual that we wanted to deal with.

The most important part of the system, I think, that most people don't realize is that—let's say the old way of dealing with it, let's say that an individual is being curfew-checked every two hours. You send someone out; you curfew-check; they're not there. The present system we have is that, if the individual leaves his area within a period of time he's not supposed to leave the area, we contact the individual on the phone. Maybe the individual left the house because it's a family fight; maybe that person needed a safe place to go. That happens to people that are criminals too. Maybe they don't feel safe in the environment, even though they've been mandated by court to be there. We have a chance to interact with the individual before breaching. I like that. That allows for interaction; that allows for two-way communication. The system we have in place does that. We'll see how it works out.

Mr. Lamoureux: There's been this heated debate and you'll see the relevancy to this right away, I hope, a heated debate inside the Legislature about our bipole and Manitoba Hydro. The government says, let's put it up on the west side; the opposition says the east side.

Madam Chairperson: The honourable Member for Inkster (Mr. Lamoureux), I just want to make sure this is going to be tied back to your question on Justice, right?

Mr. Lamoureux: Yes, absolutely.

Now we've heard an individual, a lone individual say, go under Lake Winnipeg. Then, when we contrast the evidence, the Minister of Finance (Mr. Selinger) and Manitoba Hydro look at it and say, maybe there is some merit for it. Now they're looking into it. This is when you had all these bureaucrats and so forth dealing with an issue. Just because something comes down the pipe, in this case it's the GPS ankle bracelet, it doesn't necessarily mean that that is the solution.

* (17:00)

The examples that the minister just finished citing could have been accomplished virtually with the ankle bracelet and the receiver at a fraction of the cost because the system allows for it. I've had the presentation, as I'm sure many of the staff have had the presentation. The system does allow for individuals to maintain curfew. If they have to leave the premises, there's a number then which they can call. There are ways to check. What we need to realize, that no system, GPS or receiver-based, will

prevent a crime from occurring. It is most part, one of compliance. It's not to say that the GPS doesn't have a role to play. In some situations, it might have, but I'm suggesting to you that the receiver and the other ankle, or the Martha Stewart special, if you want to call it that, also has a role to play and at substantial less cost than the GPS. And I'm talking substantial.

I would suggest to the minister that he, not necessarily within the bureaucracy, needs to get a better understanding of the different types of ankle bracelets that are there and don't be tied into a one-system-fixes-all.

An Honourable Member: Exactly.

Mr. Lamoureux: Well, that's my point. You need more than just a GPS. Right now, my understanding is that you just have the GPS and if I'm wrong, then I'll stop.

An Honourable Member: What do you need, Kevin? Tell me what we need?

Mr. Lamoureux: Okay, the minister's asking a very good question: What do we need? Okay. I would suggest to you that we get the ankle bracelet that's best known as the Martha Stewart special. You don't have that. At least my understanding is you don't. The only ankle bracelet you have is the GPS. I'll suggest to you that the ankle with the receiver will allow you to have—you could have 40, 50 of these bracelets and still not cost nowhere near as much money as a half dozen GPS ankle bracelets. Yet, those 40, 60, or whatever number could keep your car thieves in at the houses through curfews from eight in the evening until eight in the morning when most cars are being stolen.

Mr. Chomiak: Yes, Madam Chairperson, the member first has to understand that we've reduced car thefts by utilizing the systems that we have in effect, human beings and other approaches, by 40 percent year over year. So that's pretty significant.

The member also has to realize that he might be talking about one type of ankle bracelet. You know, that doesn't really matter. What we have to look at is the individual involved, and are we improving the circumstances or are we opening ourselves up to risk? The system that we've adopted is a system that appears to be—and we're going to spend time on it with our higher-risk individuals—appears to be the most effective system that we've seen for dealing with individuals involved in the activities they're involved in.

There's tons of different kinds of systems. I mean, I've had vendors sell almost the Brooklyn Bridge to us. That's why I went back to the SmartHealth example. Madam Chairperson, you have to be very—particularly when you're in government and when you're under pressure to do something technologically—you have to be very careful that you're not used as a beta model in order to build and build and build and bill and bill and bill. By using a system that's been used in another province, used with a type of clientele that utilizes a form of technology that's pretty well universally accepted, that is GPS, we think we've got a fairly good system. We'll find out. Maybe we'll go back to hourly monitoring as a better alternative because technology isn't always the bullet or the solution that it appears to be. I think we've been conservative in our approach. I think it's been appropriate. I think the public recognizes it. The test will be in the results.

With regard to Hydro and the related technology there, I daresay technology's changing. I think the member has taken a position of a classic kind of sitting right in the middle and coming down the middle. I think all options ought to be considered, particularly when you're dealing with technology.

Mr. Peter Dyck (Pembina): Madam Chairperson, I have several questions. The first one is, I'm under the understanding that the federal government has put forward some dollars. I believe it's around \$5 million for policing in our local communities in rural Manitoba. I had a call yesterday from the CEO in Morden who are in the process of hiring more staff, and the reason for doing that, of course, is because it's in a growing area and so they need more protection out there.

So the bottom line of it, and that question that I have is: Could the minister indicate to me the allocation of dollars that will be available for the outlying communities and, specific to Morden, will there be an opportunity for them to access some of those dollars so that they can in fact hire a person to complement their police force?

Mr. Chomiak: I had this very same discussion with the Honourable Stockwell Day when he made the announcement. The federal government got into a bit of a bind as to how they would allocate the funding, the numbers, et cetera, and we had some pretty intense discussions on a one-to-one basis, and also as groups of ministers, as to the funding. There'd been previous announcements by previous federal governments that provided funding for a period of

time, and then, the classic example is, Ontario hired a couple hundred police officers based on federal funding and then the federal funding dried up, and the province was forced to fund the rest.

The federal government had allocated \$14.7 million over—*[interjection]*—\$14.4 over five years of which 7.2 is to be utilized in rural Manitoba. That budget hasn't been passed yet. It's been in allocation and the federal government didn't dictate how the money was to be spent. They just provided it because I think they got into a little bit of trouble as to how they would allocate it. So they've given it to us to allocate. We intend to allocate it to the best use of police forces across Manitoba, based on need, based on risk, based on capacity, et cetera.

Mr. Dyck: I thank the minister for the answer, but I guess my question would be: When would you be able to make those kinds of decisions so that, again, coming back to the town of Morden, they can do some planning down the road as well?

Mr. Chomiak: Madam Chairperson, we've provided in this year's budget a significant increase to police funding, both urban and provincial, in this year's budget. Those resources are being allocated and we'll work with communities. The member will know that there'll be no community that does not want additional police services just as there'll be no community that does not want a doctor or does not want nurses, et cetera.

So it's good to have the opportunity to allocate these funds. There is a bit of a training gap. The RCMP are going to expand their training capacity. They're doing a recruitment drive now because, actually, their last several classes haven't been full. There's a training issue. We will see those funds flow through to rural Manitoba and to urban Manitoba over the period of time, keeping in mind that, while we welcome the money, and welcome the allocation, it is an allocation that runs out after five years.

Mr. Dyck: Okay, I understand that. I guess my concern on this is that communities, again coming back to the town of Morden—and I know that the City of Winkler is experiencing the same challenges out there—if they go ahead and they make a decision to hire someone because of need—and I think that the minister has indicated that it's going to be based on need, they feel that they need to do this. On the other hand, though, that they make that decision. They hire someone. Then the minister comes out and says, we will be funding, however, this will not be retroactive.

Then because of the decisions that they have made they are penalized.

* (17:10)

I'd say right now that is their concern. They realize they can't wait until—unless the minister makes a decision very quickly, they can't wait until that time. They need the extra staff right now.

So I'm wondering if the minister can give some assurances that, once he has made the decision or the department has, they would not be negatively impacted by having gone ahead and hired someone in order to fill the position that's available.

Mr. Chomiak: Madam Chairperson, we have probably the most generous grants to municipalities in the country that provide for assistance for the municipal function of policing, et cetera. There are provincial allocations that provide that.

There are needs that are province-wide. There are communities that don't have police service, that want police services of significant populations. Each municipality is going to have to make a decision, as they have in the past, in terms of how they're going to best allocate their resources. It will be based on overall provincial need and provincial requirements, and that is of a relative need across the province.

Mr. Dyck: From what I hear the minister saying, it's by representation or by need or so on. I would imagine that these communities would argue the fact that they do need the extra staff. When would they be able to make this representation and, in fact, either meet with the minister or the department to express their concerns and the need for needing to expand their work force? When would that be able to be done?

Mr. Chomiak: Madam Chairperson, I've received that representation from communities ever since I assumed the portfolio, and that will continue. It's not as much a lobbying effort as it is an effort across the province in terms of need. I can tell the member that there are some communities that have, literally, no policing on-site. There are some communities that have policing on-site that aren't sufficient to meet their needs. There are some communities that feel they require additional policing but, on a relative basis compared to other regions, they're doing very well.

It's a decision that's made by the local community. There's funding available from the Province on a historical basis. There's additional

funding that's going in across the province to our overall provincial policing. There are additional resources that are going into some of our larger metropolitan areas. We will have to allocate half of the funding from the federal government to rural areas.

At this point, I can answer the member the same way that Stockwell Day answered me and that is to make representation based on need and requirements. One of the interesting discussions that I had with Minister Day was the issue of boots-on-the-ground. I actually thought it was quite useful because the federal government always thought in terms of having actual police officers on the ground. I reminded him that sometimes in police work, people in the back rooms that are not boots-on-the-ground can be as valuable as the perception of having people on the ground, and that is intelligence and related services. I've, certainly, learned the effectiveness of having support services, particularly in terms of investigations and the capacity of integrated police forces to provide services to a lot of areas.

So I've probably given the member as satisfying an answer as Stockwell Day gave to me when I asked him for the allocation question as well.

Mr. Dyck: I will then indicate to the Town of Morden that they should make representation to the minister, to his department, regarding their need for added staffing on their police force, and I will do that.

I have another case that I just want to bring to the minister. This has to do with—and I wrote the letter back in January, I believe—but it's the case of where a vehicle was impounded. It was taken from an elderly gentleman. He'd lost his licence and he shouldn't have been driving, but that's not the issue. The issue was that it was impounded.. When the gentleman passed away, which was several weeks after, the executor wanted to clean up the estate, but, because the vehicle had been impounded, they were not allowed to release this vehicle until the end of March. The vehicle was not very expensive, so the daily monies that were deducted from the value of this vehicle, basically, ate up the value of the vehicle. At the end of the day, it really proved nothing.

My question is: Why, if they do have a death certificate and the person is deceased, would they not release the vehicle from the pound?

Mr. Chomiak: Madam Chairperson, I'm just discussing with the associate deputy minister, and we will get back to the member on the specifics.

There are processes in place that work, and, generally, move these things along. This may be an instance of miscommunication or failure to take advantage of some of those opportunities.

The deputy minister will get back in writing to the member on the specifics of the case. If the member wants to pursue the overall policy, I'm prepared to do that, if he's not satisfied with the answer to the particular case.

Mr. Hawranik: I don't want to belabour the Legal Aid issue, but there are a couple of issues that I think are still outstanding from the last discussion.

One of them was Legal Aid Manitoba, the annual report ending March 31, 2007. In that report, it basically states that, during the next fiscal year, which, of course, is this year, Legal Aid Manitoba will be reviewing the tariff paid to the private bar and will make our recommendations to the provincial government. The response, of course, has been to increase the tariff by 40 percent.

Madam Chairperson, can the minister confirm that the recommendations made by Legal Aid Manitoba to the minister are, in fact, reflected in the increase to the tariff, or were the recommendations different than that which is reflected to the tariff?

Mr. Chomiak: Legal Aid made recommendations. We accepted recommendations, and the increase has occurred.

Mr. Hawranik: Were the recommendations of Legal Aid followed? In other words, did Legal Aid recommend an \$80-an-hour tariff or was it somewhat different in terms of their recommendation?

Mr. Chomiak: I have a policy that I have followed fairly successfully throughout my political career, and that is to not negotiate in public. It's served me well, and I don't think it's been a bad policy.

When we negotiated nurses' agreements or doctors' agreements or any kind of agreements, I have chosen not to deal publicly with any form of negotiation because not only does it set you up for failure in terms of the negotiations you're undertaking, but it sets you up for potential failure or difficulty in subsequent negotiations.

We have a Tariff Review Committee. They provided information to the department and the

government. The government accepted a recommendation and the increase has occurred. The methodology by which it occurred is probably similar to any other form of methodology of the way legislation works. Remember the old adage, you don't want to see the way sausages are made, or legislation. I don't discuss negotiations in public.

* (17:20)

Mr. Hawranik: I would agree with the minister, provided that no resolution occurred, of course. During the negotiations it would probably be improper to determine what each party wanted, but we already have a conclusion. I'm not sure why the minister is reluctant to disclose what Legal Aid really wanted in terms of an hourly rate. It may very well have been \$80 an hour, that I don't know.

Given the minister's reluctance to let me know what Legal Aid had asked for in terms of an hourly rate, I'm wondering whether or not he can disclose whether there were any other changes to the legal aid system that were recommended other than an increase to the hourly rate.

Mr. Chomiak: Let me use an example from the health-care field just to illustrate the point. We negotiate collective agreements with health-care workers. On our behalf, the regional health authorities conduct negotiations. Now, you're saying to me, what did your management group recommend to you to settle the collective agreement, and, did you accept your management's recommendations to settle the collective agreement. Now, why would I, who am bargaining on behalf of the people of Manitoba, want to provide the public with information about how we negotiated or how we conducted those negotiations between the management and the employees, when, ultimately, we, as a third party, government had to pay for the ensuing result. It just doesn't make any sense to me.

It just sets us up for a difficulty. The fact is that there's a tariff committee. The tariff committee met. Recommendations came over. We have a settlement. Most people think it's a pretty good settlement. On behalf of the people of Manitoba, we've made the settlement. I just don't know why I should get into the nuances of the whys and the wherefores, because that only sets up individuals or organizations for future difficulties. I've seen that in negotiations all across, whether it's with teachers or whether it's with health-care workers, et cetera. It just sets you up.

Better that we, on behalf of the—remember that we're negotiating on behalf of the public of Manitoba. Arguably, our interest is the public of Manitoba. Does that mean a lower rate or a higher rate, which, obviously, has an impact on all Manitobans? You have to strike a balance on any negotiation and on any settlement.

So the balance was struck at an appropriate level, and I think it's been reflected generally in the legal community that they're generally pleased. This is the fourth increase since we came to office following an 11-year period of no increase. I think that's progress, but I will not be going to discuss the negotiations or the interactions, because it only sets up individuals and agencies for failure. I just don't think it's appropriate.

Mr. Hawranik: Well, I sense an obvious reluctance by the minister to talk about it, but the reality is that, when there are negotiations between different parties, union or management, a lot of that is disclosed in terms of what their position is. I think it's in the interests of Manitobans to know whether the legal aid system has changed sufficiently to serve Manitobans correctly, so—

An Honourable Member: But not the negotiations.

Mr. Hawranik: —he may not want to. I'm talking about, not just wages, but I'm asking about other issues that Legal Aid may have brought up that, perhaps, would serve the legal aid system for Manitobans better, you know, make the system better for Manitobans, and, whether or not they, say for instance, suggested something other than a tariff as an increase. So I sense that the minister doesn't want to talk about the tariff itself, but there may be other issues out there that Legal Aid had brought up that is of importance to them to improve the system for all Manitobans.

Mr. Chomiak: There, certainly, was the Perozzo report that was conducted, and that we followed up on the recommendations of the Perozzo report. Legal Aid is an independent entity, like many other entities in Justice that conducts its business, has a management group that makes management decisions. With regard to the tariff, usually organizations come to government for wage issues and that's no different, Legal Aid, doctors, nurses, teachers, et cetera, and negotiations take place. I will not talk about negotiations of tariffs.

The member talks about other issues. That's why we had the Perozzo report. I can have someone more

directly involved from Legal Aid available for Estimates if the member wants to pursue, because, as I say, it's an indirect relationship. We fund them. They have their own management board. The direct relationship is by virtue of the fact that the famous Perozzo report has been implemented at Legal Aid and things seem to be working much better since the Perozzo report came about, certainly, from my observation as an outside observer. I was outside of the system and I watched the evolution. That's all I can say on that.

Mr. Hawranik: Maybe we'll move on to the \$14.4 million, over five years extra funding from the federal government, and I might have a few questions maybe tomorrow or even Monday along the same line, but what occurred to me, I guess, is that when the minister indicated that the allocation of that funding for extra police officers, and I assume that it is for extra police officers—that's what the funding is for—only will be based on the overall need and priorities of communities whether they be urban or rural.

Can the minister indicate whether or not there was any conditions attached to those funds in terms of whether they would go, those funds would go to say, for instance, the RCMP, or a commitment as to a percentage of those funds going to the RCMP or City of Winnipeg police or other police forces?

Mr. Chomiak: I guess we did make headway in that initially I think the federal position was it had to be police officers. Subsequently, it's not necessarily police officers. So I actually take that as helpful.

That's not to say it won't all be police officers in Manitoba, but the position I've taken with Minister Day was that I've really been impressed with intelligence work and some of the work undertaken by various agencies and it would be a pity to underscore the work of people on the ground doing the actual police work because they didn't have appropriate backup.

So the \$14.4 million will go essentially to police functions in Manitoba over the period of time. Half of it has to be allocated to rural Manitoba, half of it to urban Manitoba, and that's where the federal government has left it with all provinces.

Mr. Hawranik: So the \$14.4 million over five years, that works out to be about \$2.88 million per year over that five-year period. Is the minister confirming, then, that that money will be specifically allocated to

personnel and not necessarily equipment or rental space or whatever else?

Mr. Chomiak: I would put it this way. It is police or police equivalents. That's sort of how I would put it so as not to undermine the fact that it supposed to be police officers, but I think we're into nuance area if we say, well, we're going to have X person assigned to intelligence and X person assigned to actual police work. To me that's one and the same thing. You know, it'll go to police officers in Manitoba. That's a conclusion that you can take to the bank.

Mr. Hawranik: With regard to that, how many officers over that five-year period, and, obviously, if you fund all the officers at \$2.88 million the first year we would, certainly, be able to figure out how many officers would be hired, but say in the fifth year, because obviously you're not going to hire them and then fire them, or you shouldn't be, but in the fifth year, how many officers on an ongoing basis would that extra \$14.4 million have hired?

*(17:30)

Mr. Chomiak: Well, if you calculate \$100,000 per police officer, it's 30 per year.

Mr. Hawranik: So you're anticipating about 30 per year. Probably in the fifth year, there should be 30 additional officers as a result of that federal funding.

Mr. Chomiak: No. I mean you could allocate at a \$150,000 per officer which would decrease it. A lot depends upon the location and the allocation. I mean, it's possible that the funding doesn't have to be in a year-by-year basis as well. *[interjection]* Yes, it's got to flow through.

Mr. Hawranik: Yes, that was my point, I think, before, was that once you hire them, you're going to keep them. You're not going to fire them, so the reality is, do you anticipate then 30 additional officers from this federal funding in year five and to continue forward, or what do you anticipate? I think you had indicated one time a hundred thousand per officer which works out to about 30. Then you mentioned, subsequent to that, \$150,000 an officer because there may be some equipment involved.

Does that mean that we can expect 20 additional officers in year five to carry forward, or what exactly can we expect?

Mr. Chomiak: I actually can't give a firm answer. It depends which police force, what function, et cetera. I've used a notional \$100,000, 30 officers per year. If you are talking about integrated intelligence units,

that might go up. You're talking about high-level services by an integrated task force, say, between the RCMP and urban police forces and some rural police forces on particular issues, your costs would go up.

We will have more police officers at the end of that period of time, and we will be funding more police officers at that period of time because a) the federal government will have expected us to do that, and b) our public will have expected us to do that.

Mr. Hawranik: I guess, given those numbers and so on, I understand the difficulty in projecting, but it's just that, at the end of the day, I want to know at least one police officer has been funded out of all that funding, so would the minister at least commit to, say, between 20 and 30 we can expect when we're talking a range of between \$100,000 and \$150,000 per officer? It seems reasonable to assume that there should be 20 at least and perhaps as many as 30 out of that funding.

Mr. Chomiak: Well, I think, Madam Chairperson, we've demonstrated as a government, significant increasing in policing in the province ever since we assumed office and that will continue. You will see more police officers on the street in Manitoba over the four-year period.

Mr. Hawranik: The difficulty is, Mr. Minister, that during the last election campaign, you made a promise to increase the number of police officers by a hundred on the streets in Manitoba, and I just want to make sure that you actually hire the hundred and it comes from the Province, not necessarily from the federal government.

So, if we end up with 120 police officers across the province from where we were, I would hope to expect that those additional 20 probably would have come from the federal funding and a hundred from the Province. I'd like to have some kind of at least bare minimum as an expectation from the minister as to what that federal funding will hire.

Mr. Chomiak: Madam Chair, that was the problem the federal government found when they made their commitment to hire 2,500 police officers. They found, well, how do they live up to that particular promise. So then they decided, what we better do is allocate funding to each jurisdiction and tell them to achieve, you know, the equivalent of that.

We've committed to a hundred additional police officers over four years. The federal government has committed to 2,500 police officers. We'll see how those numbers work at the end of a four-year period.

Mr. Hawranik: Can I get a commitment from the minister that the officers hired under the \$14.4-million federal commitment will be in addition to the hundred police officers that he promised during the election?

Mr. Chomiak: The member wants Doer's raiders versus Day's raiders. I think we've made it pretty clear that we are a government that lives up to our promises, and we will. I'm confident that the federal government will live up to its promise as well.

Mr. Hawranik: I'm concerned about making sure that the government does live up to its promises. That's the role of opposition, in any event.

Can the minister suggest a measuring stick? How can we realistically measure whether or not the Province has hired 100 additional police officers only out of provincial funding?

Mr. Chomiak: The Premier (Mr. Doer) is fond of saying the best indicator of future action is past performance. I think our performance of hiring 195 more police officers since we took office, the fact that we committed to 100 additional officers over the next four years speaks for itself.

The federal government made an announcement that they would hire 2,500 more police officers in the country and then allocated funds to the provinces to manage, and we're thankful for that. We're concerned that it's only time limited, but I told Minister Day, look, no one's going to turn down funding. Some of the provinces were very concerned, Ontario in particular, because they had been burnt on a federal program before. They'd hired a hundred police officers in a federal program that ended. So here it was a very strange setting, where the federal government was saying, we're going to give you money for police officers. Ontario was saying, I don't know if we want it, which is a precarious position to be a politician in.

That was part of the reason, I think, the federal government originally came out and said they were going to have a plan and then they didn't have a plan, and then they met with each of the provincial ministers to talk about what they were going to do. Then they regrouped and came back and said, we'll give you the money; hire police officers. We've lived up to our commitment. We're going to live up to our commitment and we're going to help the federal government live up to their commitment.

Mr. Hawranik: It was interesting that the minister indicated his government hired an additional 175 police officers—

An Honourable Member: 195.

Mr. Hawranik: 195, okay.

An Honourable Member: I'm going from memory.

Mr. Hawranik: That's kind of interesting, because actually in question period in answer to one of my questions he indicated 150. So I'd like the minister to confirm which one would be correct: 150 or the 175— or 195, I should say.

Mr. Chomiak: The member's correct. I have to admit that I haven't, you know, I've been doing it from memory, not from my notes. That is an occupational hazard I should avoid. I'll get the exact number. If memory serves me, it was 195, but I'll have to check. I've been trying to do it without my briefing notes. The numbers person is coming up right now.

I think the definitive number is 155 plus 20 for this year.

Mr. Hawranik: The 20 for this year, though, the minister will confirm that they haven't been hired yet, I take it.

Mr. Chomiak: We're in the same situation, I think, that the federal government is in, in so far as it's a commitment and the budget hasn't totally passed. The federal government hasn't passed. Our budget hasn't gone through the concurrence session. We're finalizing it now. But the commitment's there, the money's there. You can take it to the bank, and police officials know that.

Mr. Hawranik: Just getting back to the numbers, 175 additional police officers, because the minister had indicated 155 plus 20 committed this year, can the minister confirm that all of those 175 are actually provincially funded and the money didn't come from the federal government?

* (17:40)

Mr. Chomiak: Most of that funding would be provincial. The member will be aware that we are involved in policing agreements, the complexity of which only a few people in the department know, who convey it to me on occasion. I know it for 24 hours and then forget whether it's the 70/30 or 52/48 or whether it's tri-partite, in kind. There are various funding formulas that relate, but the numbers that we use are, as I understand it, relate to actual

police people that we can essentially count, that in space, we base our budget on and we assume that the police forces, be it the RCMP, be it the municipalities, or be it the other organizations have those people on the ground.

Now, I actually don't like using the actual numbers because sometimes you go over it and sometimes you go under it. Then you get into, quote, political trouble, because well, you didn't have your whole component because people are on vacation or you're still training and you're using cadets to account for your full-time individuals, et cetera. So the funding, I think, is provincial funding for 175 people on the ground. That's what we're funding and we're assuming that there's 175 people on the ground. We have evidence from our data that we collect and the member's aware of, I'm sure, of additional policing all around the province as a result of our additional budgetary measures.

Mr. Hawranik: Given the minister's comments then, I take it then that what his position is is there's 175 more officers give or take a few, I guess, because of factors that might be beyond his control in terms of recruitment and retirement and so on, more than there were in 1999. I take it from his comments then, that not all of those 175 came strictly from provincial funding. Some of that came from federal funding, and if so, can he break down out of those 175 how much money directly came from provincial money as opposed to directly coming from federal money?

Mr. Chomiak: Yes, Madam Chairperson, the funding for the Winnipeg and Brandon police officers is 100 percent provincial funding. The funding for the RCMP is 70-30, but the 70 portion is our actual money that we've put in. There might even be a 52-48. There'll be CTAs in there as well, but it's all provincial money of 175 equivalence funding at 100 percent essentially, even though it's broken down differently.

Mr. Hawranik: I'd like the minister to clarify this in a way because isn't—I think he's saying there's different funding formulas: 70-30 and so on. There are 175 more officers on the streets, he's saying, or will be, give or take a few, and all the money of course, comes from the province because the feds give the province the money, I take it. Do they not?

Mr. Chomiak: Maybe I've made it too complicated. If you were to add up the provincial money say on the provincial policing of the RCMP which is 70-30 cost-shared, you'd have the equivalent of 100 percent funding over the 70-30. So we brought back the

number to equivalency of about 175 officers on the ground. That's a notional number. You can't necessarily quantify it on any given day for a whole variety of reasons of recruitment, et cetera. But it's provincial money to fund that many officers.

Mr. Hawranik: That's provincial money from provincial taxes in the operating budget that actually funds those officers and there's no federal money coming in. Is that what he's saying? At least I think that's what he's saying.

He brings forward another interesting question: How does he quantify the additional 175 officers from 1999? He may not be able to answer that today because it's, obviously, an ongoing process over a period of years. How do you quantify in 1999 you had 175 less versus what you have today? I know it's easy to quantify this year's budget. He says that he's going to hire an additional 20 officers, but the 155 prior, all the way to 1999, how is that quantified? I don't know if he wants to fill me in today or whether he wants to answer that at a later period in time, that would be satisfactory to me as well.

Mr. Chomiak: It's officers that we're funding. We fund 100 percent municipal, 70-30 percent on provincial policing, 52-48 percent on tripartite agreements. There are also some other. We will provide the member with the numbers that we have with respect to quantification.

Madam Chairperson, the member is aware that our long-term 20-year agreement with the RCMP is that, for that form of policing the provincial government pays 70 percent and the federal government pays 30 percent.

Mr. Hawranik: The minister indicated a tripartite agreement. Can he elaborate a little bit on that? He says 52-48 percent. Who's funding 52 percent, and who's funding 48 percent? Who's the agreement with, and what's the example of an officer that would be funded under a tripartite agreement?

Mr. Chomiak: I could use up the whole last 13 minutes. But why don't I get the member a cheat sheet on this to outline the various funding agreements?

Mr. Hawranik: Maybe my interest as being a Finance critic is showing; I don't know. In any event, thank you for that, and I hope I can get that information on a timely basis as well.

Drugs in provincial jails, in all jails, not just provincial jails, but federal jails, is a serious

problem, I think, in Manitoba, not only provincially, as I said, but federally as well.

Have there been any reports issued, whether independent or whether they're government, with respect to the prevalence of drugs in our provincial jails?

Mr. Chomiak: In our major provincial institutions we don't allow open visits. We do ion scanning, I've learned, and have institutional drug dogs to deal with some of the related issues.

Mr. Hawranik: Obviously, you have ways of detecting them. That's not really the question. I was just wondering what the prevalence is in our provincial jails? Obviously, if you have drug dogs, and you've got ways of detecting whether there are drugs in prison, there must be an issue there. There must be drugs that are actually coming into the prison, illegally, of course.

I'm wondering whether or not you keep statistics, in terms of whether or not there's some success in detecting drugs in our jails, and whether there've been any studies or any reports issued as a result of that.

* (17:50)

Mr. Chomiak: From what I understand, we do a fairly good job of prevention, but I'm also aware that you can't claim absolute success in any institution. I think, on a comparison basis between us and the federal institution that's here, we feel very comfortable in terms of our ability to deal with that particular problem.

Mr. Hawranik: A number of other jurisdictions have intensive drug rehabilitation programs in their prisons or jails. Can you briefly describe the kind of rehabilitation programs that exist in our jails?

Mr. Chomiak: The member will know that the prison system that we operate is of shorter duration for sentencing than federal institutions. A majority of inmates are on remand. We do have alcohol and narcotic programs in the system. We probably do more post-release, as a result.

Mr. Hawranik: I know in the report about legal aid or, at least, the article about legal aid, there was an indication that a number of lawyers are flown to northern communities, in particular, to deal with legal aid cases. There's also, as I understand, a difficulty in keeping Crown prosecutors up north. I'm wondering if the minister could fill me in, in terms of whether or not they're having difficulty keeping

Crown prosecutors in northern communities like The Pas, Thompson, and so on, whether there's some difficulty in staffing those areas and how many times Crown prosecutors, in fact, have been flown into relatively remote communities because of their inability to keep Crown prosecutors there on a full-time basis?

Mr. Chomiak: Well, the world has changed significantly from, say, the 1970s or 1980s, when northern and rural communities could attract all kinds of professionals. You'd see the whole array of professionals in other communities as a lifestyle choice and as a choice. It has changed significantly, both in my experience as Minister of Health and as Minister of Justice, insofar as attracting individuals in any profession. We don't see the old style—I don't want to date myself nor do I want to create a false impression here. But there is difficulty in some northern communities. We have flown in prosecutors.

When I was in northern Israel, which is 60 miles from Jerusalem, they said to me: Do you have trouble attracting doctors to the north like we do? It was all perspective. It was all relative. They had no idea of the distances and some of the difficulties.

Yes, we have trouble attracting and retaining, and look, it's a competitive system now. You can go to the feds. You can go to other provinces and you get a job as a prosecutor, which is one of the reasons why the bargaining and the negotiations that I won't talk about—only the conclusions—were as intense as they were with respect to prosecutors, because there is a premium now on being a prosecutor in this country. You can go places. You can go to the feds. You can go to larger centres and that wasn't always the case in the past.

So that's a long way of saying yes we do have difficulties, and yes we do fly people in, and yes we do try to attract them through various means but it ain't the days of people staying in—like the Member for Lac du Bonnet staying in Lac du Bonnet his whole life and practising law, just as an example. That doesn't happen that much anymore.

Mr. Hawranik: I know that in Thompson—let's take an example, Thompson, for instance. There are resources, of course, for Crown prosecutors up there and there is support staff there. Can the minister, and he won't be able to provide me likely with that information today but say over the last fiscal year, can he give me some indication as to how many Crown prosecutor days, if you will, that were filled

through the flying in of Crown prosecutors into Thompson to prosecute cases?

Mr. Chomiak: The member will be aware of the circuit system that exists in Manitoba. We have four Crowns in Thompson who service Thompson and on occasion, fairly frequently, we fly Crowns in from Winnipeg to service some of the circuit areas outside of Thompson.

Mr. Hawranik: There's four Crowns currently, as you say, in Thompson, Crown prosecutors in Thompson. Is that the recommended number for Thompson?

Mr. Chomiak: We have four and an articling student, and the recommended would be seven and an articling student.

Mr. Hawranik: Given that they're short three in Crown prosecutors in Thompson, is there any particular plan in place to attract three more prosecutors?

Mr. Chomiak: Mostly marriage.

When I was an undergraduate and if I was a lawyer looking for a job, I probably could have got a job as a Crown at some point in Thompson. I would have begged for a job in Thompson, right. Now Thompson has to beg some lawyers to attract them to come up to Thompson.

I made the joke about marriage because it's the Manitoba thing. I mean one of the things—you know, if we can get them married here that's a Manitoba advantage. We do that but it's a common problem across the country and it permeates every level of both profession and trade as people have gravitated towards the job market in the larger urban areas. It's just now become a fact of life outside of urban centres across the country.

Mr. Hawranik: Well, earlier the minister had indicated that there seems to be a shortage of lawyers in Manitoba, and I would agree with that. A lot of people are actually going to Alberta to work because the wages are substantially higher, and British Columbia. I even took a look at it, not seriously, but just to take a look at what the salaries were up there. Obviously, that affects our ability to be able to attract enough qualified lawyers to deal with these kind of issue

Given that there are only four Crowns and an articling student in Thompson, given that there should be seven Crowns and an articling student in Thompson, can the minister give me a number in

terms of what that additional cost has been due to the shortage of bringing in Crowns from Winnipeg, such as transportation costs and so on?

Obviously, there's a cost to that for that service, and I'm wondering whether that's been calculated and, if it has, if he could provide it to me.

Madam Chairperson: The time being 6 p.m., I am interrupting proceedings, and I will ask the Member for Lac du Bonnet to put his question again when we reconvene.

The Committee of Supply will resume sitting tomorrow at 10 a.m. (Friday). Thank you.

FINANCE

* (14:50)

Mr. Chairperson (Rob Altemeyer): Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates for the Department of Finance.

Does the honourable minister have an opening statement?

Hon. Greg Selinger (Minister of Finance): He does.

Mr. Chairperson: Shocking. Please proceed.

Mr. Selinger: Before I do that, I'm just going to have a little on-record conversation with my critic.

Do you want to dispense with opening statements on a mutual basis or do you want to launch into questions? How do you want to play it? *[interjection]* You have one as well, okay.

Well, then, for the next two hours—*[interjection]*—we will start with our opening statement and then proceed to read the budget page by page. *[interjection]* Well, what can I say.

It's my pleasure to present for your approval the Estimates of Expenditure of the Department of Finance. I have a brief opening statement that will go on for a little bit of a while. Budget '08 is balanced, it goes without saying. A projected summary surplus of \$96 million, the core operations are supported by core government revenues. This is the ninth consecutive year we've proceeded to have a balanced budget. We continue to project balanced budgets into the future.

We've had several positive comments from financial analysts, and I don't propose to read them

all out onto the record right now. We can bring them in later if necessary. We've had comments from other levels of government about the way we are handling our finances in the province.

It does in '08 provide for 3.3 percent growth in core and summary government expenditures based on last year's actuals, another \$110-million payment on our general purpose debt and pension liabilities. Our total debt and pension payment is \$924 million now over the last nine years, which is the largest string of payments in the province's history. Our debt-to-GDP ratio has declined by 30 percent from 31.4 percent in '99-2000 to an estimated 21.7 percent in '08-09, and we plan to continue with that trend.

In terms of the cost to the taxpayers for the investments we make in various forms of capital, it's 6.5 cents on the dollar these days compared to 13.2 cents on the dollar in '99. The Fiscal Stabilization Fund is projected to have a balance of \$683 million at the end of '07-08, and that is double what it was in '99-2000. We have had six credit-rating improvements since '99, and I have published them in the budget papers this year, so the member can have that verification.

'07 was a good year for Manitoba in terms of economic performance. We grew faster than the national average for the second consecutive year. Growth was 3 percent, outperforming Canada's 2.7 percent in real terms. Economic output growth is expected to exceed Canada for the third year in a row with a projection on sort of an average of various economic forecasters of 2.7 percent and that is projected to be ahead of Canada's 1.9 percent, and some are forecasting Canada's growth to actually be lower than that now.

The employment and participation rates in the economy in terms of labour markets have reached all-time highs in '07 with employment growth of 1.6 percent and unemployment in the range of 4.4 percent.

Foreign merchandise exports grew by 13.5 percent in '07, with exports to the U.S. growing 6.6 percent, and that tells you that exports to jurisdictions other than the United States have been growing at about double the rate of what they've been growing to our most-favoured market to the south of us. This is despite the rising Canadian dollar, so exports to non-U.S. destinations are up 36 percent and that compares to foreign exports for Canada as a whole of 2.1 increase in '07. So it is significantly better by a magnitude of about 18 times.

* (15:00)

Capital investment grew 16.8 percent in '07 and is projected to rise to 18.8 percent this year leading the nation for two years in a row.

Private investment increased 9.5 percent last year, the second-highest rate in the country and is expected to lead the country with 22.4 percent growth this year.

Manitoba manufacturing sales increased 8.1 percent ahead of Canada's 0.4 percent gain and recorded an all-time high of \$16.2 billion.

Average weekly earnings grew 4.2 percent, the strongest increase in almost 20 years, and higher than Canada at 3.1 percent.

Consumers showed their confidence with good growth in Manitoba retail sales and housing starts in '07. Retail sales rose 9.5 percent in '07, above Canada, and second highest among the provinces while housing starts achieved a two-decade high of 5,738 units with a 14.1 percent increase while Canadian units increased only slightly by .4 percent.

Farm cash receipts advanced 18 percent last year, the strongest increase in Canada and double the national average, almost double the national average of 9.5 percent.

The Manitoba population increase was the highest in 25 years, driven by exceptional levels of immigration and the best interprovincial migration numbers in almost a quarter of a century.

That's it for overall trends in the economy.

With respect to taxation, this is our, as I've mentioned earlier, our ninth balanced budget, but it also, within that budget, has projections for \$182 million in new or confirmed tax reductions, continuing our multi-year plan for further personal and business reductions.

The education property tax will increase from \$75 to \$600 starting in '08, and this will save Manitoba homeowners and renters an additional \$24.5 million.

The personal income-tax rate applied to the first bracket is reduced from 10.9 percent to 10.8 percent, starting in the '09 tax year.

The middle bracket threshold has increased to \$31,000, and the upper income tax bracket has increased to \$67,000.

These measures are part of a multi-year plan, subject to budget-balancing requirements, to raise the middle and upper income brackets to \$35,000 and \$70,000 respectively, and to reduce the first bracket rate to 10.5 percent.

When complete, these measures are projected to save Manitobans \$77 million annually.

The basic personal, as well as the spousal and eligible dependant amounts, are increased for '09, saving Manitobans \$7 million annually and removing over 22,000 Manitobans from the tax rolls.

Manitobans will parallel the treatment of income with regard to the new, tax-free savings account plans, providing a benefit to Manitobans estimated at about \$5.7 million by 2011 and rising over time.

The Primary Caregiver Tax Credit is introduced for the first time, commencing in the '09 year to provide recognition and financial support of up to \$1,020 annually to individuals who serve as volunteer primary caregivers for more than three continuous months. The benefit to eligible primary caregivers is projected to be \$5.4 million on a full-year basis.

Commencing with the '09 taxation year, the personal tax credit is increased, resulting in an average net credit of over \$150 per eligible household. Over 281,000 households will benefit for a total annual saving of \$2.3 million.

Manitoba will parallel the federal budget change to the northern residents deduction. That means, effective January 1, '08, the deduction is increased by 10 percent, reducing the Manitoba income taxes northern residents pay by \$400,000 annually.

In parallel with the extension of the federal exploration tax credit announced in the '08 federal budget, the Manitoba Mineral Exploration Tax Credit is extended for one year, saving Manitobans about \$400,000 annually on a full-year basis.

The corporate income tax rate is further reduced by 12 percent on July 1, '09, and subject to budget-balancing requirements, to 11 percent in the future.

The small-business income tax rate is further reduced to 1 percent on January 1, '09. This will benefit 80 percent of Manitoba corporation and make it the lowest rate in Canada.

The Co-op Education Tax Credit is expanded and renamed the Co-op Education and Apprenticeship Tax Credits. A new component

called the Journeypersons Hiring Incentive provides a tax credit to employers of recent graduates of apprenticeship programs equal to 5 percent of their salaries up to a maximum of \$2,500 annually per journeyperson.

The refundable portion of the Manufacturing Investment Tax Credit is increased to 70 percent from 35 percent effective January 1, '08, superseding the budget '07 announcement of a 50-percent refundable credit for '08.

The elimination of the corporate capital tax by 2011 is now confirmed, beginning with a 25-percent rate reduction for fiscal years starting after January 1, '09.

For manufacturing and processing corporations, the corporate capital tax is now eliminated effective July 1, '08, saving these companies about \$25 million a year compared to 2007.

The Manitoba Film and Video Production Tax Credit is enhanced by the introduction of a new 5 percent Manitoba producer bonus, an increase in the frequent filming bonus for returning producers from 5 percent to 10 percent, and an increase in the percentage of eligible salaries paid to non-residents for work performed in Manitoba from 20 percent to 30 percent of the eligible salaries paid to Manitobans.

A new, refundable corporate income tax credit is introduced for companies that develop and produce interactive digital media projects in Manitoba. The interactive digital media tax credit is 40 percent of the remuneration paid to Manitobans on eligible projects.

To assist the development of the book publishing industry, and this was in the *Free Press* today, the Book Publishing Tax Credit has introduced equal to 40 percent of eligible Manitoba labour costs. This refundable credit also encourages environmentally responsible publishing by offering an additional 10-percent bonus for books printed on a forest-friendly basis.

That, Mr. Chairperson, will be my introductory comments. There are other things that could be said, but I'm sure I'll have more than adequate opportunity to raise them in our next 10 hours of Estimates to date. Thank you.

Mr. Chairperson: Thank you for that. We thank the minister for those comments.

Now, does the official opposition critic, the honourable Member for Brandon West, have an opening statement, opening comment? Please proceed.

Mr. Rick Borotsik (Brandon West): Mr. Chairperson, I appreciate the comments that the minister has put on the record. I've heard that, and I, certainly, have read them in the budget documents. This is my second opportunity of this, to sit in the Estimates process, and, certainly, have learned and experienced from the first time. I'm much wiser and, hopefully, can add a lot more to the debate in the Estimates.

Unfortunately, the budget that I have seen tabled, and, certainly, the comments that were made by the minister now, in my opinion, do not reflect a wise path to the future. I'm sure we'll get into a number of areas as to where certain other steps could and should have been taken in order to prepare us for what I consider to be a somewhat questionable economy going forward in the next 12 to 18 months.

I know I might not have the same fiscal ideology. I am, without question, a fiscal conservative, and I make no apologies for that. I've practised that in my personal life since a young age. Certainly, from my perspective, there are two major issues that, perhaps, have not been reflected quite as well as they should be in the 2008-09 budget. One of them is the debt reduction, a lack of a plan of debt reduction. The minister did mention that there was some paydown, but the numbers, in fact, prove that there will be an increase in debt in the coming year, almost half a billion dollars in net debt. Certainly, the minister, I'm sure, will have some justification and rationalization as to why that would happen in a time of, perhaps, economic uncertainties.

We do know, and I know the minister and his staff, particularly, have been watching the economic news that has been taking place over the last 12 months. He did mention in his opening statements that there are certain challenges that we have as Manitobans. One of them, obviously, is the high Canadian dollar. We recognize that approximately 76 percent of our total exports go to the U.S., and that point, in itself, puts us in somewhat of an uncompetitive fashion.

We do know that there are some thunder clouds in the U.S. economy right now as their federal reserve has been putting a substantial amount of money back into the system, as there is a credit crunch because of the U.S. subprime market. We do

know that there've been serious issues with corporate U.S. at the present time, and that, in fact, because there is a lack of liquidity in the system right now, there could be a credit crunch that could come and affect Canadians in the not-to-distant future.

We do know that the gas prices, not only in the U.S., but in Canada right now, are rising on a fairly regular basis. We do know that that's going to impact our economy here as all of our exports going into the U.S. and other markets require transportation. That transportation cost is increasing quite dramatically. That, in itself, is going to reflect on the economy in Manitoba. I'm not so sure that's reflected in the numbers that are in this particular budget.

* (15:10)

We do know that there are certain manufacturing industries in Manitoba, currently, who have been affected. We've just heard recently that Loewen Windows has had severe layoffs because of a market in the U.S. that has been drying up. We know that Manitoba Motor Coach just had a one-week, unscheduled layoff because of American contracts that have not been accomplished. We do know that in The Pas there have been layoffs in the pulp and paper industry, again, which is reflected in a downturn.

We also know that there's also a lag time. What is being presented now is 2007 numbers. I agree there are some very positive numbers there that had happened in 2007 for growth. I don't accept the minister's optimism that the 2008 numbers are going to reflect that kind of growth that has been reflected in this particular budget, and I don't think that the minister has got a plan in place that's going to be able to deal with any kinds of reductions in, whether it be own source revenues—well, we do know that there have been substantial more dollars that have flowed from Ottawa which could help that situation, but own source revenues certainly, I think, are more optimistic in the budgets that we have right now. That can be reflected in the retail sales tax that has been identified in the budget documents that we'll talk about, and, certainly, in other taxation at levels that I don't believe are achievable.

As for taxes, we will get into the taxes; there's no question about that. Again, I don't share the minister's optimism that Manitobans are being treated quite as fairly as they should be with their own tax dollars flowing into Manitoba and Canada as they should. What the minister didn't indicate in his opening statement was comparables. I find it very

valuable to compare with other jurisdictions when looking at tax regimes. I do know in the budget documents there are a number of statistics that have been outlined with respect to cost of living and how much more affordable it is to live in Manitoba, but, in fact, there is a competitive factor, a competitive issue that's necessary. That's certainly to be competitive with other regimes, particularly in western Canada, with Saskatchewan, with Alberta, with British Columbia. As will be noted further into the Estimates, that competition or competitive factor is certainly not in our favour. It is in the favour of jurisdictions to the west of us, particularly that of Saskatchewan.

Talk about corporate taxes and capital taxes, we recognize that the minister has reduced the capital tax, but, once again, he didn't indicate that we were the only jurisdiction in western Canada that had a capital tax. It was necessary to become competitive to reduce that capital tax, remove it. He did do it by July 1st of this year, which is laudable. The fact is that it's just now on a par with other jurisdictions, and there, certainly, are other jurisdictions, particularly that of Saskatchewan, that have taken advantage of their tax regime. We can show that by statistical data they are by far attracting more of a private capital and attracting more of the human resources that are necessary in order to make a province grow and prosper.

Well, a couple of things just in closing. First of all, I did notice that there is a new deputy minister, and I do appreciate that. I'm sure we're going to meet her and the rest of the staff. I guess the comment I make is I know the minister doesn't have an easy job. In a simplistic fashion, it's revenue in and expenses out. Revenues on one side have been improving to a dramatic degree here in the province of Manitoba. In fact, the budget document shows that we are spending approximately \$10 billion, \$9.8 billion this fiscal year. The revenues will offset—he also mentioned on a summary budget that we will show a substantial surplus, a surplus, nonetheless; however, on the core operations of the province, I do notice in the budget that there's a \$2-million surplus being budgeted. On a \$9.8 billion budget, \$2 million is quite low, actually, in trying to balance that expenditure with revenues.

We find also a bit of a dichotomy where the minister did indicate in his opening statement, and, certainly, in some of the documents that are here, that, in fact, the spending this year will only be 3.3 percent of actuals. The actual is a projection right

now, but in prior years it was always a comparison from budget to budget, Mr. Chairperson. Just because you overexpended by some \$234 million in this budget year does not necessarily mean that that's a positive thing. An overexpenditure of that amount, specifically if you're only budgeting for a \$2-million surplus, does not bode well for 2008-2009 fiscal year. But the fact of the matter is, budget to budget, it is actually a 6.2 percent increase in spending. So we have revenues and expenditures, the expenditures have gone up substantially more than what the cost of living or the CPI would be. Again, probably not a favourable position, were looking forward into a somewhat uncertain economic future over the next 12 months.

So we have lots to talk about. I do appreciate the minister and the job that he has to do. I do recognize that his department is the economic engine for this province, certainly, the economic engine for his departments. I know that he has to try to keep expenditures down and revenues up, and I know that's not an easy job to do. However, he does have some answers, I'm sure, to some questions that are going to be asked over the next numbers of hours in this Estimates debate.

So, thank you, Mr. Chairperson, for those opening statements, and I thank the minister for his.

Mr. Chairperson: Thank you very much for those comments, as well, the official opposition critic.

Now, under Manitoba practice, debate on the Minister's Salary is traditionally the last item considered for a department in the Committee of Supply. Accordingly, we shall defer consideration of line item 1.(a), and proceed with consideration of the remaining items referenced in resolution 1.

At this time, we would invite the minister's staff to join us at the table, and we'd ask the minister to introduce said staff when they've arrived.

Mr. Selinger: I have with me today the Deputy Minister of Finance, Diane Gray; the Senior Assistant Deputy Minister of Finance, Bruce Gray—no relation and Director of Administration, Erroll Kavanagh.

Mr. Chairperson: Very good.

Question: Does the committee wish to proceed with these Estimates in a chronological manner or proceed with a global discussion?

Mr. Borotsik: I would appreciate the flexibility to look at the Estimates on a global fashion. I know we

have this discussion every year. I would like to keep the line by line to the Supplementary Estimates to the latter part of our Estimates, but, if we could, if the minister would agree, we can do it on a global basis. Right now there are a number of issues, a number of questions that flow from the budget themselves, as well as they flow from some of the comments that the minister's made in his opening statement. So, if the minister would see fit, it would be my preference to go on a global basis initially.

Mr. Selinger: I think I need to get an estimate of how much time we want to go on global because, as the member can see, there are a lot of staff members here to deal with specific items. I prefer to use their time efficiently, and I'd like to know how long we need to hold them or if we even need to hold them at all today. If you want to global for the balance of the day, then I would release staff for the most part.

Mr. Borotsik: Yes, on a global discussion, certainly, there are going to be some issues raised with, as I say, the comments that were made by the minister. So we're going to talk finance; we're going to talk about GDPs; we're going to talk about the credit ratings; we're going to talk about, hopefully, some other issues. If the minister wishes to have those staff remain, that's fine. Certainly, I would suspect that it's global today for the three hours that we have today for sure.

Tomorrow, for the minister's information, Mr. Gerrard will be in for about 45 minutes, at 10:30 tomorrow. So I'm sure he would like to also look at certain global issues as opposed to just simply line by line on the Estimates document. So, if the minister's prepared, all day today will be based on the financials that have been presented by him in the budget.

* (15:20)

Mr. Selinger: Okay. We can do that. If people with specific departmental responsibilities wish to take their time to leave we can do that, because we won't be getting into the nitty-gritty of the departmental Estimates at this stage of the game. So we'll just ask perhaps for our economist to stay here and some of our federal-provincial people on some of the bigger ticket, policy items and Treasury Board, of course. On everything else we'll just make do, all right?

Mr. Borotsik: That's fine by me. I do appreciate that, Mr. Chairman.

Mr. Chairperson: Just for the record, we will be proceeding with a global discussion for today.

With that said, the floor is open for questions.

Mr. Borotsik: Seeing that I'm the only one at the table on this side, Mr. Chairman, I would be more than happy to start the discussions on Estimates.

I guess the first question I have of the minister, and, again, I'm not familiar with the process as well as I probably will be after the next three years; however, I did, with some difficulty actually, get the Estimates book tabled in the House yesterday. And I say with some difficulty because—and I don't mean to take shots, but the minister did miss that particular order in the agenda. I'm, certainly, happy to have the Estimates book. I wonder in the first question, can the minister tell me when this Estimates book was, in fact, prepared and when he had access to that copy?

Mr. Selinger: Actually, the biggest encumbrance to the tabling of the Estimates book yesterday was the member's opposite leader, who didn't want to do it. It took a while for him to recognize that it was in the interests of his own political party and, particularly, his critic of Finance actually had the information. So I'm glad that he had a conversion on the road to Damascus along the way, and I am glad to provide this information.

This information is prepared during the course of the budget process. It's a work-in-progress all the way through with the refining of the budget papers and refining of the economic numbers that are shown in here. Right up until the last couple of weeks, people work away on these documents and review them and revise them. So they start early and continue to work for a long period of time until all the information can be verified, fact checked and then published. The publication occurs towards the latter part of the process as we move toward the budget date in the Legislature.

Mr. Borotsik: So I take it from that the actual document was in the minister's possession, certainly, much prior to tabling yesterday, and I say that—by the way, also for the record, I must say the reason my leader at that time said no is because the minister, in fact, did miss the opportunity to table. However, that was resolved very quickly, and I do appreciate the fact that I had last evening to go over the supplementary information.

However, back to the initial question. The minister is obviously in possession of this. Is it a policy of the minister's department or is it simply a policy of government not to allow this document to be released at least with a fair amount of time so that

others could have a chance to objectively review it with more than just simply an evening prior to the Estimates?

Mr. Selinger: First of all, I've got to say we just asked for three hours of global and now you're into specific Estimates, so there's a little bit of irony there. I must point out for the record that you're focussing on detail instead of the global issues which I've just agreed to. I'm almost tempted to call all my staff back so that we can ensure that this document gets proper respect.

The document was published on April 16 or 17. It's not published till after the budget is actually delivered in the Legislature, and then it's tabled usually a couple of days before specific Estimates start. If the member is concerned about getting it earlier, we can take a look at that in the future, but, so far, this member and previous members have wanted to spend the early days of Estimates discussing global issues, which gives them more than enough time to read the document, because we're not going to get to it until at least Monday from the sounds of it or late tomorrow. So I'm happy to get it out as soon as possible, but, the reality is that it's not brought to the printer and put into actual production until about the 16th or 17th of April.

Mr. Borotsik: Thank you for that explanation, Mr. Minister.

Again, we will do a global listing of the budget as opposed to simply having the Estimates being debated, so I will have some opportunity, obviously, to look at it, although I did spend an awful lot of time going through the department and looking at some of the issues that were outlined there.

Rather than deal with the staffing—okay, if I can, Mr. Chairman. To the minister, just for clarification, some of my questions have to do with staffing in the minister's department. Does he wish for me to keep those questions until we deal with the Estimates book? If he wishes to, I certainly will.

Mr. Selinger: Again, I want to be flexible. If you want to use global time for specific Estimates questions, that's entirely up to you. But I was trying to respond to your approach to the matter. Just give me an idea of what you really want to do.

Mr. Borotsik: There's a theme that I have and, certainly, that we're going to flow into it. But, if the minister would bear with me, we'll talk about some of the staffing issues. We do have the staff here. The member and, certainly, the deputy minister would

have the information with respect to FTEs and the changes in employment, whether it be numbers or whether it be individuals. I'm sure the minister's deputy minister, the assistant deputy minister would have that information. So if you don't mind I'll just continue.

With the Estimates book and, certainly, in the budget, and we'll get into some of the detail of the budget, I saw that the numbers of full-time equivalents in the Estimate book were 570.98, and it's the same as was listed last year. There are no changes in full-time equivalents at all in the department?

Mr. Selinger: Perhaps, it would be helpful if the member would give me the page he's working on.

Here we are in the nitty-gritty detail of the Estimates, just after we agreed to go global. But, hey, I'm flexible. I can go with that. But it's interesting.

Yes, on an adjusted-vote basis, the FTE's are the same, 570.98, 570.98. But the member should understand that the Deputy Minister of Finance remains responsible for federal-provincial relations broadly throughout government, not just on Finance alone, and has some staff that came along with that. So that is reflected in the adjusted base amount here. On a net-government basis, the FTEs haven't changed, but there was a reduction in CTT where those positions were lodged before and they've been put into the base here and reflected in this year.

So what that really means is that the adjusted FTE numbers for last year reflected the transfer of those FTEs over here, and then on a go-forward basis, they are the same.

If the member wishes to get the dollar amounts attached to that, it's shown at the bottom of page 9.

* (15:30)

Mr. Borotsik: Yes, thank you. The reconciliation adjusted on page 9. But, really, it was just the number that, in the book, shows that the same FTEs are in the department, and this is the total department, including all departments that the minister and the deputy minister are responsible for, have shown absolutely no increase. In fact, it's 570.98 to 570.98.

Now I'm a little confused and if you could confirm or clarify where the shift in FTEs were going with the deputy minister.

Mr. Selinger: There are less FTEs in CT and T now that have been moved over to Finance. When we say adjusted vote, those were put into the base last year around March 1. Therefore, when you look at this year's numbers, it's the same as last year after the adjustment was made.

Mr. Borotsik: What would be the comparable, then, for last year prior to March?

Mr. Selinger: Last year's number for '07-08 was 553.48 for the Department of Finance for the '07-08 Estimates of Expenditure. That's the hard number that you received in the book last year on page 15, the same page number.

Mr. Borotsik: Thank you for clarifying that. There has been an increase then, and I understand the additional responsibilities. The 570.98—the .98 just drives me insane, but that's okay, we couldn't round it off obviously to 571, but 570.98—of those, how many positions are vacant?

Mr. Selinger: As of April 1, there are 60 vacant positions.

Mr. Borotsik: That seems to be about the same number that was indicated last fiscal year, approximately a 10 percent vacancy rate within the department. There's been movement. I understand, with a staff of 570, you're going to find a lot of movement between staff and positions, but, obviously, after two years running in a row when you show a 10-percent vacancy rate, that seems to show some consistency. With that 10 percent vacancy rate, obviously, there is a built-in contingency already with the staffing costs.

That 10 percent, will that be consistent through the whole fiscal year, the 12 months?

Mr. Selinger: We have 33 positions that are in process of being filled at the moment out of those 60. It's impossible to predict what other ones might vacate shortly, other than planned retirements. If all the positions are filled without any further retirements or vacations, vacancies appearing would be down to about 4.87 percent, 4.9 percent vacancy rate.

Mr. Borotsik: That's good information to have. Still, at that 5 percent on an ongoing basis, on a base of some \$42 million in salary for all of the departments that you're responsible for, on \$42 million we're looking at probably around \$2 million that will not be expended in salary costs for the 2008-2009 budget year. Is that a fair comment to make?

Mr. Selinger: I wouldn't necessarily say that at this stage of the game, because these positions will get filled as the departments can move forward and do that. We monitor on a quarterly basis, and then we see at the end of the year how much of the projected expenditure on staff can be lapsed and used to reduce the bottom line.

Mr. Borotsik: I don't know if the minister actually said reduce the bottom line; actually, it would be to add to the bottom line unless those dollars were expended in some other fashion.

Mr. Selinger: Yes, to reduce the bottom line of expenditure in the department, for greater clarification.

Mr. Borotsik: I know the minister does an exceptional amount of work with other departments, whether it be Education or Health or whether it be Justice. Is this a common theme throughout the other departments, the 10 percent vacancy rates?

Mr. Selinger: It varies in departments. It depends on the jobs that are vacant, the skill sets required, the availability of skilled labour and qualified people for certain positions. For example, we're challenged from time to time to get accounting people in our department, so that is an ongoing challenge, but other departments, for example, they might need engineers in infrastructure, technology and transportation. It would depend on the availability of those people in the marketplace.

As you know, several of our investments in the budget are towards further training of people into skilled positions because there is a demand for them both in the public and the private sector, but it varies. Some categories of employees are more difficult to fill than others and those relate to market conditions, availability of trained labour and the HR functions in terms of their ability to process these things. There's a certain time for the competition to be held, the ads to be done and then the process of going through it. My preference is that, when we fill most positions, we do it through open competition which takes a little bit longer but, I think, gives a fairer result.

Mr. Borotsik: I thank the minister for that answer. Again, when I was preparing budgets in the private sector, we recognized that there would be a vacancy in a specific position. We didn't necessarily budget salary costs for that period of vacancy time and reflected a true cost as to what the staffing costs were going to be over that fiscal year.

When you show a 10 percent vacancy now, and I know you've got a very capable deputy minister and, certainly, all of the ADMs responsible for the other departments can recognize just how long those staff positions will be vacant for the most part, whether it be three months or five months or seven months, that doesn't reflect in these salaries here. Is that just a common budgetary process for departments?

Mr. Selinger: If the member would look at page 17, he will see that there is an allowance made for staff turnover, the second from the bottom line, and it's about \$585,000. So there is an estimate made of savings accruing to turnover of staff inside the department.

Mr. Borotsik: I appreciate that and I did notice that but, again, in the numbers I used, if you look at the full numbers, it's \$2 million perhaps over the 10 percent, and \$500,000 still leaves a fair cushion there. I appreciate the difficulty of trying to achieve full staffing levels in any department, so we'll leave it at that.

If I can just stay with staff and then I'll get off the Estimates and go into the budget questions, I first of all would like to congratulate the deputy minister for her appointment. It's very nice to have her on a full-time appointed basis. Thank you for being there.

I know the last time I was at this table I asked the minister when he was going to get his deputy minister and he wasn't aware of when that was going to happen. So I'm sure he's probably equally as happy as I am that you're fulfilling that position. Congratulations.

From the minister's department, can he tell me how many political staff that he has in the department?

Mr. Selinger: I'd need some clarification on that but, before that, I must say I didn't say last time I wasn't aware of when the position would be filled. I said it'd be filled in due course after government looked at all the vacant positions at the senior level and came up with an overall approach. What does he mean by political staff?

Mr. Borotsik: Are there any members in your office, Mr. Minister, that are political staff, EAs?

Mr. Selinger: It's the same as last year.

Mr. Borotsik: Can you refresh my memory?

* (15:40)

Mr. Selinger: Yes, I have a special assistant and I have an executive assistant. Those are the ones I think the member might classify as political staff members, but all ministerial offices also have an executive assistant and administrative support. Even though they're in the ministerial office, I wouldn't classify them as political staff. They are people that are in the public service for their careers.

Mr. Borotsik: Is it possible that the minister could provide a list of the staff in the minister's and deputy minister's office?

Mr. Selinger: We could do that. The list in the ministerial office would be the same as last year, and we'll see what we can do in terms of the deputy minister's office.

Mr. Borotsik: If I can, Mr. Minister, I'd like to get off the staffing questions and get on to the really interesting stuff which is the global budget and comments that the minister had been making in his opening comments with respect to the budget debate.

I think what I'd like to do particularly is go to the GDP. The minister is constantly and quite often indicates in his comments that the debt-to-GDP particularly has been reduced over the last numbers of years. If we go to the budget document, which is the budget and budget papers document, Mr. Minister, on page 21 of that document, at the bottom of the document, it's your net debt-to-GDP as a percentage. The numbers are there. Net debt, as you can see, for the year 2008-2009 is going to be \$10,922,000,000, and the GDP has been projected to be \$50 billion. In fact, the minister took great pride in the fact that that was going to be over \$50 billion for the first time ever in the history of the province of Manitoba. The debt-to-GDP, the numbers for 2007 that has been used in the calculations is \$47 billion and the 2008-2009 budget forecast is \$50 billion. In doing the percentages of that, there's an increase of 5.3 percent of GDP.

I wonder if the minister could explain exactly how the 5.3 percent was arrived at and how the calculation came about.

Mr. Selinger: Yes, that number is taken from the Conference Board of Canada forecast for nominal GDP growth.

Mr. Borotsik: From what I can gather, the Conference Board of Canada actually has been reducing its GDP forecast for this year. The Conference Board just reduced the GDP forecast for Canada down to 1.3 percent. But the Conference

Board of Canada, not a nominal, even if you look at that and if you look at a 2.2 percent to a 2.5 percent which was originally forecast for GDP growth, include the CPI on that, I can't understand how a 5.3 percent GDP growth is arrived at.

Mr. Selinger: The Conference Board does make regular updates. I think we report GDP growth in real terms subtracting for inflation, nominal growth includes inflation. These are the nominal numbers. They're just two different measures.

Mr. Borotsik: But if you subtracted the inflation factors out of GDP projections, it would be less than the 5.3 percent. I still, if you could, Mr. Minister, give me the actual numbers that are being used in the calculation of that GDP because it's very important. The GDP is extremely important when you're applying it to debt in order to get the net debt-to-GDP ratio. I am still confused how 5.3 percent can be arrived at at the GDP growth.

Mr. Selinger: It very simply reflects nominal growth including inflation as projected by the Conference Board of Canada. It's as simple as that. Then when you look at real GDP growth, you subtract from that inflation. That's it in simplistic terms. There are technical pieces that go into that.

The adjustment basically is nominal growth minus inflation when they call it the GDP deflator to get at the 2.7 which is an average over five forecasters. We look at various banks as well as the Conference Board of Canada.

Just for greater clarification, if the member wished to look in the Economy paper at page 837, he could see in there—837 in the same document, that he's got me into right now, and right in the middle there, there's gross domestic product. So it's got nominal and real, just to give you the comparisons.

Mr. Borotsik: As I see here, it's a 7.1 percent –

Mr. Selinger: That was last year.

Mr. Borotsik: Last year. And 2008-2009?

Mr. Selinger: Well, we've given you that number on this other—in the budget discourse itself. On the other page here we've given you this, where it's at going forward. You can see that on the left-hand side, on page 836, that we have the number \$47.832 billion, which if you go back to 821, it's the number recorded for '07-08, and so the \$50 billion reflects the growth in nominal terms over the \$47 billion.

Mr. Borotsik: Okay, again, you're going to have to help me with this one, Mr. Minister, because you're showing the 7.1 percent as nominal GDP. Real GDP is identified at 3.0 percent for the 2007, okay. I still don't understand. So you've taken nominal less the inflation rate to achieve a real GDP.

Mr. Selinger: Correct.

Mr. Borotsik: The nominal less the inflation rate, if you make the calculations, well—

Mr. Selinger: As I said, in simple terms, it's nominal GDP growth minus inflation to get real GDP growth, but the actual technical methodology used is what they call the GDP deflator, which reflects the inflation on all the goods and services in the Canadian economy, not just CPI, which is a specific bundle of goods and services related to consumer lifestyles. So the cost of wheat, the cost of petrol, all of those things are factored in to the deflator calculation to get from the 7.1 to 3.

Mr. Borotsik: Okay, I'm a little clearer on it right now and I thank you for that. As we recognize these documents are prepared in advance to the tabling of the budget which is effective for April 1. In my opening statements, I indicated that there is some possibility of an economic downturn. In fact, I had also indicated that the Conference Board of Canada just downgraded the GDP for the Government of Canada to approximately 1.3 percent, and they will continue to either lower or increase that GDP as the economy changes over the next 12 months, and since this is a 12-month forecast, does the minister feel that these GDP numbers are fair and accurate going forward?

We do know that there's a lag time. We do know that every quarterly report that he gets is going to be adjusted with the possibility of a downward adjustment. Is he comfortable going forward with the GDP numbers that he has reflected in this? And if he is, then I guess the proof will be in the pudding. If he isn't, is there any opportunity to adjust the, I suppose the expenditures and the revenues that are going to come from those areas, particularly the revenues. GDP obviously is reflected in exports; they are reflected in gasoline tax revenues; they are reflected in retail sales revenues. Is he prepared to make, and does he make, on a regular basis, adjustments to reflect downgrade of the GDP?

* (15:50)

Mr. Selinger: The Conference Board of Canada is still quite buoyant and optimistic about economic

GDP growth in Manitoba for this year. It is true that they've re-estimated downward for '08, the Canadian experience, mostly driven by what's happening to the east of us in Ontario and Québec because they're such a huge part of the economy, those two provinces. Forty percent of the GDP comes out of Ontario, for example. What is it for Québec? I think it's 20 percent? *[interjection]* About 20 percent.

In those two provinces alone, you've got 60 percent of the Canadian economy, but, generally, Manitoba is still projected to be steady as she goes, which is a good sign.

On the second part of your question, yes, we do monitor it as we go along. We track it on a regular basis and see what's happening with revenues. We take that into account as we monitor expenditures, as well, on the other side of the ledger through the Treasury Board process. We monitor these things quite carefully as we go through the year, and, if adjustments are required, we endeavour to make them.

Mr. Borotsik: You mentioned the 40 percent and 20 percent of GDP for Ontario and Québec. Do you know what the number is for GDP contribution from Manitoba?

Mr. Selinger: About 3.5 percent of the Canadian pie.

An Honourable Member: Thank you. On that same page—

Mr. Borotsik: I'm sorry, Mr. Chairperson, I'm going to learn eventually.

On that same page where you've identified the GDP, or the \$50 billion, you also show core government change in net debt. It's a change of \$458 million. That's a net debt because I do appreciate that there are certain calculations with respect to gross debt, net debt, Mr. Chair. With the \$458 million, in your opening statement you've indicated that you had paid down the debt. I do know that there are some rolling payments. I do know that you change debt requirements over an annual period, that you are going to roll them over, but that is a change in net debt. Would you agree that this year in the province of Manitoba with net debt that the province will have an additional \$458 million in debt?

Mr. Selinger: We stand by the numbers that we put in the book here, and we've indicated that. It shows that there will be very significant investments

in infrastructure, tangible capital assets. It's described here in the province this year to address the infrastructure deficit that we have to move forward on in order to grow the economy.

If the member looks at the history at the bottom of the page, you can see that the actual net debt went down for several years, from \$11.1 billion in '03-04 to \$10.6 billion in '04-05, to \$10.5 billion in '05-06, to \$10.4 billion in '06-07. Then it started to go up again as we rolled out these very significant capital programs for things like highways and other forms of infrastructure across the province, sewer and water and hospitals and schools and universities.

So the ratio is what we've reported here to put that in context because I have noticed from time to time that certain members of the legislature like to go with absolute numbers and don't put it in context so that the public can understand what's going on. When the bond rating agencies take a look at what we're doing, they look at the debt-to-GDP ratio, and they can see, in Manitoba's case, it's declined by 30 percent since we've been in office. They consider that to be a healthy sign. That means that the economy is growing faster than our investments in the economy. It also indicates that the investments we're making are assisting the economy in growing. They're not a net drag on it. They're a net improvement. So many of these things help us move goods and services to market, for example.

Infrastructure investments, many of these things help the population stay healthier: clean water and clean sewer. Many of these things help the population be better equipped to participate in the economy through investments in post-secondary education and K-to-12 education, as well as other programs that allow people to participate in the economy, including things like day care and Healthy Child initiatives.

Yes, there is an increase in the net debt in the province this year, and the history shows that there have been reductions. Now, there has been an increase so the record is quite strong over the last several years when you put it in the context of growth of the economy. That gets reflected through the net debt as a percentage of the GDP, which continues to decline.

Mr. Borotsik: The debt-to-GDP has declined by 0.1 percent. That is going to happen only if the GDP grows to the extent that the projections are in this particular budget. As I said earlier, there's a good chance that the GDP growth may not be to the extent

that the minister is anticipating. However, the debt will increase; we recognize that. The minister has given explanations as to why those monies were expended, only we'll touch on that a little bit later.

However, should the debt remain the same, which it will. That's a constant function, but, if the GDP does not achieve its growth of some 5.3 percent over this next fiscal year, I'm sure the minister would agree, that those numbers of debt-to-GDP, in fact, would be going up, as opposed to going down.

Mr. Selinger: There are quite a few assumptions in the statements the member made that I'm going to have to clarify.

First of all, it's not a fixed amount of net debt. That's an estimate, and sometimes it comes in less than that. We've usually beat our numbers in the last several years. Similarly, with the GDP growth, the member seems to be very pessimistic. He's been forecasting ever since he showed up in the Legislature imminent financial collapse in the province. I guess, if you say it long enough, it may come to pass, but I don't think it's very helpful to the economy to constantly do the Chicken Little thing and say, The sky is falling.

The reality is, is that this is an estimate and so far the estimate is holding, given the experts that forecast these things, including the Conference Board of Canada. If the member has any information that suggests that he might know more than the Conference Board of Canada, I'd appreciate him putting it on the record. Otherwise, I would think that he would accept what the experts are putting in front of us.

Mr. Borotsik: Well, that didn't answer my question.

The minister, obviously, does recognize that, if debt does stay the same and GDP doesn't achieve the same levels—I do know that budgets are budgets and they're estimates and they're assumptions. I've made some assumptions, but I'm sure the minister has made some assumptions in putting the numbers together for this budget as well. So the whole thing about budgets is assumptions. Some assumptions are made in one direction. Some assumptions can be made in another direction. It's not pessimism. Quite the opposite, as a matter of fact. I've learned a long time ago in business that you always prepare for the worst, then you certainly hope for the best. There's absolutely no doubt about that. I'm just not thinking that using these, perhaps, overly optimistic numbers is preparing for the worst.

However, the minister has also indicated that he does look at the financials on a regular basis, and is prepared at any point in time to make adjustments, and that happens on a business model. If you find that your revenue streams are lower and your expenses are higher, then you do something to change that. Although I have to admit, in last year's—well, the forecast is—we haven't got the financial statements and won't have them because it's obviously a fiscal year and it's March 31, and it takes some time to get those statements prepared. But, in the forecast, there is an overexpenditure, and the minister still refuses to admit to that. He says that we've got a 3.3 percent spending increase over the actuals, when, in fact, it's 6.2 percent, and the reason why that is, is because we have an overexpenditure of \$234 million. That may well happen this year as well. So you have to deal with those assumptions.

Going back to the debt-to-GDP, again, as I said, the revenues are based on the GDP that are assumptions. If the minister wants to take me to task for being Chicken Little, as I say, it's not a matter of being Chicken Little, I look at the economy that's out there. I know the minister reads an awful lot, and he looks at the same kind of forecasts that are out there. The forecasts, quite frankly, are not as rosy and as positive as the minister may wish to make them.

The fact of the matter is, is that there are some challenges that we face in the next little while. Not only in this province, but, certainly, in the rest of the jurisdictions in western Canada and in Canada.

The minister already indicated that Ontario and Québec are going to face some dramatic challenges over the next little while because of the dependency that they have in manufacturing, and, certainly, the GDP that they contribute to the federal government. So we're going to talk about some other issues there when it comes to transfer payments and equalization payments as well that may well be affected by the same thing.

If I can, the minister has identified and given information based on the Bank of Canada. I have, and have read a couple of documents, and according to Canada West their calculation shows that Manitoba has a debt-to-GDP ratio of some 30.4 percent, and that this is higher than all of the provinces. That was a calculation done by Canada West.

Has the minister's staff looked—obviously, we have the individual who's got all of the GDP data.

Has he looked at the Canada West calculation in debt-to-GDP?

*(16:00)

Mr. Selinger: The numbers we give here are based on audited financial statements, not somebody else's hypothetical projections. I'll have our economist look at that, if you wish, but there are different methodologies used by different think tanks and different credit rating agencies with respect to debt-to-GDP ratio. In the budget, if the member looks at page B13 in the budget papers, which should be in the same book that we've been working off of—I think it's in the budget papers, B13. If you go there, I'm going to get there myself, and then I will confirm it for the member.

Yes, on page B13 in the same document we've been working on, there are a number of bar graphs there. If you look at the net tax-supported debt-to-GDP ratio by province of the Standard and Poor's, which is a pretty credible credit rating agency, it ranks us in fourth position for the country relative to all of the other jurisdictions. We are clearly in the top half or in the top four on our debt-to-GDP ratio, just among the provinces.

Mr. Borotsik: Thank you, and I did notice that bar graph before. I did notice that we're still behind the other jurisdictions. I know the minister doesn't like to make comparisons between Saskatchewan, Alberta, and British Columbia. He'd much rather make comparisons to New Brunswick, Nova Scotia, and Newfoundland. But does the minister not believe that the competition for Manitoba, both from attracting labour, attracting private capital, the competition that we have is a western Canadian competition, that it is, in fact, Saskatchewan and Alberta that would have to be our competitors, as opposed to Atlantic Canada?

Mr. Selinger: We like to make comparisons on a Canada-wide basis because it reflects the country. The member can pick any subset of that he wishes. But, in terms of competition, we face competition from east, west, and south of us. It's now commonly understood that Canada relative to the United States is competitive all across the boards on taxes just about in every province. It's also understood that, yes, in labour markets we compete with western Canada, but we're actually doing quite well in that regard. With respect to, say, private capital investment, Manitoba is leading the country this year, east, west, north, or south, anywhere you want to go. Nobody's getting more private investment than

Manitoba. I just don't know why the member has a problem with that.

Mr. Borotsik: The member doesn't have a problem with that, but the statistics and data that he gets with respect to the private capital investment in the province are not the same numbers that the minister is getting. We'll get into the private capital and we'll get into the public capital that is being put into the province at the present time. So our numbers don't jibe.

Mr. Selinger: That was private capital investment as forecast by Stats Canada, best in the country, 22.4 percent.

Mr. Borotsik: Just to go to another one, and I know the minister would have some respect for this particular organization, it is the Chartered Accountants of Manitoba. Mr. Chairperson, the Chartered Accountants of Manitoba do an annual check-up. I know he reads the document from cover to cover. In the Chartered Accountants of Manitoba check-up in 2007 they revealed that Manitoba was the only western province to increase its net debt-to-GDP ratio from 2000 to 2005. We recognize that the net to-GDP is going to stay pretty much stagnant for 2007 and 2008 budget years, but we were the only province to increase the GDP, the only one in western Canada to increase the net debt-to-GDP ratio. Now, again, I take it the minister doesn't like to make those comparisons with respect to western Canadian provinces. He wants to make comparisons in other jurisdictions. Is that the philosophy?

Mr. Selinger: Au contraire. As I said earlier to the member, we do well in comparisons in any direction you want to go geographically. I gave an indication of how we're performing the best in the country on projected private capital investment. If you take a look at the amount of public debt that's being brought on the books by jurisdictions to the west of us, it's far greater than what we're doing in absolute terms and in percentage terms as well.

I'm going to ask my staff to give me the hard numbers on that, but we've looked at it very carefully and we're managing quite prudently in that regard, including addressing the pension liability issue, which I can discuss with the member later if he wishes.

Mr. Borotsik: Actually, that's maybe not a bad segue into that. On page 24, there is \$1.686 billion, which is identified as the pension liability. Perhaps the minister would like to expand on that.

An Honourable Member: Page 24?

Mr. Borotsik: Page 24 in the same budget document. The net pension liability is identified—I am on, am I, Mr. Chairperson? *[interjection]* The net pension liability is identified at \$1,686,000,000 for the 2008, 2009 budget. If the minister would like to maybe give me an understanding as to the pension liability and where that's heading, and how he plans on reducing that pension liability.

Mr. Selinger: Well, as the member knows, the pensions for teachers and public servants, the employer's portion of that was not funded since 1962 in this province until we came into office in '99. We immediately started putting a portion of our annual commitment to paying down debt towards both of those liabilities.

The member will also know that last year we borrowed \$1.5 billion after an independent actuarial analysis of the pros and cons of that, and invested that in a fund that is the pension asset fund, which is available to the teachers' retirement group, as well as the Civil Service Superannuation Fund for the months we contribute there. That's why you get the pension liability net of the asset fund, which gives you the net amount. So, you know, you can see the liability was \$4.6 billion and, with the money we put into the asset fund, it's been reduced on a net basis to \$1.6 billion. Then, because that's borrowed money, it has an impact on your overall borrowings, but it has no impact on your net debt. The advantage of it is that it makes that money available to those retirement funds to invest on behalf of their members.

Mr. Borotsik: But the minister just touched on a very important point. The \$1.5 billion is now debt. It's debt to the province. It was either an unfunded liability that the province was responsible for, or it was going to be debt to the Province. The Province has borrowed that \$1.5 billion and, as I understand it, at reasonable rates. I got the explanation last year as to why it was to be the \$1.5 billion at that time as opposed to a later time, and it was to be able to achieve, in the financial markets, what the minister felt was a reasonable rate. But it doesn't affect the net debt, but the gross debt is still affected by that \$1.5 billion. Is that correct?

Mr. Selinger: The pension liability goes down, the gross debt goes up and the net debt remains neutral. The advantage is that, as I said earlier, we were fortunate in having—market conditions allowed us to borrow long-term money at a reasonable rate, under

5 percent. The experience over time—this is a long-term decision that we make to fund these pension liabilities. The experience has been very significantly better than that in terms of the rate of return that these pension funds have earned over a reasonable time horizon. The result of that is, when the funds do better overall than the cost of borrowing, that's a net saving to the taxpayer, and it helps reduce our overall pension liability as well as our overall net debt liability going forward.

I'll ask the staff to give me the table. We have some visuals to support that kind of discussion in the budget. I'll just ask them to pull up the right page on that. We have a chart, as I recall, as well, with the curves in it. As you recall, we'll just get that from the members so we can give an idea of what that is.

If the member has his budget speech with him, on page 21

* (16:10)

An Honourable Member: He does not have the budget speech.

Mr. Selinger: Well, that was an imprudent decision because there's so much valuable information in there. I'm going to share this page that I have here with him on the understanding that he'll give it back to me. We can make a Xerox copy or another fresh copy available to him.

Anyway, that chart on the top right-hand side of the page shows what would have happened to the pension liability unattended, how it would have grown. Then the curve that starts going down shows the impact of the funding decisions we've made over time, and that works out to the advantage of Manitoba taxpayers, as well as to the benefit of the people that participate in those plans. They know the money is there and they have a greater sense of the security of their retirement money. But it's also helpful to us, as a government, to try to make the best use of our dollars by proceeding in that fashion.

Mr. Borotsik: Do I take it from the line that's going back down to 2030, that that would be the length of the term of the borrowings for the \$1.5 billion?

Mr. Selinger: Roughly, yes. They're about 30-year borrowings.

Mr. Borotsik: I guess the simple question. The unfunded liability, even in the teachers' pension fund, which was borrowed, the \$1.5 million, the unfunded liability was in excess of \$2 billion. If this was such a good financial exercise and, certainly, so

advantageous to the citizens of Manitoba, why did the minister not borrow the additional \$500 million to take the full unfunded liability from the teachers' plan?

Mr. Selinger: The rationale was, is that the funds have actually performed better than the actuarial rate of return that was assumed. They assumed a return of, in the order of, 6.25 percent. The funds have actually, over the last, say, decade, performed in double digit, over 10 percent. So it seemed prudent not to take the whole amount in funding because the fund might actually do better than what was projected and be able to look after that liability. That was part of the thinking.

The other part of the thinking was that there are governance issues with respect to these funds. We want to make sure that people don't assume that there's a whole bunch of surplus there that could drive other demands, in the future, that might make it more difficult for the public to manage its resources properly. But we wanted to make sure that pensioners and beneficiaries could get the advantage of the employer making a very significant commitment to making the money available that had not been done since '62, as I said, and we thought there were a couple of advantages. It sends the right signal to the beneficiaries that we're committed to their pension plan, but also sends the right decision to markets that we're using our resources wisely and taking advantage of market opportunities for lower-rate, long-term debt financing. But also the right message to the taxpayers that we're trying to make every dollar get as much of a return as possible to the benefit of Manitobans.

Mr. Borotsik: I thank the minister for that very candid response. As I understand it, the fund is certainly workable now with the \$1.5 billion that has been placed in it. Had there been the extra half a billion dollars, then, perhaps, there could be other demands made on the fund, and I do appreciate that candour.

What was the rate, and I believe you answered this last year, but I can't recall off the top of my head. You're right, as I understand, the fund is—for whatever reason, they should be looking after our money, I suspect. The fund is, in fact, generating reasonable rates of return, anywhere from 8 to 10 percent, as I understand it. What was the rate of borrowings for the \$1.5 billion?

Mr. Selinger: As I recall, I put it on the record last year, I think I gave you a number of 4.8. I think they

did a little better than that, but 4.8 was the range that the money was gotten at. I think it actually did slightly better than that.

Mr. Borotsik: There still is a pension liability of \$1.6 billion. That's not all teachers, obviously. Others would be the superannuation, I take it, from the civil service pension fund. Is that correct?

Mr. Selinger: Yes.

Mr. Borotsik: So, as I look at the numbers, there's still a half a billion dollars there for the teachers' pension, then it's about \$1.1 billion in liability with the civil service superannuation?

Mr. Selinger: I'd have to check the numbers, but we're in the right range there.

Mr. Borotsik: If rates are so advantageous, and as a matter of fact, the fed just cut the rates by another half a point, why would the minister, or has the minister looked at the possibility of funding that particular fund with borrowed dollars or reducing the liability in that fashion?

If it's been so successful for teachers, has he been looking at it for the superannuation?

Mr. Selinger: Yes

Mr. Borotsik: That's a very candid answer once again. Needless to say the answer is a simple answer and perhaps he could expand on it a little bit. We are looking at reduced rates of borrowing right now, or maybe not. Maybe the minister can help me. There are some liquidity issues in the marketplace right now.

Is he finding it difficult to borrow that kind of capital, \$1.1 billion in the market the way it is right now? Is that why it hasn't happened to date?

Mr. Selinger: The member's correct. Even though the Bank of Canada rates are going down, there are pressures in the borrowing-lending sector that are pushing out spreads. Even though rates are going down, the spreads that the money is being made available at for purchase of this capital are actually widening. Sometimes they're based on LIBOR or interbank rates. They've generally been widening which is why you've seen some of the increased liquidity made available to the markets and why you've seen some of these rates reduced to generate more confidence. So that the rates that the banks charge each other for borrowing, for example, don't continue to escalate even though the Bank of Canada rates and central banks' rates go down.

The way we look at it is, we look at it on a business-case basis. So if we can get the money out of what we consider to be a reasonable rate, we will, certainly, look at that market opportunity. I'll take advice from my staff who monitor that every day and we'll make a decision going forward. The member also is aware of the fact that there is a fair bit of volatility in the markets right now. I think the strategy has to fit the times. My view would be that we would take a look at opportunities over a period of time to fund that, not try to roll the dice and do it all at once or at any one time, not knowing what the circumstances will be in terms of volatility.

I think on a long-term program we will continue to look at opportunities to fund our pension liability when market rates are within our target, what we think is reasonable and advice supports that from my staff. Then we will take a look at that going forward.

Mr. Borotsik: I appreciate the comment volatility. When I use that comment, it's Chicken Little and the sky is falling, but, certainly, there is volatility not only in money markets but certainly in the economy that we have right now. So it's not Chicken Little, it's not the sky is falling, and I appreciate the fact that the minister is taking some wise counsel and looking at how that is going to affect the rates.

In speaking to that, perhaps the minister, and we've talked about pension liabilities, and perhaps flipping that end to debt, the minister does recognize and I recognize that there is going to be substantial rollover of debt and there always is. There's rollover in debt; there are notes that are coming due.

Can he give me some indication as what that number is, what the rollover is going to be? If there is that volatility in the money market which we recognize there is, does that mean that the rates are going to be increasing to the province of Manitoba in their debt servicing or are they going to stay fairly stagnant?

Mr. Selinger: Once again the irony has not escaped me that we're getting into specific Estimate questions. I've released my assistant deputy minister responsible for the Treasury. You're getting into Treasury questions.

I just have to clarify the Chicken Little comment was your unduly pessimistic comment about the Manitoba economy. My comment about volatility was about global capital markets. We're talking apples and oranges here. I hope the member doesn't want to confuse those issues; they're completely

different contextual frameworks. Yes, there has been a lot of volatility in international capital markets and no, the Manitoba economy has been steady and it's pretty stable as we're going forward. I hope the member doesn't conflate those two issues and try to use it for his own political advantage. They are two different topics we're addressing here and I was giving him different comments based on the different topics.

So, I think what I would like to do is even though I could give them information on rollover, I'd like to do that when I have the ADM here and deal with it in real time so that I can have fully supported information for the member and he can get as accurate information as possible.

* (16:20)

Mr. Borotsik: It seemed to be a simple segue, but, yes, I'm okay with that minister, we can do that certainly at a later date. That's not a problem. We're going to talk about the debt and rollover. We can do it in the Estimates at a later time.

As for the comment of the Manitoba economy, again, it's not a matter of being pessimistic and it's not a matter of being Chicken Little. I look at the global economy as well and I look at the dependency of the Manitoba economy. We aren't an island unto ourselves; we do have to look at the global economy. It's not just simply a matter of the national economy and how we deal with interprovincial trade.

What we have to do is look at it globally, as the minister did just recently in making his comments. He looks globally with respect to the money markets. My comments basically are saying how Manitoba is going to accommodate any growth based in the global market, and that global market is shrinking. That global market is, in fact, being impacted by any number of challenges. I don't think we can just simply suggest, and this isn't for political opportunity; it's a matter of, simply as a Manitoban, looking to make sure that we are going to have a budget that reflects the conditions that we are facing, not just now but certainly in the future.

So I'm not going to suggest that I am a Chicken Little. I'm going to simply suggest that it's something that we should be looking at very realistically, because there is an opportunity of downturn out there, not that I'm looking forward to the downturn; in fact, I would hope quite the opposite. I hope we can weather the storm better than any other jurisdiction. That would be my hope, my wish, and

my desire because I live in this province, and I know I have lots of people and lots of friends who work in this province. The stronger our economy, the better it is for us. So, it's not a matter of me wishing the worst; it's not a matter of me being optimistic or pessimistic; it's a matter of me just looking to make sure that we are planning for the future.

As for the rollovers and the debts, I would be more than happy to wait for that, Mr. Chairperson and Mr. Minister.

If I can, and I don't think this is in the Estimates books—it shouldn't be—but you as the minister responsible for all of the departments, I wonder if you and your staff do have statistics or figures that can show me just how many civil servants that the Province of Manitoba currently employs. Do we have those statistics and that data?

Mr. Selinger: I'd be happy to discuss that with the member under the Civil Service Commission Estimates. I'm the minister responsible for that. I'd be happy to do that, and I'd be happy to have the Civil Service Commissioner here to do that. These staff don't have it here. They're kind of perplexed, not perplexed, but they are stymied by the question because they don't have that data available to them. We can pick it up there or I could get it for you as a matter of notice, whatever you wish.

Mr. Borotsik: No—

Mr. Selinger: I just have to finish my comment up. I just have to say that you've been here a year, and you've been telling me the economy is going to hell in a basket for a year. Last year the economy had record growth. So, you were wrong on that one and now you're saying it again this year. My view is that you're sort of positioning yourself to say, I told you so, on the economy which is unfortunate because, if you say it long enough, eventually there's going to be some slowdown as there is in any economy in the world.

The reality is, the Manitoba economy is a pretty resilient economy, and there've been a number of things we've done to keep it resilient, both in the private and the public sector.

The reason I distinguish those comments from global capital markets is because global capital markets do have volatility and, so far, we haven't been severely negatively impacted by them. The member is right. We do participate in a global economy in terms of our trading patterns and our exports, and global credit markets impact on

business decisions as well government decisions. There's no question about that.

I did feel that the member was conflating those two things and tried to counter-punch, so to speak. So I'm just going to keep the discussion going because I think we all benefit by clarity about our comments and what area we're talking about. There is a difference between the Manitoba GDP and global capital markets. I don't think you can conflate them together. Yes, there is an interaction between them, and every jurisdiction is dealing differently with global markets.

If, for example, you take a look at what's happening in Iceland right now, they're really struggling with very high inflation rates. They've been hit very hard by exchange-rate problems, Mr. Chair; they've been hit very hard by people doing a run on their banks which are major international competitors. Manitoba hasn't experienced those problems. Every jurisdiction reacts differently to what's going on in the global market, and the global markets react to them differently in terms of how they treat them.

We've been considered to be a strong resilient economy, and I'm optimistic that we'll continue that but we do show reduced growth over last year. We're very upfront about that in the budget, both nominally in terms of real GDP, but our change in growth patterns has moved us to the front of the pack relative to other jurisdictions, which indicates that on a comparative basis the economy is slowing down globally. There is some slowdown in Canada, but relative to everybody else, Manitoba is quite well positioned. That's a good story. You'll see in the budget. We said steady as she goes. You'll see in the opening statements in our budget speech, which you seem to have dispensed with—I thought it was very important contextual information—that we are conscious of the larger picture and that's why we tried to budget prudently this year.

Mr. Borotsik: As for the public sector, we will wait for the Estimates. I'll deal with that when you get your staff in place, so there's no need to do that right now. We've got some time on Monday that we can deal with that section of the Estimates and certainly the civil service; we can deal with that. There's no necessity to be putting additional strain on the staff that are here.

Mr. Selinger: Usually, my civil service Estimates are dealt with completely separately from Finance Estimates. They have been in the past because it's a

completely different departmental responsibility. If you want to bring them in, I'm happy to do that, but if we can just get the House leaders to agree to that, I'd be happy to bring more to the table and get it done.

Mr. Borotsik: No. That's not necessary at this time. If we can deal with it at a later date under Estimates I'd be more than happy to do that.

We can shift. Another area that the minister has a number of explanations for over a number of times asked the question. I would like to get into an area of the dependency of Manitoba on the federal government with respect to equalization and transfer payments.

Now, the minister, when I mention equalization, always has a tendency of simply bringing forward the issue of transfer payments, and there are a couple of areas that I'd like to deal with on that one. We know that this past year the equalization portion, okay—if we can just simply deal with equalization and not just muddy the waters with the transfers, although we'll get to the transfers because he talks about the transfers being done on a per capita basis now and how we're doing certainly much better than all other provinces or not as well as other provinces on the transfers. But equalization right now. The minister has in his budget documents recognized that we're now going to have a record level of equalization payments. Equalization payments to the Province of Manitoba will be in the neighbourhood of \$2.063 billion. I have that in the number in the document.

There was an increase of some 230-some-odd million dollars I believe in equalization last budget year to this budget year. Does the federal government give the Province of Manitoba and the Finance Minister an understanding as to what the increase in equalization payments will be for the next budget year 2009-2010? Do we have any indication as to what that might be?

Mr. Selinger: No. They don't give a specific number.

Mr. Borotsik: When will that number come? I do know that, in order to finalize this budget document, it had to be done certainly prior to the year end. They have to look at what their—

Mr. Selinger: Yes. Usually, we get a number firmed up for us by the federal government towards the end of December in the year just prior to the calendar year. So, for example, this year we would have

gotten that information towards the end of December '07 for our budgeting purposes for '08-09. So it's not unduly early. It's sort of in the last quarter of the fiscal year when we get the number.

Mr. Borotsik: There's no indication prior to that? I mean, you have a department that deals with intergovernmental—well not intergovernmental, with federal, so is there any indication prior to that as to how the economy is going and what they're going to be doing?

* (16:30)

Mr. Selinger: There's lots of guessing about what it might be. There's lot of informal dialogue, but there's nothing that you can rely upon until they give you a hard number. They give us the one number that will be the number that we budget around just before Christmas.

The member might know that there's been some change in methodology. There used to be estimates every quarter and it used to be quite volatile—go up and down. You'd think you're down a couple-hundred million, be up a couple-hundred million, and there'd be all kinds of wild and wonderful explanations for that. It created quite a bit uncertainty in terms of the Province's ability to forecast. As a result of the O'Brien commission report that was originally brought into play under Minister Goodale and then carried forward under Minister Flaherty, that report recommended several changes in methodology, some very significant simplification of the basis upon which equalization is calculated, but, also, a rolling three-year average. I think I explained this last year. The rolling three-year average results in one number in the last quarter that we use for our purposes of the annual estimate.

Mr. Borotsik: Obviously, for this budget year, it's been identified as being \$2,063,000,000. So that's a hard number. We know that that's what's going to be coming. There are no adjustments to it. There are no changes. The only adjustments and change will be for the 2009-2010 budget year.

Mr. Selinger: That's what the agreement is. However, I do note comments from the Minister of Finance federally in New York very recently, saying, under no conditions will he go into a deficit including having to make cuts in his expenditures. So that might create an element of uncertainty going forward.

Mr. Borotsik: Okay, just clarify that. Going forward, but going forward to the 2009-2010, not going forward for the 2008—

Mr. Selinger: No, it wasn't specific. He was simply saying—as you know, the federal minister has been accused of giving away too much revenue and running his situation too thin. He was making statements in New York recently that he would not let the federal government go into deficit. I mean, that is a bit of an issue out there. But the formula guarantees the money for the year in the last quarter when it's announced, and I don't anticipate any deviation from that.

Mr. Borotsik: Just for my own information then, what kind of a cash flow do they use on the transfer, the equalization, particularly? What kind of a cash flow is there? Do they do that on a quarterly basis? Do they do it on a one-payment basis? Do they do it on a monthly basis?

Mr. Selinger: Actually, I just want to clarify it because we have, just in terms of the federal commitment to equalization, the Prime Minister has said he won't be adjusting the formula, and that other funding is done on a per capita basis or adjusted to fit the needs of a particular sector. So there is a statement there that is important to have on the record. We do get the money monthly. It's cash flowed monthly.

Mr. Borotsik: The minister's on the record many times as saying that other provinces throughout the country receive a larger portion of—and his term is transfer payments, not equalization payments—I would like to have him confirm that. When he talks about the per capita basis on transfer payments that he's looking at the health and social transfers, the Canada Health Transfer, the Canada Social Transfer, being done on a per capita basis. Manitoba, right now—all provinces receive the health and social transfer and the Canada Health Transfer.

Can the minister show me what documentation he has to prove that Manitoba is, in fact, getting less on federal transfers on a per capita basis than other provinces?

Mr. Selinger: Well, first of all, I just want to draw the member's attention back to B13 in the budget papers again, the same place where I showed him the net debt-to-GDP ratios of Standard & Poor's. On the upper left hand side of page B13, there are major federal cash transfers, changes from '99-2000 to '08-09. It shows the Canadian average as being an

88 percent increase in transfers. It shows Manitoba's transfers being less than that at 82 percent, which verifies the statement that our transfers have been less than the Canadian average. It shows the big winners on a percentage-basis increase in transfer payments are that poverty-struck Alberta, followed closely by that hard-up British Columbia, and then the province of Ontario which we know is struggling with some financial issues right now. But it gives an indication that the shift per capita funding has benefited the most populated provinces.

Mr. Borotsik: I would see that as being that those provinces have been gaining in population; therefore, their increase in the cash transfers is because of a population growth. When you get more people into those three provinces—and by the way, those are the three provinces, with the exception of Québec, that do have the growth in western Canada. Therefore, if the population's growing, done on a per capita basis, needless to say, they're going to have a larger increase.

Does that mean that Manitoba's population has not been growing at the same level and that's why we have a lesser percentage increase?

Mr. Selinger: On a per capita basis, population is a factor, but the most significant change that has driven the percentage increases—you can see the increases are well above what you might even imagine what the population increase would be: 169 percent is just not happening for Ontario; 131 percent on a capita basis and happening for Alberta. But what it means is that the formula, the per capita transfers, the health and social transfers used to have tax points on the base, which adjusted the actual cash they got because they were supposed to take into account their tax points that had been transferred in previous negotiations—now, under this government, they ignore the fact that some provinces have a stronger tax base, which is reflected in stronger tax point yields of revenue. They've gone to a more strict per capita transfer, regardless of the economic base on those jurisdictions. So the big winners have been provinces that have benefited from their tax points no longer counting in the calculation of per capita transfers.

Mr. Borotsik: The document that I pulled off the federal government Web site does show those tax points. They show cash, they show tax points, and they'll still be identified with all provinces. As a matter of fact, the federal transfers to Manitoba, which is identified in the budget as well, the total

transfers to Manitoba, including the transfer, the equalization for the 2008, is going to equal some \$3.843 billion. Mr. Chair, \$3.843 billion is going to be the total tax points, the total cash, and the total equalization transferred to the Province of Manitoba. Are those figures corroborated by your department? Those are the numbers that are reflected in the budget

Mr. Selinger: I think it would be helpful if the member made the document available, so we can just make sure we're understanding the numbers in the same way. The tax points reflect our own source revenues. Yes, the federal government does continue to identify tax points in each jurisdiction, but it's not the basis upon which they calculate the per capita transfers any longer. They shifted the methodology to exclude the tax point strength of a particular province from the per capita calculation.

Just as a historical footnote, if I might, the tax points were one of the demands made by certain provinces on the fiscal and balance issues as long ago as 1977 when tax points were transferred. When those tax points were transferred, the provinces, then, were responsible for using that taxation that they themselves raised. Once the tax points were transferred, each province was responsible for raising the revenue through their own taxation by getting those tax points and being accountable for it to their own taxpayers.

Now, they still have the benefit of those tax points that they levy, but they are no longer counted in the per capita transfer that is made under health and social transfers. So that has resulted in disproportionate percentage increases to those provinces whose tax points are now excluded from the formula.

So, for example, Ontario, in '77, would have been by far likely the strongest economy in the country, and the tax points transferred to them would have yielded disproportionately more revenue. That was deducted from their transfers for health and social policy. Now it's no longer deducted. They get a per capita amount, Prince Edward Island, Ontario, Manitoba, wherever, and those tax points are no longer counted, so they've been the big percentage winners in the cash because there's been a shift of cash to those provinces that previously counted big tax points into the base of the overall calculation for those transfers.

* (16:40)

Mr. Borotsik: The minister is saying that those particular jurisdictions are the big winners because they are now going to per capita as opposed to the tax points. That's fair, and I'll give him that point. But the big winner, needless to say, is those provinces that receive the equalization payment.

Does the minister realize that this year, 2008, we talked about equalization, this province is going to receive \$2.063 billion in equalization. The minister is on record as saying that that's not a province-to-province payment. I recognize that. We know that it's constitutional, that there is revenue sharing, revenues that are generated by the federal government are going to other jurisdictions, other provinces, to make sure that they have the same service levels that are provided throughout the country.

In Manitoba, right now, this year, 2008, \$2.063 billion will be received from equalization. The minister is shaking his head. Does he refute that number?

Mr. Selinger: No, I'm strictly staying alert to your comments and listening with rapt attention, waiting for my opportunity to respond.

Mr. Borotsik: The minister will have an opportunity to respond very shortly.

Mr. Chair, the \$2 billion, which has increased by approximately \$234 million this year, from 2007 to 2008-2009 budget, in fact, the transfer payments have been increasing every year that this minister has been the Finance Minister. Does he ever see at any point in time where those equalization, not transfer, equalization payments will, in fact, not increase at those levels and may level off, may decrease? So the minister can respond to the possibility of the equalization payments becoming less than more.

Mr. Selinger: I appreciate the member putting the question to me, because there is a lot of misinformation in the public domain about transfer payments, and we do have to correct that.

An Honourable Member: Equalization.

Mr. Selinger: Yes, and I'll speak specifically to equalization as part of my discussion on transfer payments.

The reality is that the member is absolutely right in confirming what I said to him in the Legislature: No province makes a transfer to another province, and that is a big misunderstanding out there.

As I said to him in the Legislature, when all of us in this room pay our taxes, \$2 out of every \$3 we pay in taxes, roughly, goes to the federal government. Some of that is returned to provincial governments through a program called equalization to allow provinces to offer roughly competitive levels of service at roughly competitive levels of taxation, taking into account the variation on the specifics, in terms of both expenditure and how they raise their taxes.

So the transfer is a federal government transfer of money received through income taxes and corporate taxes from across the country. They collect probably about 65 percent of corporate taxes as well, because the rates are higher, significantly higher. They're about a third higher—

An Honourable Member: For the time being. You're trying to get there, but that's okay.

Mr. Selinger: No. They are higher.

An Honourable Member: That was facetious. Okay.

Mr. Selinger: They are higher. They've gone higher and our rates have gone down faster. I'm sure our rates will always be lower than the federal rates. I can almost guarantee that, no matter who the government is, federally.

The reality is that the misunderstanding is one province transfers revenues to another province; it doesn't happen. The federal government makes a transfer based on revenues they get from wealthy Canadians and profitable corporations from across the country, and Manitobans contribute to those transfers to other jurisdictions. Wealthier Manitobans who pay income tax also make that contribution. So we all contribute based on our ability to pay to the two-thirds of all the dollars in income tax that go to the federal government. Then the federal government, recognizing that it has the lion's share of personal income tax and corporate tax room, have—and they got that room, as I explained in the Legislature, roughly around the time of the Second World War, when many provinces transferred fiscal room to the federal government so they could mount the war effort. They didn't transfer it back. They made fiscal arrangements. They didn't give us all that tax room back. They made fiscal arrangements, and the fiscal arrangements included transfer payments for things like health care and education and, from time to time, things like infrastructure. But, primarily, they brought into place a program that we

now call equalization, as a companion piece to go along with transfers for specific things like medicare and post-secondary education, as well as at one time they used to have the Canada Assistance program that they funded on a 50-50 basis, which looked after all the social programs, including social services, social assistance, day care, legal aid. All of that's gone now. All of that architecture is gone, and the federal government doesn't contribute to that on a 50-50 basis anymore. So the reality is that the transfers come from the federal government based on the revenues they generate from wealthy Canadians and wealthy corporations.

Equalization—and I'm going to get the member this information specifically—has gone up as a result of the negotiations between the federal and provincial governments to put the formula back on what we call the principle-based basis. The principles were established by the O'Brien report, as I mentioned earlier, was a report that started under the federal Liberal government and was carried forward under the new Conservative government.

Both of those governments recognized the O'Brien report was moving in the right direction on putting equalization back on a principle-based approach. The principle-based approach basically moved from a five-province standard to a 10-province standard—in other words, you look at all the provinces—and it tried to look at all revenues, except for only 50 percent of natural resource revenues, and it did not include user fees, which are significant sources of revenues across the country. It's not a perfect formula, but it was a dramatic improvement over what the Martin prime ministership had done, where he had gone basically to a block grant on equalization, and the block grant had no rhyme or reason to it. It was just sort of a fixed point in time and then the block grant had some escalation on it, but the fundamentals of the block did not have any rationale for it that we could detect on the basis of any principle-based formula.

I actually have to give credit to the current Minister of Finance federally for taking the O'Brien report in hand and moving on it with his government and putting in place a methodology for transfer payments, which I think is more understandable and more based on fairness and a simplified set of methodologies as well. So that part was done.

Our equalization has not really changed dramatically. It was about 20.9 percent. It's about 20 percent. Roughly, it runs around 20 percent as a

portion of our total revenues. I do—and in answer to the member's question, will we be able to reduce that? Short answer is yes. We have our economy performing above the Canadian average and as long as that happens then eventually you will see a reduction in reliance on transfer payments like equalization. As long as your economy produces above the Canadian average, you're going to be a net contributor over time to the transfers that we make as individuals and corporations to the federal government.

I am optimistic that we can move forward in that regard and share our wealth. You know, there's only really one province that has never been a beneficiary of equalization and that's Ontario. Every other province at a different time in its history has been an equalization beneficiary. Alberta, B.C., and all other provinces in the country. This equalization formula that we have in place now on a ten-province average is available to Ontario if they need it.

I often use the analogy to describe this, and this is no different than the way the NHL operates. The NHL shares revenues so that all the teams can stay competitive and that particularly helps Canada, in the short run, and now that the dollar's stronger, it may shift in other directions, but the reality is, every good league, including a country, but every good league in terms of professional sports has a revenue-sharing formula built into it. In addition, they have other formulas to equalize the chances of the teams to be competitive. The draft, salary caps and revenue-sharing are the three instruments used in a competitive professional league.

We don't believe in putting caps on people's wealth in this country, so that's off the table. We don't have a draft. What we do have, under the Charter of Rights, the ability for Canadians to be mobile and to go where they think the opportunities are, and that's why we position ourselves to attract Canadians and bring immigrants here as well.

Then there's a revenue-sharing element that's called equalization in this country, and all the federations in the world, including the United States, they don't call it equalization, but they have a leveraged formula. When they make an investment in North Dakota, they leverage it at a higher level than an investment in a wealthier state in the United States. Every federal jurisdiction in the world has some mechanism to share the wealth to make sure their citizens have an equal chance to be competitive, to prosper and to contribute back to their society.

Mr. Borotsik: I thank the minister for that lengthy dissertation and explanation of equalization and I understand the—

An Honourable Member: There's a budget paper on this, by the way, too, that you could—

Mr. Chairperson: Honourable member has the floor.

An Honourable Member: I did actually put—we did put a budget paper on this—

Mr. Chairperson: Honourable member has the floor. That one. Please be seated.

* (16:50)

Mr. Borotsik: I'll ask the minister to table the budget paper, but before we get to that, Mr. Chairperson, I do understand the philosophy of equalization. I understand the inner workings of equalization. There is income-sharing, and the fact of the matter is, the economy in Manitoba is not to the level right now of other economies. Therefore, we have to share those revenues.

In fact, I'm sure the minister is aware that this year—and I know he doesn't like to hear this, but this year, in 2008, the equalization, not the transfers, we've gone through the transfers; we understand transfers; we know that there's a per capita transfer, but, right now, this year, in 2008, because of—and I'm sure the minister will agree to it because the Saskatchewan economy has been rolling along so well that this year there will be no equalization payments that will be sent on a monthly basis, as they are achieved here on a cash-flow basis with the province of Manitoba. This year in Saskatchewan their full budget will be funded by transfers and own-source revenues and fees and all of the other good revenue sources and streams that they have, but they will not have a revenue stream of equalization.

I know that the minister says that we are due what we get and we should be happy with receiving it because that's what the country is built on, and I don't disagree with that. It's nice to have the ability to share the wealth and make sure that other provinces who are less wealthy are able to provide services for their residents, but I guess the question I have right now is, is the minister working toward reducing, and I know that we talk about an economy that's firing on all eight cylinders and that we have to generate that, but is the minister actively working toward and does he genuinely wish to be able to reduce the dependency on equalization? Not transfers,

equalization. Is he honestly, genuinely trying to reduce our dependency on equalization?

Mr. Selinger: You know, the objective of any good government, regardless of political stripe, is to generate prosperity for its citizens, and the better you are able to do that the less reliant you will be on any form of transfer payment. That being said, the most dynamic economies are getting the greatest increase percentage-wise in transfer payments, and that is well documented.

With respect to equalization in particular, reliance on equalization will reduce as we perform above the Canadian average, and we're doing that. So that's a good story. So the short answer is that my objective is to find ways to grow the Manitoba economy in co-operation with the private sector and the community sector and anything else that moves around here that wants to generate wealth in a way that's sustainable. So that's what we try to do, and the side effect of growing the economy in a positive way is you reduce your reliance on transfers.

Mr. Borotsik: Not necessarily reduce your reliance on transfers, but reduce your reliance on equalization would be more of a way, in my opinion, to try to get more self-reliance.

The transfers based on, as the minister has indicated, based on a per capita basis now are those that do every province. The transfers are there as the minister had indicated. There were other programs that were funded in certain ways, certain forms. The fact of the matter is that there is a health and social transfer, and that's going to be done on a per capita basis.

Equalization is the one where, in fact, there is a disparity between provinces. Saskatchewan right now will not receive any equalization, as does Alberta. Alberta hasn't received the equalization, although they have in the past. They haven't for some years now, and B.C. doesn't. In fact, Ontario doesn't.

I wonder if the minister is aware that, on a per capita basis, and, again, this is the Government of Canada, that this year with the transfers and the equalization that Manitoba on a per capita basis, putting both of those numbers together on a per capita basis based on their numbers, the population numbers, that Manitoba this year will receive \$3,225 per person; \$3,225 per person will be received from the government of Canada on transfer and equalization. That same number, and, again, I hate to harp on it, but I as a Manitoban feel somewhat

disturbed because I think we're better than most other people,

Saskatchewan will receive \$1,621 per person from the federal government in transfers, no equalization. We've already established the fact, Mr. Chair, that there is no equalization payment going to Saskatchewan this year. So \$1,621 per person for Saskatchewan; \$3,225 per person in Manitoba. Exactly one-half of federal largesse, if you will, going from the feds to Saskatchewan to Manitoba.

The minister says that Alberta is receiving substantially more in transfer payments. Their per capita will be \$1,754. They are getting more than Saskatchewan, but, then again, their transfers for health and social transfers are more than they are in Saskatchewan, \$1,754 for Alberta. Manitoba is \$3,225.

Canadians have a tendency to think that Québec is the one that receives the most of the largesse from the federal government. In fact, it's quite common to go out on the streets and suggest that most individuals out there in Manitoba particularly would think that Québec gets a lot of money thrown at it in different fashions. If the minister's interested, the per capita transfer including federal transfers and equalization and, yes, Québec gets equalization; the Québec per capita this fiscal year 2008-2009 through support transfers will receive a \$2,582 per capita transfer from the federal government. So we're \$2,500 in Québec, we're \$3,200 in Manitoba, we're \$1,600 in Saskatchewan, \$1,700 in Alberta, \$1,600 in British Columbia.

I mention those numbers and again, this is not political. It's being a contributing member of this society of Manitoba. Is the minister happy with those numbers? Is he prepared to continue with those numbers in the future? Does he wish to reduce those numbers or is it simply a matter of a budgetary process that he's gone through the last eight years that he's satisfied with those numbers that they continue to grow?

Mr. Selinger: As I said earlier, our average transfers in transfer payments including equalization have been below the Canadian average. The big winners have been the provinces like Alberta, Ontario and British Columbia. They've seen, for example, 169 percent more in Ontario; 131 percent more in Alberta; 110 percent more in British Columbia. Our increase over that same period from '99-2000 to '07-08 has been 82 percent. The Canadian average has been 88 percent. The good news is that our

economy is starting to generate greater resiliency, greater growth. It's growing above the Canadian average, and that's the direction we want to keep it going.

That's why I mentioned earlier that our private investment in this province is predicted to be the highest percentage increase in the country this year at over 22 percent. Clearly, the direction is the right one to follow, and the short answer is we're never satisfied. We think there are other things we can do to work in partnership with the private sector, with the community, to continue to keep the ball rolling in Manitoba and to increase our prosperity.

Now the member likes to talk about some of the other provinces. We know that one of the biggest drivers of increases in revenues in provinces to the west of us are royalty payments due to high world prices for commodities. That's a great story for those provinces. Under our constitution natural resources are owned by the provinces. They have the benefits of that which is part of the rationale that there are transfer payments in the first place. Some regions by dint of their natural resource wealth generate more revenue as a result of that, assuming, of course, that they develop it properly. We are seeing that the western provinces are doing a pretty good job of developing it. There are contentious issues around environmental greenhouse gases in a province like Alberta that generates 40 percent of the greenhouse gases in the country. But nobody begrudges them getting a \$109 a barrel of oil, or similarly with Saskatchewan, which has not only oil and gas but uranium and potash.

We in Manitoba have a very dynamic but small oil and gas sector down in southwestern Manitoba that's been doing very well. Our commodities have generally done well in terms of mining. We've seen some real gains there in terms of commodities and finishing and refining those commodities as we go forward, which has helped us on exports. We've talked quite a bit about hydro at all levels in the community and in the Legislature so I won't belabour that point at the moment. You know the West has had the benefit of a commodity-based increase in economic growth across the world, and that's a good story. On the other hand, the manufacturing sector in eastern Canada has really struggled with the high dollar and the transfer of manufacturing to other jurisdictions where labour costs and environmental standards are quite a bit lower, and that's been a real challenge for them. They've done a number of things to try to address that.

* (17:00)

The manufacturing sector in Manitoba has been, in my view, very resilient. We've worked with them on advanced manufacturing initiatives so that they could use the manufacturing techniques. We've worked with them on research and development, and we've incented that in the budget. We've worked with them on training, human resource training to increase literacy levels and specific skills levels, with the aerospace sector for example.

So we've done that on the HR side and on the labour supply side. We've worked with them on taxation with very significant reductions in corporate taxes, from the highest in the country when we came into office, 17 percent, down to 12 with a forecast to go to 11 as we go forward. We've committed to removing the capital tax, which is an impediment, according to the business community, to capital investment. We've had a rapid write-down of depreciation for capital investment.

We've had a Manufacturing Investment Tax Credit, which is refundable 70 percent, which puts the money in the hands of the private manufacturers ahead of time. They don't have to be profitable to get that investment tax credit, which gives them more cash to invest in equipment and buildings and technologies. The high dollar is an advantage in that regard. If they're importing technology from the United States or other places in the world, it allows you to purchase that in a more cost-effective way.

So our manufacturing sector, unlike to the east of us, has actually done reasonably well and has bounced pretty well. There's lots of work to be done and there are a lot of challenges there, but I think they've shown remarkable resiliency and we've seen a net increase in exports. So our challenges and our opportunity is to work with all the sectors of our community to increase the prosperity in the province. We have seen that happen in the last several years. We've got a good chance of keeping that momentum going, and we will be working towards doing that. One of the outcomes of that will be a reduction in transfer payments, including equalization.

Mr. Borotsik: The optimism is laudable. Whether we achieve that in the near future is questionable. The capital taxes the minister has indicated right now was the only capital tax in western Canada. It was a no-brainer. It had to be reduced. It had to be changed. It is true. It had to be changed in order to be competitive with those other jurisdictions. I'm very

pleased to note that the capital tax will be off by July 1, but it's something that was absolutely necessary.

The minister, and I'll go off on a bit of a tangent here, he didn't mention the fact that he's putting into place the opportunity for businesses to operate on a more-profitable basis, a more-beneficial basis to business here.

Mining potash, there's a real opportunity for a potash mine either in Saskatchewan or Manitoba. As the minister is aware, there is a vein that runs right on the border. Potash Corporation of Saskatchewan has been very, very successful. As a matter of fact, potash just went up, I think, another \$500 a tonne. It's just been phenomenal and he talks about royalties. He talks about how mining and how oil royalties are so important to Saskatchewan and Alberta. Manitoba has the same opportunity. Unfortunately, we've lost some of those opportunities. At this point in time Potash Corporation of Saskatchewan is looking—or our potash corporation is looking at developing that potash vein. All indications are that they're going to go to Saskatchewan instead of mine that vein here in Manitoba.

Could the minister explain why, in his view, a corporation would go over the border in Saskatchewan than have that done in Manitoba?

Mr. Selinger: The member may be unduly pessimistic again in this regard. The member was concerned about achieving more economic prosperity in our lifetime. I asked him to look at last year's results. That's within our lifetime. He didn't have to wait that long. I can give it to you right now. We're doing pretty well.

Mr. Gregory Dewar, Acting Chairperson, in the Chair

The potash opportunity—there are considerable millions of dollars being spent by international mining companies that have an interest in potash in Manitoba. They're actively exploring the potential for developing that resource here. I have met with some of those corporations and discussed those opportunities. I've been impressed by their interest in our resource here and the way they would develop it that would be to the benefit of the majority of Manitobans.

So we'll see how that unfolds as they go forward. As you know, a lot of these big mining companies, they have 10-year plans on how they do these things.

They develop several opportunities over that time horizon, but I do know there is active interest in the province looking at that resource.

Mr. Borotsik: As I also know or I believe to have the information that there's probably only room for one major exploration with potash. It's either going to be here or it's going to be there. There's not room for two, as I understand, because of the vein and where it's located. So it's either going to be Manitoba or Saskatchewan, and I would give the Minister of Finance our full co-operation in trying to make sure that that is sited here in the province of Manitoba as opposed to elsewhere. Because, if the truth be known, we all would like to see the prosperity held here in Manitoba.

Is there anything, and I suspect that there are details that can't be made public, but is there anything that the minister is, in fact, trying to put into place that would encourage that development here as opposed to somewhere else?

Mr. Selinger: At the risk of being repetitive, we're eliminating the capital tax. We're reducing our corporate taxes from 17 down to 12. We've reduced our small-business taxes to the lowest in the country. We've more than doubled the threshold. We have HR investments going on in the province. We have infrastructure that we're building of roads and highways which allow these projects to unfold. All of these things, the infrastructure, both fiscally and in terms of physical infrastructure, that creates opportunities for prosperity inside the province of Manitoba. If the prices stay as high as they are, these resources will be in demand going forward. I think we can both agree on that.

Mr. Borotsik: I guess the minister didn't mention one particular area that I personally think is a deterrent for, Mr. Acting Chair, particularly, a labour-intensive operation such as this, and that's the payroll tax. The minister has mentioned the capital tax, which he's still looking in his documents. Take my word for it, there is no other capital tax across western Canada.

Mr. Selinger: I have to respond.

Mr. Borotsik: Okay, respond. You found one. I see the deputy minister is smiling.

The Acting Chairperson (Mr. Dewar): Order. The Member for Brandon West has the floor.

Mr. Borotsik: I see the deputy minister smiling. She must have found that some jurisdiction does have a

capital tax and I'm sure the minister will share that information with me.

Mr. Selinger: The member is, unfortunately, wrong. Saskatchewan has a special surtax on resource industries, of which we're talking about right now. That surtax is a de facto capital tax.

Mr. Borotsik: I guess we're both right because that's only in the resource industries where the capital tax, as the minister is well aware, was placed on all corporations here in Manitoba. Therefore, only the resource industry in Saskatchewan has that surtax. Whether that's in place for the 2008-2009 budget, I don't know. That may well have been information that is old information.

Mr. Selinger: I'm informed that that surtax is still in place. It does apply to the resource sector. So the member is wrong. There is a capital tax in Saskatchewan. The member also might know that the royalties have been increased in Alberta on the resource sector, as well, dramatically increased to the tune of over a billion dollars. The minister might also know that there's a major carbon tax that's been brought in place in British Columbia. These are all regimes that he thinks are doing better than us. They've increased their taxes in all of those jurisdictions in the last couple of years in the sectors we're talking about, or maintained them in terms of the resource sector in Saskatchewan. So the reality is that, while some of these other jurisdictions are actually increasing taxes in various ways, we've actually continued to reduce taxes.

Mr. Borotsik: One of the areas that he reduced taxes, he did raise some limits on that, but the one that is a one-off in western Canada, and does not have any other competitors in western Canada, is that of the payroll tax. Now, the minister has mentioned any numbers of taxes that he's reduced and, again, the capital tax, whether it be a surtax or a surcharge in the resource sector in Saskatchewan, that certainly isn't the full sector of capital tax that he's reducing. So there is a bit of an anomaly there and we will debate that.

But I wonder if the minister is anticipating a removal, at some point in time, a phase-out of the payroll tax. Does he believe that the payroll tax is a positive tax for corporations locating or relocating into Manitoba?

Mr. Selinger: Once again, I think, just to put the record straight, there are health premiums levied in British Columbia. There has been, until very

recently, health premiums levied in Alberta. They've now made a commitment in the last election to eliminate that. They increased their royalty taxes to eliminate their health premium tax. But British Columbia continues to have health premiums which are de facto payroll taxes for the larger companies in those jurisdictions.

Mr. Chairperson in the Chair

Our commitment has been to eliminate capital tax. With respect to payroll tax, we have lifted the threshold. The member will know that payroll tax is deductible against federal taxes, Mr. Acting Chair. Future announcements with respect to taxes are not usually declared until we get to the budget.

* (17:10)

Mr. Borotsik: We are at the budget and, certainly, there was nothing identified as being a reduction of the payroll tax in this particular budget. So, needless to say, the minister is satisfied in retaining that payroll tax.

I think it's unfair making a comparison between a payroll tax and a royalty tax because there are a number of taxes here in Manitoba that we can make the same comparison. Royalty taxes were increased in Alberta from what I understand because of a report that was tabled that said that the royalties paid on oil, particularly in Alberta, were at a lesser rate than they were in other jurisdictions, so it's just becoming a competitive issue. Certainly, generating more revenue for the province of Alberta was in the long term to their benefit because they do save their money as opposed to simply spend it. So they're trying to save for a rainy day, but we won't get into the fiscal stabilization just yet. We'll just talk about payroll tax.

As for Alberta, they also removed their health-care premiums, so they no longer have that health-care premium. The payroll tax, from what I gather, when it was implemented, was just that: it was for health care. Needless to say, this province and this minister would prefer to have this type of tax available as opposed to getting rid of it.

Can the minister tell me—does he have the detail available—what the percentage of payroll tax is generated from the public service as opposed to the private sector?

Mr. Selinger: Yes. The short answer's about 50-50 now.

The member's made a number of unfounded allegations about the competitiveness of the Manitoba economy, and the latest report that we have is from KPMG. It looks at a 10-year average on annual effective corporate income tax rates, and Winnipeg is one of the most—it is the most competitive city of the ones identified here. Mr. Acting Chair, it beats Regina, Saskatoon, Edmonton, Toronto, Minneapolis, Phoenix, Fargo, so we're extremely competitive in that regard, and the member needs to know that. You know, it's the whole story that counts when you look at a business decision, and the cost of doing business in Manitoba is among the most competitive in the country, if not North America. We do this every year in the budget on Appendix 1, page D12; that's the interpersonal costs and our affordability advantage there. Then we have it for manufacturing starting on page D26, and we look at the net cost of investment: we're very competitive. We look at pre-tax net income for small and larger manufacturing firms. We're very competitive. We look at effective tax rates for small and large manufacturing firms, and Winnipeg and Brandon are very competitive.

The member will be happy to know that we've kept Brandon in No. 1 position in both small and large manufacturing. That's a great story. I hope he'll give us credit for that when he's back home.

Then he will look at the internal rate of return for small and large manufacturing. Lo and behold, Winnipeg and Brandon are at the top of the pile virtually in all of those situations across the country, so we do this. This is the same model that was used by the Filmon-Stefanson government, with minor tune-ups to take into account methodological improvements, but, on an apples-to-apples basis, we keep Manitoba among the most competitive places anywhere in the nation, east, west, or north when it comes to business and personal cost of living and regardless of family type or size. So that's the bottom line for Manitobans: they have a very good quality of life and a variety of opportunities that we invest in for them; and they have affordable cost of living, and that applies to business as well as individuals and families.

Mr. Borotsik: Once again, I thank the minister for that opportunity to prove that we do have a reason for being very proud of Manitoba. However, the question was with respect to the payroll tax and the private sector-public sector. As I understand it, the public sector generates—the minister's saying now that the public sector generates about 50 percent of

that payroll tax. Of that public sector, that would include provincial, federal, municipal, and all other agencies, such as health care and education agencies, that that would all be the component of the 50 percent?

An Honourable Member: Yes.

Mr. Borotsik: Of that, how much would the federal contribution for that be in payroll tax?

Mr. Selinger: I can't give you that number because we have a policy of not releasing the taxes paid by individual taxpayers. Believe it or not, the federal government qualifies as an individual taxpayer.

Mr. Borotsik: I appreciate that privacy. We don't want to tell the federal government just how much more they're paying us in fees. I don't expect that is included in the transfer payments that we get from the federal government. This would be an additional contribution from the federal government, if you will, to the Province of Manitoba, because they don't have that contribution in other provinces. They don't have it in Saskatchewan; they don't have it in Alberta; they don't have it in British Columbia. So it would be an additional contribution to the Province, then, just as a one-off tax.

Mr. Selinger: In British Columbia, they pay health premiums. In Alberta, they paid health premiums until very recently. In Ontario, they pay a double health premium. They have it both on individuals and family members, as well as companies.

The federal government, like the provincial government, always provides grants in lieu of taxes in the jurisdictions they occupy. We do the same thing with municipalities. The Province pays grants in lieu of taxes to municipalities for realty taxes. So all levels of government in this country, fortunately, contribute in the jurisdictions where they reside and have employees and offices. That's one of the good things about Canada is that we operate that way. They don't have to do that. We don't really have the constitutional power to levy a tax against a senior level of government. But we pay municipalities, the federal government pays us, and that's how the country functions.

Mr. Borotsik: I appreciate that answer, and I appreciate I'm not going to get the numbers for the payroll tax from the federal government.

Just on the comment about grant in lieu, it was this government that, I believe, removed the grant in lieu of taxes for universities to municipalities. So

those municipalities don't receive grant in lieu for universities anymore.

Mr. Selinger: Historically, universities never paid property taxes until the Filmon government came along in the late '90s and levied it on the universities. There's a \$20-million bill that was put on the backs of the universities that puts them at a significant advantage at a time when their resources were not going up in any dramatic way, and that injustice to those institutions, which have huge public benefits to the whole economy, including in Brandon, was very unfairly done by the former government that you represent at this table today. We removed that.

Mr. Borotsik: At a cost to the municipalities who were risked through—

Mr. Selinger: They got the windfall when you put it on, and they lost it the other way around. I have to say to that, that's an unfair comment as well, because our transfer payments to municipalities are among the most generous in the country and have been going up 6, 8, and 10 percent over the last several years. So they never lost anything on a net basis, they had an overall gain, but those institutions can now thrive in those communities, including the community that you represent. I know the institution there appreciates it. Over two budgets ago it was about a 2 percent equivalent, I think, over the time that we removed it. We phased it out over five years. There was about a 10 percent benefit in revenues to the universities.

Mr. Borotsik: The universities might argue that at the present time because they're being strapped quite substantially by this government. There's another issue there, and we won't talk about tuition freezes, but I'm sure that's going to be reflected in the next budget.

As for the municipalities, they have received funding from the provincial government, but the loss of revenue from the grant in lieu from the university was quite dramatic, quite substantial, and was difficult to make up without having to go back to the taxpayer. So it was one taxpayer or the other taxpayer. It's the same taxpayer, and the taxpayer was affected in both ways.

I wonder if I could turn it over to the member from—

Mr. Selinger: Before that, I just have to say that transfer payments to municipalities are among the most generous in the country, and the member, when he was mayor, never once complained about the

transfer payments he got. He appreciated them greatly. The transfer payments to Brandon, since we've been in office, have been very positive.

In addition to transfer payments, we've made very significant investments in housing in Brandon, in improving neighbourhoods, in investing in infrastructure, in investing in the hospital, in investing in the community college, and the community college project continues as we move a portion of the campus to the hill and the campus is moving over there. We've transferred land to the City of Brandon, which gives them an opportunity to develop that land and generate revenues off that.

So I think, by any measure, you will find that the treatment that has benefited municipalities generally, and Brandon in particular, is superior to what any other government has done.

* (17:20)

Mr. Borotsik: I wonder if the minister would, in fact, table the transfer payments that he refers to in the municipalities. If he would, in fact, table a document that would show that we do have the highest transfers to municipalities of any jurisdiction, I believe he said, in Canada. Would he please follow that up with some hard data, hard statistics to prove, in fact, that is the case, what areas of transfer he's talking about and how he identifies that?

I know that there is a transit grant; I know that there are VLT revenues. I know that there is a revenue-sharing formula that's set up for municipalities; I know that there is revenue that does flow to municipalities. Can you please show me where those transfers to municipalities are the best in Canada?

Mr. Selinger: I can tell I've peaked the member's interest in this topic and it's a good topic. I think it's an important topic. Page 18 in the budget speech. I know you don't like the speech and you don't keep a copy of it but I'd be happy to provide you with another copy.

The Stats Canada chart on page 18, upper left-hand side—I'll just pass it over to him—shows unconditional provincial grants to municipalities. Manitoba is at the top of the list by a substantial margin in per capita transfers; that's the unconditional grants. Then there are the addition grants as well. I'll try to get the material for him from the Canadian Federation of Municipalities. They recently completed a study that we've become aware of that shows that our mix of revenues, of growth

revenues, corporate taxes, personal income taxes, gas tax, casino revenues in the cities where they have them and VLT revenues are the broadest base of tax-sharing in the country and among the most generous. I'll get that information for him, if he wishes.

Specific to his own community, they've done extremely well with the resources we provided them and we're happy to do that because we think it's a dynamic community with lots of upside potential.

Mr. Borotsik: I'm certainly in concert with that. It is a very dynamic community and it's a very large contributor certainly to the tax coffers of the Province of Manitoba. There is substantial industry out there that pays payroll tax; it pays a lot of corporate tax. There are a lot of individuals out there that pay a lot of personal income tax. Simply to say, thank you, thank you for all of the monies that are flowing back into the city, I think that the community certainly has generated a lot of those revenues themselves, and it's just a matter of putting them back into the community that generated them. We do expect that there are going to be investments put back to where those revenues are generated.

I would like to turn it over to the Member for Inkster (Mr. Lamoureux), and I will be back after a break.

Mr. Kevin Lamoureux (Inkster): I had actually a few areas that I was wanting to touch on. The first is wanting to ensure that what I report to my constituents is, in fact, accurate. In the Schedule 1 budget documents, gasoline tax in terms of revenue is set at \$137 million. You have the motive fuel tax at \$90 million. What is the \$90 million? Is that just diesel? Mr. Acting Chair, I don't quite understand where that \$90 million comes from.

Mr. Selinger: The member has it right. Motive fuel tax really, for the most part, represents tax on diesel fuel.

Mr. Lamoureux: If we go into the expenditures—now I'm looking at page 8 of the main budgetary document I believe, I'm not sure—Summary of Expenditures, we'll just use the top line of health care. You're spending \$4.133 billion. Then you have the Consolidation Impacts and Expenditures of Other Reporting Entities. Then there's a list of things going through all of the different departments. In the health care, Health and Healthy Living, it's \$238 million. Can you explain it to me? I don't quite understand

that \$238 million. Why would that be separate from the main expenditure list?

Mr. Selinger: I think Tannis and Barb Dryden might be helpful in this regard, to come forward. If anyone else wants to volunteer, you're certainly welcome to join me at the front of the room. I'll get you a specific answer to that question.

Mr. Lamoureux: While we're waiting, because one of the ones I thought was really interesting was the Education, Citizenship and Youth where it has \$846 million, What I was thinking was, is that the property tax that the school divisions would be collecting and then they would be spending?

You know, I'm interested in some sort of a commentary on those, or if there's, maybe, another document that gives a better explanation of that line of who's collecting the money and where is it actually going.

Mr. Selinger: The member's mainly got the idea there that, for example, on the education one, the 846 represents their local levies for property taxes for the most part. It represents local expenditure raised through other sources of revenue, so this is money they're spending in their schools and other sources of revenue, it's mostly property taxes, but it could be other fundraising efforts that they do.

Similarly with health care, those represent non-core expenditures. Health-care facilities have parking lots, restaurants and other services that they provide, and they have expenditures on them that aren't funded by us, but it represents other expenditures they make.

Mr. Lamoureux: Just to continue on on that then, with that \$238 million in terms of expenditure, would it be then safe to say that that \$238 million is then generated from those—third party for lack of a better phrase?

Mr. Selinger: Those are expenditures for which they raised the revenues other than through government. It could be fundraising, it could be commercial activities that raise their own source revenues, it could be a variety of things they do, selling of goods and services, so they're expenditures that we don't fund.

Mr. Lamoureux: The final thing related to this, before I go on to advertising, I do put out to my constituents, try to draw a comparison in terms of where revenue comes from, and I draw the comparison between 1999, and it would have been

the last Conservative budget, to the most recent budget. I have the numbers here. I thought I had the form with me. I will provide the minister a form sometime within the next couple of days, and I would like to get from the minister just a confirmation because I want to make sure—because where it came to light for me was when I was looking at the gas tax. I was comparing the gas tax and, I guess, previously it was reported jointly, the diesel and the normal regular gas or unleaded gas. There seems to be a bit of a deviation. I want to make sure that I'm comparing apples to apples, so I will get that to the minister and ask if he can just provide assurances that, yes, the information I have is right. Fairly simple chart, and I will make a point of getting it to him. I can read the documents, as I had in the 1999 budget, but I want to make sure that it's correct.

Mr. Selinger: Be happy to try to give you accurate information when you get it to me.

Now you want to talk about advertising?

Mr. Lamoureux: Yes, Mr. Acting Chair, we had a discussion about advertising in question period the other day, and it was a fairly straightforward question. I'm hoping the minister will give me kind of a short answer. He'll recall the question was that there seems to be a great deal of advertising promoting this particular budget, and I believe that Manitobans have the right to know how much money is actually being spent in promoting this budget.

Mr. Selinger: I believe I told the member that it was 16 percent less than in '99-2000. Just by point of illustration, the previous government spent about \$239,000 in '99. This year we spent \$196,000. Subject to any corrections you wish to make in my math, I got that as about 16.7 percent less.

* (17:30)

Mr. Lamoureux: You know, I thought it was interesting, when I posed the question, that the year you went to, instantly, was 1999, and I happen to recall that was an election year.

An Honourable Member: It was a momentous year.

Mr. Lamoureux: Yes, well, depends on which side of the bench you sit on.

An Honourable Member: If the member would like me to compare an election year to—

Mr. Selinger: —an election year, I'd be happy to do that.

The last year's budget, which was the election year budget, was actually less than this year. It was \$179,000 and change. So I don't want the member to get cynical. We spent less in the election year than we spent this year on promoting and letting people know what's in the budget.

Mr. Lamoureux: Being cynical is not necessarily my nature, but I am somewhat suspicious at times in terms of government expenditures on self-promotion and advertising. You know, I can remember, prior to the election shortly after the budget, walking down—by the post office and you see all these boxes and boxes and boxes, and I suspect there was a lot of other types of material that was going out talking about the budget that wasn't necessarily included in that \$179,000. Quite possibly, but no.

Mr. Selinger: You really shouldn't say that. I think that's really unfortunate the member would even consider making an allegation like that without any evidence to go with that. That's very unlike the minister. He only does that usually in the fourth year of the mandate. This is the first year of the mandate and I would hope he would behave a little better than that.

If you have anything specific bring it forward and I'll get you an answer, but don't make cheap shots like that. It only brings into disrepute all of our roles around here, and it's really beneath the member, even though he's a long experienced member and has developed a lot of bad habits, to proceed in that way.

Mr. Lamoureux: In an attempt to try to reform some of those bad habits, it would be valuable, I believe, to have an idea of how much money the government is spending on the promotion of the budget.

Mr. Selinger: Yes. I'll just give you the number.

Mr. Lamoureux: Be patient, if you take a look in terms of here's what the Department of Finance is spending, are there other departments that promote expenditures within the budget?

Mr. Selinger: This is the total amount we spend on letting Manitobans know what's in the budget: \$196,581 this year; \$179,579 last year, which was the election year; compared to \$239,163 in '99, which was the last Conservative pre-election budget. Just to put it in context.

Mr. Lamoureux: Could the minister indicate how much they would have spent in 2003 and again, the

question that I was asking was: Are there not any other departments then that participate? And that's just to get that clarity. I thought there were other departments that do participate in promoting the budget programs that would be coming out of it.

Mr. Selinger: In 2003, it was \$153,275, even lower, and I'm not taking into account inflation here. I mean these are just dollars. So, this is the money we spend on promoting the budget.

Other departments sometimes have campaigns around public health or whatever they're doing, but they're not related to the budget. They're related to them trying to communicate to their public the things they're doing. You know, virus and immunization programs, things like that.

This is the money that's spent on letting people know what's in the budget and I'm not aware of any other department's that have any parallel or programs to promote the budget.

Mr. Lamoureux: To what degree are other departments obligated to report advertising that would be done from within their departments or even Crown corporations? Is there any obligation to your department or do you monitor advertising at all?

Mr. Selinger: They do any of their campaigns from within the budget they're allocated and you completely have access to them through the budget Estimates over the next few weeks to ask them those questions, but this is what we spend on the budget.

Mr. Lamoureux: Can you provide a breakdown in terms of where that money has actually been spent? Print versus radio, TV.

Mr. Selinger: I do not have a specific breakdown here, but I can try to get the information for the people. It's mostly gone on TV spots and I think radio as well. There's been less of a direct mail component because we found the public wasn't reading that material necessarily. I mean you've seen ads in the newspapers as well. I think, if you flip open the weekend newspaper, there's a piece in there about what the Manitoba budget means to you and lists specific information related to that.

Mr. Lamoureux: Can the minister give indication as to why or how he would—and the easy answer, I guess, is to say, well, it's been done in the past and so we believe it should be done; also, so we're spending our allocating money to advertise. What is the justification for actually spending the tax dollars to tell people what's in the budget when, given media,

Internet, MLAs? Why is it they feel that they have to spend money on advertising?

Mr. Selinger: It's quite simply to inform Manitobans of what's in the budget that they need to know about and potentially use to their benefit. You know, the tuition, the graduate tuition rebate program, the farmland tax rebate program, other specific programs that may benefit specific sectors of the Manitoba population, property tax credits, spending programs that they may be interested in with respect to the environment or health care or education. All these things, Manitobans need to get that information.

The media do their share. The opposition has their interpretation of the budget which may or may not be accurate in terms of whether it's good or bad or otherwise, and it's presented in a pretty straightforward fashion just to let people know what the information is, and it usually gives them a place where they can follow up in terms of accessing a Web document or getting other information if they wish to get more information. The public has a right to know how their tax dollars are being spent.

Mr. Lamoureux: Would there be examples of what the advertising would have been telling Manitobans that the media outlets wouldn't have been telling?

Mr. Selinger: Well, I've never made that analysis. We've simply tried to provide people with factual information in a place that they can get follow-up on that, and I think we have an obligation to do that.

Mr. Lamoureux: But, when you say factual information, Mr. Acting Chair, that's information as from a government's perspective or from the New Democratic Party's perspective as being factual.

One of the spots, and I can't recall exactly where I saw it, talked about, I think here in your documents you say it's seven years running of a balanced budget, or a surplus budget, yet I could cite 2003 or 2004 provincial Auditor's document that said one of your budgets had a deficit. Is that not just a fair comment to be able to say?

Mr. Selinger: No. It's actually a completely unfair comment. The member is talking like he did in the fourth year of the mandate.

As you know, the government is obligated by law to report under balanced budget legislation. Under every budget we produced under balanced budget legislation, we balanced, and that's the legal obligation. Mr. Acting Chairperson, the Auditor's comments were with respect to how he wanted the

Province to change its rules to deal with budgets on a summary basis according to generally accepted accounting standards, which was a different framework for reporting.

We certainly provided that information on an accounting basis in our public accounts every year, but, by law, we have to use the balanced budget legislation, so the member's comments are actually quite unfair in that regard.

Mr. Lamoureux: You mean to tell me that the Provincial Auditor never said that the government did have an actual deficit in that year?

Mr. Selinger: What I'm telling you is that we, under the balanced budget legislation, met all the tests of a balanced budget. The Auditor General referred to the summary budget, including a drought year with respect to Manitoba Hydro. That was not part of the balanced budget reporting requirements. That's a broader basis, which we've moved to in the last two years is that broader basis of reporting on a summary basis, as about half the provinces have. I think actually slightly more now.

But we had a legal obligation through a law into this Legislature to report under balanced budget legislation whether we had a balance and we did. And we did balance it every year, and still are, according to that law.

Mr. Lamoureux: Again, we might have to agree to disagree on certain aspects of the promotional campaign that you entered into, and I recognize that other governments, across Canada even, do it. I still question the actual value of it, and I would ask if the minister could provide any information at all that's been advertised that was not made available through different media reports.

* (17:40)

Mr. Selinger: If the member wishes to conduct that analysis, he can do that. We, like every other government in the country, provide budget information to our citizens about what we have put in the budget. I'd like to know if the member knows of any government that doesn't let their citizens know what's in their budget in a direct way. If he can find a government like that, I'd be pleased to know about it.

Mr. Lamoureux: I thought I had said it at the onset that tradition has that government will go and promote its budget, whether it's Liberals and Democrats or Conservatives. I don't question that. What I do question is the actual value to the

taxpayers by doing it. I do believe personally that it has more to do with selling the government or the political party in power's message in trying to get a positive spin. I could have justified it possibly 40, 50 years ago when methods of communication were quite different. Is it necessary to do the amount of advertising that the government does on self-promotion? I just think there are better ways of spending tax dollars, and that's what I tell my constituents. I would like to think, it doesn't matter which political party's in power or what level of government, that there is more demand for better use of spending tax dollars.

Mr. Selinger: Of course, the member is entitled to his opinion. That's part of the process, and that's completely legitimate, and I don't have a problem with you expressing that opinion. I just want to make sure Manitobans get accurate information on what's in the budget. The amount that we spend on it: \$196,000 out of \$9.8 billion. I hesitate to work out what that is as a percentage of the budget. It's very modest, probably less than one-tenth of 1 percent. But we'll have somebody else do the calculation because I'm engaged in listening to your questions right now.

The reality is that it's a very modest amount of money to put out information and, you're right, every government does it regardless of the political stripe. They have an obligation to provide their publics with information. But I don't have any problem with you contesting that and disagreeing with it and saying that you don't think it's a useful purpose to which taxpayers' money should be put. That's entirely within your realm of competence to make that kind of a comment as an MLA. We may disagree on that. I think it's important that Manitobans get information.

I've run into people all the time, for example, that have graduated. I ran into, in airports among other places, that don't know about the graduate tuition tax rebate program, which is a huge benefit to people recently graduating from anywhere, from a recognized post-secondary institution, Mr. Acting Chair, but particularly for Manitobans. They are not aware of that, and that gives them the lowest taxes for young people in the country. I think they should be aware of it, and I think they need to know about that.

I think the caregivers' tax credit is incredibly important, that people providing that service are aware of that resource to help them do that when

they are looking after people in the community. So I just think there is a number of things that Manitobans need to be aware of so they can use them to do what they do to make the community better.

Mr. Lamoureux: That's the reason why I'd ask in terms of other departments and the type of advertising that they do. I suspect that some of the departments might be promoting that in other ways, whether it's through documents at the university clubs, high schools, wherever. I think you have to take a look at the bigger picture. When you make reference to \$190,000 and you say, well, \$190,000 when you spend \$9.8 billion, it's a relatively small percentage. But, for me, it's a question of value for every tax dollar that's being spent. That \$190,000 could be spent in other ways if, in fact, it was deemed unnecessary to be spending it on advertising. What would have been lost to the province of Manitoba in a very real way had that \$190,000 not been spent on advertising?

Mr. Selinger: We have some very keen members of this committee today who have done the calculation: 0.0021 of 1 percent of the budget, two one-thousandths of 1 percent of the budget

Is it good value for the money? I think if people that are providing compassionate care can get some additional resources to do that, it's worth a lot. I think if students can find a way to reduce their costs after they have spent years investing in themselves going to university, I think that's a good thing. I think if senior citizens can be aware of their property tax credits, that's a good thing. I think if you look at the pamphlet here—we don't make many copies of this anymore—but if you look at this, you see all the things that are available to Manitobans: money for Community Places, for community clubs and local communities and other resources, more money for police, more money for libraries, money for conservation districts, the small-business rate being the lowest in the country. These are things that people need to be aware of to know what the Province is doing to support them. I think two thousandths of 1 percent of the budget's not unreasonable. I don't think you can find me any corporation that spends that little on marketing what they do to the publics that they serve.

Mr. Lamoureux: Mr. Acting Chairperson, again, it's not the amount of dollars. It's the principle of the issue. Using the minister's own logic, six months from now, you could do another campaign. You could have another \$200,000 campaign. Three

months after that, do another campaign. You know, you're talking about motherhood and apple pie or whatever the phrase is. You know, you're talking about all sorts of wonderful things, make me feel good, and so forth. But is it really necessary?

The minister would be equally able to sit in his place and say, well, you know what, we're going to advertise every other month just so that we know that Manitobans are aware of this wonderful program and this wonderful program. It's endless. It really and truly is. To me, the issue is one of principle. Is it justified? Is there real value to the \$190,000 that is spent? Given today's technologies and media outlets and so forth, I would have a tough time defending that expenditure to my constituents. I suspect if the Minister of Finance and I were in a room in St. Boniface, and I would welcome the opportunity, in an unbiased room, if you go into a classroom where there are truly no party memberships allowed type of thing, he might be surprised on how many people might accept my principled position versus his principled position.

Mr. Selinger: Yes, I might be surprised. I remain open to that possibility, but the Manitobans might be surprised that the spin you put on the budget might not be that accurate. They might be happy to receive additional information of how it benefits them.

Mr. Lamoureux: That's one of the reasons why at the beginning I said I'm going to provide you a document so that you can take a look at it, make sure that what I'm telling them is accurate. Having said that, the minister is also responsible—and I think there's a bit of latitude in terms of some general discussions—one of the biggest frustrations that's facing all Manitobans, all Canadians, is the price of gas. I'm wondering if the minister has any advice that he would like to indicate—short, concise, if possible—to consumers of gas today.

Mr. Selinger: Yes, well, I appreciate the question. It is a cost pressure for Canadians all across the border, the Americans as well, just about anybody that consumes petrol products these days is paying more, including consumers that drive vehicles. It is important to note that our gas tax is a flat tax. It doesn't go up when the price of gas goes up. *[interjection]* Eleven and a half cents a litre. It's among the lowest, second lowest in the country. So we're not in any way benefiting by high gas prices. So that's helpful to Manitobans.

What advice would I give to Manitobans? I mean, I think we're all very conscious of the need to

reduce our carbon footprint and how we can do that. Alternative modes of transportation, including walking where it's possible, smaller vehicles. We have a hybrid incentive, for example.

But, you know what? I actually think Canadians and Manitobans are pretty wise consumers for the most part. I mean, we are a nation of citizens that do actually try to do these things as a cost-effective way and a least environmentally damaging way as possible. Some people call it the Civic nation because we drive a lot of those types of vehicles. Manitobans are pretty thrifty in this regard. That's why we've provided 50-50 cost sharing for public transit for the first time since 1993 because that's an important resource and more money in the budget for bicycle paths, which I hope it's in the budget information that we're advertising that we're doing that so that they know about that, including transit.

I mean, all of these things are part of public policy, and I think it's a legitimate debate. Some people don't have many options. They have to have their vehicle to get wherever they're going, whether it's for their family or school or whatever. But, you know, we have money in Education for transportation to schools for kids who live too far away from the school on a formula, and that's important to provide an alternative to that in that regard. So every parent's not jumping in the car every morning and driving one or two kids to school when you can do it on an organized basis through the school district. So that's important.

* (17:50)

I just think there are a variety of ways we can do that. We used to have, from the federal government, a partnership to promote more responsible transportation behaviour. You know, the four-tonne challenge, or the One-Tonne Challenge, I think it was. That program was eliminated in the last couple of years and we're looking at other ways to help Manitobans engage in practices that reduce their transportation costs and reduce greenhouse gas emissions. I think you'll see coming forward there'll be some websites that have a calculator that allow people to calculate their carbon footprint and how to reduce it and we'll look at a variety of ways to help Manitobans in that regard.

But gas prices are going to be a challenge for a while. Nobody's predicting they're going to go down dramatically anytime soon and so it does allow people to make choices going forward about what

kinds of transportation they want to use and how cost effective that is relative to the price of gas.

Mr. Lamoureux: My last question would be in regard to what, if any, action the government has taken upon itself to do with regard to the actual price of gas? Are there any sorts of discussions? You know one province passed it onto its Public Utilities Board, I believe, out at the east coast. Is the province currently, or has it looked at anything to deal with the price of gas?

Mr. Selinger: We do monitor it to see how we stack up and generally on an annual basis, we're among the lowest. We're the fifth lowest among 10 surveyed cities when we looked at it up till April 15. So we did reasonably well and over the last year the cost of gasoline to consumers in Winnipeg has been the third lowest after Toronto and Calgary. So relative to other cities across the country we do quite well in Winnipeg.

I've looked at regimes of how they're—like in some of the eastern provinces they have sort of controls over gasoline prices but their prices are actually higher. All it does is sort of buffer their increases. So we think that the way it's being conducted in Manitoba now with a fairly competitive market, we have some good competitive business here. We also have Co-op gas, which, as you know, has a patronage rebate scheme which allows—I think it's about 10 cents a litre to come back at the end of a year depending on the profitability. There's quite a bit of competition with coupons and stuff in the marketplace.

I think the big thing about Manitobans is they're pretty price conscious and they look around and they see where the best price is to purchase gas. Now that's not always possible because in some of the smaller communities there are not many opportunities to do that, and so they're more challenged by that but we have for northern Manitobans, we have in this budget increased some of the tax breaks for people living in remote areas along with the federal government to give them a greater deduction for the higher cost of living, and we put measures into the budget to address cost of living.

We have a personal tax credit that we've increased and we've increased property tax credits and we've increased exemption levels and we've reduced rates. So we've tried to make the disposable income of Manitobans healthier so that they can manage some of these challenges.

Mr. Borotsik: Back to some budget numbers. First of all, I'll just do a little segue from the Member for Inkster (Mr. Lamoureux). He was talking about the gasoline tax and you've identified it as being 11 and a half cents, I believe, a litre.

I guess my question would be, we recognize that there is some opportunity because of the higher price of gas to lose some of that income and I've noticed in your budget document that you've actually reduced the revenues from gasoline—gasoline tax is reduced to \$137 million from \$147 million, page number 183.

Mr. Selinger: The main explanation for that is the ethanol fund we've put in place to bring in the ethanol mandate. It's a declining time-limited subsidy but that reflects in the reduced revenue there to get the ethanol mandate up and running in Manitoba.

Mr. Borotsik: It doesn't reflect any reduction in use because of the high cost of gasoline right now which is what, I think \$1.28 a litre?

Mr. Selinger: Not really. We haven't seen a lot of price elasticity on the consumption of gas with higher prices yet.

Mr. Borotsik: That works into my next question. If you notice the retail sales tax, your revenues went from \$1.326 billion to \$1.469 billion. That's an increase of 10.7 percent. We just talked about, not to be pessimistic but to be somewhat realistic, we recognize gas is at a record-high level at the present time. I think it's \$117 a barrel, the last that I heard. We recognize that people in Manitoba, because they have less disposable income because of the high tax regime will probably not be able to spend as much this coming year.

Is it realistic in your opinion, Mr. Minister, to have a 10.7 percent increase in retail sales tax?

Mr. Selinger: That's print-over-print. That's actually 6.7 percent over actual revenues last year, so it is a more reasonable number.

Mr. Borotsik: Estimate-to-estimate is what you're saying as opposed to the actuals, Mr. Acting Chair. You haven't identified the actuals. The actual is actually a 7 percent increase year over year. Even at 6.7 percent, the minister is confident that there's going to be that kind of growth in the retail sector that's going to generate that kind of retail sales tax.

Mr. Selinger: These are the best estimates of our professional economist. They think it's realistic and time will tell, but we had retail sales that have

increased about 9.7 percent last year. We're predicting retail sales to increase about 6.7 percent in terms of the revenues. It reflects a five-year rolling average. Last year it was about 8.6; this year we're estimating 6.7. So I think there's a certain amount of prudence put into that.

Mr. Borotsik: I guess you can't have it both ways. If you go print-over-print, 6.7 percent for projection of retail sales, when we go back to the expenditure side, you again use the forecast to budget and you showed a 3.3 percent increase in expenditures when, actually, print-to-print was a 6.2 percent. Why did we not use the 6.2 percent in your budget documents?

Mr. Selinger: The way we've reported the budget has been very consistent over the years. Both numbers are always there.

Mr. Borotsik: I know that both numbers have been used, but the document that the minister put out, he identified it as being a 3.3 percent increase, expenditures overexpenditure, when, in fact, that's not the case. It's 6.2 percent.

Mr. Selinger: I've been very consistent on all of this this year. We forecast growth and expenditure based on third-quarter actuals and we've done that year over year in all these budget documents to let people know. The member knows that we spent another \$60 million in agricultural support programs for producers that were struggling with various issues and we've debated these in the legislature. Those programs have obligations that are cost-shared with the federal government. We put that money in addition into the budget.

Now I know that members like to say that we overspend, but that's a formula-driven program. That was the largest overage in any department last year, and it was our way of supporting rural producers during some difficult times in those sectors that we're aware of, in cattle and hogs. It's been the same every year the way we've done this, and both numbers have always been there.

Mr. Borotsik: The overexpenditure based on forecasted budget is going to be \$265 million; \$60 million went to agriculture, Mr. Acting Chairperson. There was \$200 million that went to some other overexpenditure. Now, there was an overexpenditure, the minister admits to that, of \$265 million in the 2007-2008 budget. The 2008-2009 budget, the minister is showing a \$2 million net

income. Now this is core expenses; this isn't our summary budgets. This is the core expense that's shown on page 9 of the budget document. So the minister's budgeting a \$2-million surplus, a \$2-million surplus, by the way, on a \$9.8 billion budget. If you wanted to do the advertising at \$200,000 on 9 point billion which was 0.0001 percent, that was \$200,000 on the 9.8 billion, this is \$2 million on the 9.8 billion. That, in business circles, would seem to be a fairly tight margin on that particular budget. Would you agree?

Mr. Selinger: The short answer is it shows a surplus on the operating side as well as on the summary side, which is what we've been required to do.

There have been comparisons of how Manitoba does on accuracy with respect to budgets. We've gotten good ratings from agencies that look at these things in terms of our improved accuracy on forecasts versus the actual print budget.

I have some numbers here, for fiscal health grade: No. 1 on per capita debt interest paid; No. 2 on per capita deficit or surplus.

These are measures that have been put together by various policy organizations. Generally, we do as best we can to live within—C.D. Howe Institute, recognizing Manitoba's fiscal accountability: The NDP provincial government will go a step further in improving its already sound fiscal management in the '07 budget by adopting consolidating GAAP-compliant budgeting, financial reporting.

So, you know, we're doing not bad.

Mr. Chairperson: The hour being 6 p.m., I'm interrupting the proceedings.

The Committee of Supply will resume sitting tomorrow at 10 a.m. (Friday).

EXECUTIVE COUNCIL

* (15:00)

Madam Chairperson (Bonnie Korzeniowski): This section of Committee of Supply has been dealing with the Estimates of Executive Council. Would the First Minister's staff please enter the Chamber.

Order. As previously agreed, these Estimates are to be considered in a global manner. The floor is now open for questions.

Mr. Hugh McFadyen (Leader of the Official Opposition): I have to wait for my red light. Thank you, Madam Chairperson.

If we can just revert back to a couple of outstanding issues from yesterday, there were points of information the Premier was going to come back with, including the Executive Council staff list, just some detail on who was in attendance on the Philippines trip in February, as well as Australia. Then I'll move into some new questions for today. I don't know if you've got some added detail.

Hon. Gary Doer (Premier): I'll table the staff chart. Further to the staff chart, it was questions about people's experience, Rachael Morgan's experience. She was the former deputy editor of Canstar newspapers and worked at the *Winnipeg Sun*.

The Philippine trade delegation, I mentioned I was joining an existing delegation. There are private companies that were there, and there are a couple of people that have authorized us to use their names and company: Harry Harms, from Westeel; Barry Remple, from Winnipeg Airports Authority; Mike Pagtakhan, from the City of Winnipeg, a City of Winnipeg councillor; and I'll go back and get other names. Those were names that were used for the media and so we asked for permission. There were other private people there at the group.

On the staff chart comparable to past staffing, there are eight people beyond the 36 names there, 35 of which are filled, eight people providing seconded support to the Executive Council. I have never changed that because I didn't want to move them in and then get accused of staffing increases although I've kept the same practice. For purposes of public faces, the Leader of the Opposition would see two of the individuals that do work for communications: Mr. McDougall and, as in past years, Mr. Lemoine. So I want to indicate that there are eight—well, actually 7.6 FTEs seconded beyond the names that you have.

Mr. McFadyen: I may come back to staff questions, but we'll move on back to Hydro if we could for just a short period of time, of course.

I want to ask the Premier just about the status of the proposed phase-out of the Brandon coal generating station conversion to natural gas, and what are the current plans for the full movement over to the natural gas side of it and away from coal. Furthermore, what is the status of discussions with

existing staff and implications for the people who currently work in the Brandon generating station?

Mr. Doer: All the staff at Selkirk were retained, some in different positions in Hydro, others in the gas generating station that replaced the coal plant.

The situation in Brandon is we've already built the gas plant. Whether another gas plant will be required or not depends on predictions that Hydro is making.

I would note that natural gas now, the prices have gone up beyond actually the—we're very soon at a point where individuals who have electrical furnaces will be paying less with the North American market than those who have gas furnaces. I, being one that likes to predict the future, have an electrical furnace, but five years ago it was more expensive. It's getting closer.

So we will have to look at those costs. The price of gas is going up across North America. Hydro will factor that in. In terms of the employees we have over two years. We indicated when we announced with Minister Baird, the money for Manitoba for climate change strategies. We announced also that we were going to phase out that plant. We think it's one of the ways, beyond other means that we've mentioned, that can get us below 2000 in 2010.

We're working with Hydro with the employees. It's our goal to get everybody a plan for each employee. They have some of their own views about how it should be done. Usually, the how-to I leave to Hydro; the what is in the climate change bill.

How it will work exactly, we're still working on with Hydro. The idea is we're going to go from what was 400,000 to 500,000 tonnes, it might be less this year, of—depends on water flow, but we're going to reduce that. They've got some of their own ideas, so it's a work in progress. We know what the target is, and so Hydro is going to be working with the employees to have strategies of employment and strategies on energy. I'm not sure whether gas is included in that right now, with the cost of gas going up.

Mr. McFadyen: The experience, certainly in other jurisdictions where they've moved from coal to natural gas plants, has been that there's been less requirement for staff and, accordingly, some transfers and layoffs and other things.

Can the Premier be a bit more specific about the anticipated impact on the workforce at Brandon,

where it is today, where they anticipate it will be after the full shift to natural gas, and what the plans are with respect to those individuals who will be impacted?

Mr. Doer: There are a number of positions in Brandon in Hydro as there was in Selkirk. You're absolutely right. Not all people that worked at the Selkirk coal plant were maintained in the Selkirk gas-generating station. They were re-employed. Sometimes people working with coal got themselves a better career out of the decision, although there was initial worry about it.

We will work with the employees; there are 60 employees there. We have turnover rates in the broader Brandon area and in southwest Manitoba. We feel, with enough lead time—and Hydro's certainly got enough lead time—we can maintain employment for people but not necessarily in a generating station.

Mr. McFadyen: Just again, my understanding is that the capacity of the coal-fired element of the Brandon plant is about 90 megawatts, and I just want to ask: What is the plan for making up for that reduction in capacity? Will it be fully made up for by the operation of the natural gas side of that plant?

* (15:10)

Mr. Doer: Again, we've already built a natural gas plant as a backup to Hydro, so we have two natural gas plants, one in Selkirk and one in Brandon already. We've built 100 megawatts of wind power. There's more pending. Wuskwatim is coming in a couple years later, but it's not necessarily part of the plan.

We also have existing energy efficiency strategies that are coming in place where we've saved energy. The plant is, if water is high—the more difficult question is if the water's low because the cost, then, to replacing—if we have a drought year, that's where the challenge is greater. So that's what we're trying to manage now. Obviously, it's not every year that we have a drought year. Most years with the water levels so high, it means that we can accommodate the coal plant, but we would prefer through energy efficiency, renewable energy with wind, and high water. But if it's low water, Hydro has to be prepared, like it was in 2003, which was to use, in some cases, other sources of energy. We do have two gas generating stations now to backup hydro. We now have wind and we will have more wind, we hope, we're working toward, by the date.

Mr. McFadyen: I don't think there will be any disagreement. This is not a critical comment, these are judgment calls that need to be made by hydro. My understanding is that the natural gas plant at Brandon is really not operating very often and that it comes into play only in the scenarios that the Premier has mentioned or would come into play in current circumstances; low water, other events that may reduce capacity in other parts of the system.

Is it the case that the current judgment about continuing to run the coal side of the plant is being driven by the difference in cost between consuming coal and natural gas?

Mr. Doer: Coal is cheaper. There was a cost to closing down Selkirk although I would argue that the pollutants at Selkirk were of much higher priority to deal with because, quite frankly, it was one of the worst coal plants in North America. We were quite shocked when we looked at some of the materials and some of the concerns of citizens in mostly north and east of Winnipeg. But, you can generate coal fuel power to two and a half cents a kilowatt hour. Coal is cheaper. If we got rid of all the coal in North America, we wouldn't have to be targetting agriculture, cars, transportation or renewable energy, and a lot of other things.

Coal produced a real challenge in our continent and is producing real challenges in other jurisdictions. Allegedly, there's real questionable research on the so-called clean coal, carbon sequestering. It looks like it's easier to sequester your carbon into oil fields, which we're looking at in our area of Manitoba, as opposed to coal fields. You're taking a raw solid product and liquefying it and then inserting it in the earth.

There is question, this measure, will cost hydro money. Gas is more expensive than coal. It's not a zero-sum decision. There is challenges with employees. There's challenges on the cost side. It's the same in the private sector. We have a couple of large users in the private sector that we have to work with. Agriculture, we know is going to take time. Transportation is subject to what the EPA does. The California Tailpipe Emissions is going to take some time, because we think that that is a tipping point in the market.

We've got seven large emitters in Manitoba. Some of it's coal. Some of it's in the public sector; some is in the private sector. We're trying to go after those as a way to get to our Kyoto targets. That's why we need the time to do it because 2012 is not a

long time away. Coal is definitely the way to get quick dividends for results in our plan, but it's not cost neutral.

Mr. McFadyen: I certainly agree with what the Premier is saying about switching from natural gas to electric boilers at home. I just did the same thing at our place about five months ago, betting the same way that he is, that electricity is going to be cheaper than natural gas. Hopefully, we're all going to be right about that. It's certainly more friendly to the environment.

An Honourable Member: Did you say a furnace or a boiler?

Mr. McFadyen: Boiler.

An Honourable Member: Ah-hah. I want you to go the whole way. I want you to go the distance, here. You're only half way down the road there.

Mr. McFadyen: I'll take that one under advisement, take that one home to the decision-maker, and we'll see about that.

Just on the issue, back to Brandon. Just the anticipated reduction in greenhouse gas emissions from the move from coal to natural gas at Brandon, the net improvement, bearing in mind that there are some emissions from natural gas, not nearly as much as coal, what is the net improvement that is expected once the conversion fully takes place from coal to natural gas at Brandon?

Mr. Doer: As you know, energy efficiency or hydro-electric power is more expensive to generate than coal, but it doesn't emit any GHGs. Gas has a small emission factor, and coal has huge emission factors.

So the one interesting thing about Manitoba is the net issue will be based on water flows, but it's a substantial—in past years, it's fluctuated. I can't remember all the numbers, but it's fluctuated from about 250,000 tonnes to about, in fact, in one year 500,000 tonnes of greenhouse gas. I'll get the exact number. I'm just going by memory now, but there is a fluctuation. Obviously, we need to get three megatonnes. This is a good down payment toward it, along with the Selkirk plant. In some way, that's offset some of the increase in greenhouse gases, primarily with agriculture.

Mr. McFadyen: Agreeing with everything the Premier is saying about getting rid of coal plants throughout the continent, Nanticoke, a single plant in Ontario, the Premier knows this very well, emits more greenhouse gases than the entire province of

Manitoba, and I'm just wondering, given the McGuinty government's commitment to phase out the coal plants in Ontario over the next period of time—it's been a difficult challenge to a great idea in theory, not so easy in practice: What are the current prospects for sales, and what is the status of discussions on the east-west grid linking Manitoba and southern Ontario?

Mr. Doer: Well, the status is you don't have something to announce till you have something to announce. Obviously, Ontario has indicated that they want a basket of solutions to their reliability and affordability issues.

One of the issues for them is the environmental issue of coal. They're paying a lot for solar power, huge amounts for solar per megawatt hour. So they've authorized that. They're paying a lot more for wind than we are. They're looking now at energy efficiency models.

They've put on the table nuclear, which will create an interesting decision for them, given the issues of nuclear waste. They've also got the issue of where do they go for a supplier. Do they go to AECL? Do they go to the French producers of nuclear power? Do they go to General Electric? What are the standards they're going to use? Even with newer standards, there's still waste. There's less waste than 20 years ago for nuclear. I don't think the debate has even been engaged in Ontario yet.

* (15:20)

The whole issue of hydro power from Manitoba and Québec are also items of discussion. You sometimes think that there's a potential deal and then you sometimes think there's not. So we had announcements that were pretty far advanced with Ernie Eves, which we made at Kakabeka Falls, allowed us to sell some power, but it had a potential for more. The ministers have met. Ontario, we're always working at it, but we haven't—as I said before, we're trying to sell power west of us, south of us and east of us. Actually, as a Canadian, I'd like to see an east-west grid. I think we have, probably, more discussions with western Canada that might be doable in terms of transmission access in an already existing right of way. So your question, a couple of weeks ago Friday, might be pressing it, but you have to have a couple of more surprises before the next potential election.

Mr. McFadyen: That's the nature of our business.

Mr. Doer: That's the nature of our business. You don't want to play all your cards in your first year. So stay tuned.

But the bottom line is that my view of these things is good discussions don't mean good deals. That's why you have to negotiate with three different entities. I find some of the private companies in the United States have more agility to make long-term decisions than some public entities in Canada, not all.

Mr. McFadyen: I agree with the comment about playing cards.

Madam Chair, if I could, again, on Hydro, just ask the Premier: What will the requirements be in the event of an Ontario sale on that transmission line to Ontario in terms of projected budget and the start and finish point that would be required in order to wield as much power as might be required?

Mr. Doer: Yes, it would depend on when it happened, how much they bought, how soon they needed it. So there are lots of variables. Again, I don't want to speculate. There are two coal plants at Thunder Bay, which is close to Manitoba. The replacement of those coal plants, we believe, will have a great benefit to Canada and a great benefit to southern Ontario, but you have to have the political will to do that, on the Ontario side.

I think that Ontario is worried about both the issue of reliability—they're worried about reliability, affordability and sustainability in terms of the environment. They have all three challenges in front of them. They have some real challenges. You know the situation in Ontario as well as I do.

So we had an agreement with Ernie Eves that I thought was moving things along. He took the political will. I think John Baird was involved, which is useful now because he's involved on the federal stage. John Baird was very actively involved in these discussions when he was Minister of Energy in Ontario. We had very good discussions. So it led to this agreement at Kakabeka Falls.

We could sell power tomorrow, but it wouldn't be at the price—part of what we're talking is not—price is important to us because we have a commodity that other people want, and we want to sell it at a, quote, profit, unquote. Coal is a dirty word, but profit is not when it comes to hydro.

Mr. McFadyen: I was going to say that the Premier shouldn't feel the need to put the word "profit" in

quotation marks. We'll be okay if he just says it without quotation marks.

Mr. Doer: Yes, I did not want to offend the legal ears of the member. I know he loves to cross-examine me, so I want to be careful not to catch me on a legal point on The Manitoba Hydro Act. I appreciate his exuberance for profits in our society.

Mr. McFadyen: This is a profitable exchange. I was listening more carefully to hear whether he put a capital P on "profit" than a lowercase one, but we'll read our own interpretation into that.

On the issue of prospective markets, given the historic volatility of Alberta, which goes up and down with oil prices, demand for power will go up and down with oil prices and other international factors, where Ontario would seem to have a fairly stable and growing demand and a clear need to phase out coal.

I would just ask the Premier whether there's anything to the *Free Press* story speculation that there might be a shift in emphasis from east to west in terms of the government's or hydro's thinking for future markets, and simply, I guess, express a worry that that kind of a focus may tie us to customers who have ups and downs. Whereas southern Ontario has a stable population not, perhaps, growing as quickly as they would like to right now in terms of their economic situation, but a whole bunch of pressure to phase out coal plants, and ask the Premier to just comment on that observation.

Mr. Doer: You make an observation about your observation. My observation is as following: we actually think that Alberta can pay its bills. We actually think that, if we have an agreement with Ontario, any agreement that we would have would be similar to Limestone. It would have long-term, capital requirements, which require long-term borrowing, which requires long-term revenue at a profit for the people of Manitoba.

This issue of whether we're looking one way or the other, I think I've consistently said that we are looking east, south and west. I actually sometimes think the media doesn't believe us when we say it, and then, all of a sudden, when we pop up with a tentative letter of intent in Wisconsin that we've been working on for a while, they say, oh. That's fine because I think the speculation piece was written actually after the term sheet was negotiated and before in the market that we could release it. So I thought it was curious. It's not my job to observe

observations of observing reporters, but except to observe that sometimes they are right in their observations and sometimes—they are always right because, if you buy your ink by the barrel, you're always right.

We've been very consistent. East, west, south. We are not afraid of Alberta. There is some volatility, but there's a difference between selling into the spot market. Most of our sales are based on firm sales with firm revenue because we have to have firm risk of capital. The great thing about these sales is Limestone was a considerable amount of revenue in 10 years but, obviously, it was a considerable amount of capital. The second 10-year agreement means we are getting power at a lot cheaper rates here in Manitoba. You've argued you'll go to market prices, that fine. The third 10 years, the thirty years, is really getting good. Then, of course, this power can last for 50, 60 years. It's amortized, including transmission lines, over a shorter period of time, but the revenue keeps on giving. Even the dams on the Winnipeg River system are going to be refurbished and environmentally improved and those are close to a hundred years old, which was part of our merger with the former mayor and Winnipeg Hydro that led to that spectacular office building in downtown Winnipeg.

Mr. McFadyen: Thank you. Just off hydro and back to a topic that we've had some exchanges on over the last year or so, and that's just the Premier's and the government's plans for the eastern part of the province, east of Lake Winnipeg.

I know it had been an extensive process leading to a memorandum of understanding that went through, I think, 22 drafts, followed by an accord signed in April of last year. I wonder if the Premier can just indicate what the current status is of that accord.

* (15:30)

Mr. Doer: It has the majority of communities on it. There have been communities that have disagreed with us on matters, on their own matters; that's their right. One community pulled off out of the accord, and said it wasn't a veto, which, of course, is our view, our legal view, but we still think it gives breath and meaning to the consultation sections under section 35, and that's where it's at. It's a document that we think is useful in terms of how we consult under section 35. That's, basically, where it's at. I haven't had a recent briefing on it. So, if the member opposite has contrary information—I mean, it's always

interesting in terms of views that are expressed in the community. Sometimes different leadership is elected for a two-year term, changes its views, and that's fine.

The one good thing we have is—on the east side we have Minister Robinson, who's been there a long time and has got pretty good support up there as well. I think he's got a pretty good feel for things, and he's been the constant. There've been chiefs that have been elected or not, councils have been elected or not, but he relies a lot on the elders and the youth, actually, a lot, as well as the elected representatives in advising him. I've been with him with elders. It's actually quite a very moving experience to be with him and elders because it's not the kind of meeting you usually have—quick meetings—they're more thoughtful. There's a sense of place—Mother Earth, the spirituality that they express. The views on Mother Earth are, I think, quite important. So I've respected the experience I've had there.

But it's a changing situation all the time. I notice there are other agreements in other provinces that have been signed with some success, and, then, under a little bit of criticism after that. So that's the nature of dealing with the challenges we have at this time and place of Canadian history.

Mr. McFadyen: I would just want to echo the spirit of what the Premier is saying in terms of, certainly, my dealings with the Member for Rupertsland (Mr. Robinson). Many of the leaders in the communities are very hopeful about their prospects and committed to moving forward on issues, but it's not always easy to find a consensus on any given issue on any given day. I appreciate that reality, given the diverse geography of the region and various challenges. But it was an ambitious undertaking to get to draft 22 of the accord.

I just want to ask the Premier, what was it that led to the abandonment of that draft accord, which was considerably more detailed than the statement that was, well, the WNO accord. There was the memorandum of understanding which was considerably more detailed than the accord that was ultimately signed by some of the community leaders. What was the reason for leaving behind the MOU process?

Mr. Doer: Well, the member talked about 22 drafts. There was no agreement. At some point, you come to—if you're trying to climb up a mountain, you try to, maybe, get to a ledge—not that I want to use that comparison. The bottom line was lots of people had

different views on what was going on. I can't really give you a blow-by-blow reason for it, except to say that there were a number of signatures on the document that we ultimately released. That's what I'm most aware of, because that's what I was part of when we released the document with Grand Chief Fontaine and elders and other chiefs with our government.

Mr. McFadyen: With the resignations of Grand Chief Fontaine and Chief Wood from the oversight body for the WNO accord, is it the Premier's view that the accord is still operative, or is the accord no longer operative as a result of those withdrawals from the agreement?

Mr. Doer: I'll have to get an update on the operable component of it. To me, the elements that deal with the Constitution of Canada and treaty rights in section 35 are paramount. We will continue to not only follow the Constitution of Canada, but believe that, when the Constitution was amended—I believe it was an amendment made by Allan Blakeney from Saskatchewan that has been interpreted in the courts. I think it was a useful addition to the treaty rights provisions under section 35. You know, former Premier Sterling Lyon was involved in amendments to the original draft Constitution, which was actually called equalization.

It was written by Mr. Eldridge and proposed by Mr. Lyon, former Premier Lyon, as part of the Constitution of Canada. I try to give it life meaning every day, when I, of course, represent Manitoba and—

An Honourable Member: Which, the notwithstanding clause or other parts?

Mr. Doer: On the notwithstanding clause, we actually only threatened to use it once as government. We were keeping our options open on some of the decisions out of British Columbia dealing with child pornography, and what we consider to be the freedom of expression versus the freedom of children to be protected. We thought some of the courts had made decisions that were not in keeping with protecting the rights of children and over-interpreted the rights of free expression.

So we actually had said we would look at that, and the Supreme Court came in with an alternative view or a more balanced view. I just think that any province has to sometimes suggest to courts—I mean the notwithstanding clause was—when you look at history, and you look at Canada and the United

States and Britain—you had no Charter rights in Britain. It's expected to be maintained by their Parliament.

You've got the United States with a litigious declaration of rights and the amendments in the Constitution, and you've got Canada that has a Charter of Rights, but with a notwithstanding clause. So we would use it, if we had to, but it should not be used. It should never be used in my view, unless—for political reasons. It should be used for legal reasons that are beyond the scope of an existing government and in the public interest.

The only time I can think of it—it's actually ironic that the first time it was ever used, beyond Québec using it all the time, was on a specific case with the dairy workers in Saskatchewan. I think it might have been more noble if it was used and more understood, if it was used on the case of protecting children, when, clearly, there were charges laid on exploitation of children, and appropriately so.

Mr. McFadyen: I thank the Premier for those comments. Certainly, that balance under our Constitution, I think, is the right one. It almost sounded like an endorsement of former Premier Lyon, but I would certainly add my support for the inclusion of the notwithstanding clause at the time. I think it provides elected representatives within the country with the ability to override obviously wrong decisions, as rare as they may be, but obviously wrong decisions from the courts.

Just, if we can come back to the WNO accord, can the Premier indicate when was the last time the WNO group met and what plans they have for future meetings?

* (15:40)

Mr. Doer: I'll take that as notice on when they met. I know they've had meetings since the document's been signed.

I also want to say, and come back to the notwithstanding clause, I actually do think former Premier Lyon was correct on the notwithstanding clause, and I think former Premier Blakeney was correct. I absolutely will say that I think they were correct. I think they were absolutely right and history will show them to be right, and I applaud former Premier Lyon for that decision. I've actually said so publicly at the St. Andrew's Society when Jonathan Lyon was there representing his father. He couldn't be there; he was still recovering from the accident. Bill Blaikie was there, and they were both being

honoured. I thought I should mention what would bring these two together and the notwithstanding clause, you know, certainly, as I say, proposed by—I know I've talked to Roy Romanow about it. I've certainly—Alan Blakeney proposing it and Sterling Lyon proposing it. I think it's a very, very good document.

I think a Charter of Rights should be in a society to protect the minorities in particular.

I also think that concerns raised by police officers for public safety issues that were also part of the debate have been well-crafted in the Constitution, and I think that the document is typically Canadian. It's not as litigious as the American Constitution, and it's not as open-ended as the British part of it. It's a typically Canadian document, and I think that Sterling Lyon had a contribution to that. He should be remembered fondly for that measure.

Mr. McFadyen: I certainly endorse the comments about former Premier Lyon and appreciate the undertaking to come back with the information on the WNO group.

I would even add a gratuitous comment of my own that I think maybe we could all agree on, and that is that I think that the Conservative, the Progressive Conservative and New Democratic parties have tended to have more of a democratic instinct than the Liberal Party on lots of these issues. So I'm going to take a gratuitous shot at the Liberal Party and acknowledge that on many of these issues it actually has been Conservatives and New Democrats that have taken more of a democratic common-sense view of the Constitution. So let me just say for the record that that co-operation at the federal level and provincial level on a range of these issues I think has been good for our country.

My question on coming back to the east side and away from the grand national issues that—*[interjection]* If we had unlimited time I would be happy to discuss it.

But if we can come back to the east side, one of the comments and concerns that arose during the course of my discussions with some members of east-side communities, both during the time I had visiting those communities and in other discussions before and after, was the view that, with the establishment of national or provincial park status over a significant amount of the east-side territory, this could have a negative impact on traditional rights of Aboriginal people in those communities, in

that, effectively, jurisdiction over planning, over land use, over other activities taking place within the boundaries of any park would be—and this is the concern. I'm not necessarily saying that this has been established fully, but the concern has been that they could usurp the power of those who actually live in the communities, because park status would effectively put jurisdiction under federal and/or provincial governments, depending on the legislation under which it was established, and could impinge on activities that people, Aboriginal people in those communities have traditionally embarked upon, and, if not impinge, at least change the legal status in a way that could create the threat of that kind of overtaking of those rights.

I wonder how the Premier proposes to deal with that concern, as it is one that didn't arise once. Actually, it arose through several discussions with several leaders in several communities.

Mr. Doer: Well, as the member knows, the issues of Aboriginal rights and treaty rights are contained within the Constitution which, by definition, is the overriding legal document for Canada and for First Nations peoples.

Secondly, I think that, for our purposes—and I'd have to look at the example of the land and national park that was set aside in Churchill, in Cape Churchill, dealing with polar bears, but, if I'm not mistaken, it had a considerable amount of inclusion of Aboriginal rights and endangered species, and a co-operative agreement as part of that national park, including the Province of Manitoba. There are ways of—I think there wouldn't be a national park or a national site or a national treatment—I think it's national treatment in Churchill—with the land that goes from Cape Churchill all the way down to the York Factory on the Hudson Bay.

There was a considerable amount of work with the people that had traditional lands there, outstanding treaties there. The Constitution's paramount, but I think there are also ways of dealing with status that respects rights and includes them, as opposed to exclude them. If they were excluded, they would be subject to Constitutional interpretation, again under section 35, because there's no legal right of this Legislature to override rights in the Constitution.

Mr. McFadyen: On the issue of the proposed transmission line, it would appear to be well established that there are high levels of support among most of the communities on the east side for

an east-side transmission line. There is opposition, to be sure, primarily centered in the Poplar River community. There are 15 communities that, to varying degrees, have expressed a level of support—their leadership has expressed a level of support—for the transmission line.

There've been some, I think, quite thoughtful work put into addressing the concerns and issues that have been raised around potential UNESCO status, around concerns raised by elders and others of Poplar River and other of the potential impacts on the forest.

One of the comments that was made at Poplar River was that the claim to traditional territory coming from Poplar River does not extend all the way to the Manitoba-Saskatchewan border. I know that these are matters that are not crystal clear in terms of the claims that are made. So I don't want to say anything on the record that might suggest endorsing—necessarily endorsing—the full extent of the claim. It may or may not extend as far as what the community claims, but, even at the largest expanse of the claim over traditional territory coming from Poplar River, it extends only as far east as, roughly, Charron Lake, leaving room east of that between the Manitoba-Ontario border for a corridor. Members of the community suggested that that could be used as a corridor to skirt the Poplar River territory. The land is higher. There's some logic to it from a geological-technical perspective. Then the remaining corridor would traverse lands claimed as traditional lands by the other communities in ways that would be with their agreement and consent.

I wonder if the Premier (Mr. Doer) can indicate whether he's prepared to go back to those communities and explore the possibility of running a corridor east of the traditional territory claimed by Poplar River and through the remaining territory, down the east side of the lake, and terminating at the Riel station east of Winnipeg.

* (15:50)

Mr. Doer: Well, we did have meetings with people in communities, because we know that, just like you and I, we come and we go in politics—in terms of Canadian history, Manitoba history and history of Aboriginal people—in relatively short periods of time. The communities have certain views; that's why we had 80 meetings on the issue of the east side. We had them because also there were two sort of false promises being made: one, the transmission line dictated a road and, of course, the member opposite

has pointed out, as Mr. Brennan has, there's a need to separate the road from the issues of reliability in the transmission line. So there was one false promise that the road would, in fact, pay for or be contributed to by the transmission line.

One of the things we checked out with Hydro in the first couple of years in office is, no, that wasn't true. There was just absolutely no truth to it, but it was kind of an urban myth to generate support for the east side and the east-side communities. We said that's not true; there was some concern that (a) they were told that when it wasn't true and (b) what's going to happen if we want a road? So we separated the two issues and they are separate, but how many times have we heard we should build a road because the transmission line in the road comes flowing behind it. We were very honest with the discussions. We found out from Hydro exactly what they were intending and proposing to do; we had 80 meetings of ministers before Minister Chomiak made a statement after those meetings.

The second issue was dealing with the ownership of the line. The Member for Minnedosa (Mrs. Rowat) was talking about that in her question to the Member for Rupertsland (Mr. Robinson) today. That also wasn't part of what Hydro was proposing. There are some people that believe that. Mr. Schwartz has talked about it in his letters, et cetera. It's contingent upon ownership. We took those assumptions. We went out and found out whether they were true or not; we found them not to be true, so we actually told the truth in the communities to the people. There were lots of meetings that had taken place before, lots of meetings or discussions that have taken place since. I think the Ste. Theresa Point youth group met just recently, et cetera.

We're trying to build the road on part of that east side, not all the way up, because it makes sense to look at the siting of other roads from areas that already have roads on the east side. We have approved money for the first time ever to the Rice River road system. We're designing and building bridges as we speak. It's not the New Jersey Turnpike. I'm sure the member opposite will have it being tolls on it, the New Jersey Turnpike, by the time he's finished but he'll have it be as big as the road is. Tony Soprano is driving on it, the starting point of *The Sopranos*. It's a little road, a little nice road for eco-tourism and for communities dealing with—15 years from now, it will be the most spectacular part of the world. It will be protected. It'll

be a World Heritage Site, and you'll say, Pssst, I was really wrong, but I had to do it for political reasons. I'll wait the 15 years. Who knows where we'll be? I know I won't be here, here being in this chair.

Mr. McFadyen: Madam Chairperson, I don't even know where to begin in response to that. Let me just try and come back actually to the original question that I was going to ask. I'm tempted just to go and see the Member for Minto (Mr. Swan) and talk to him about his double-fisted legislation. It would take a Silver Heights' crowd to come forward with that bill, but I—[interjection]—is this on or off the record—[interjection]

Back to the question of east side, we certainly understand that there's no necessary connection between the road and the transmission corridor. I think there was certainly an indication that the two, going hand in hand, could be done as a way of addressing concerns about isolation and transportation, but there is no necessary link between transmission line and road. The urban myth the Premier is referring to, certainly, goes back many years, certainly predates my time as the Member for Ft. Whyte—long before that time.

The question, though, of attempting to arrive at a reasonable arrangement with east-side communities for the corridor has not really been addressed. We, certainly, understand that parties will take positions, and that parties have taken positions, if they would like ownership of the line. That, certainly, doesn't mean that that would need to be agreed to by the Province or Hydro, and shouldn't be agreed to by the Province or Hydro. But everybody takes an opening position in a negotiation. As a former professional negotiator, he knows that he probably took positions in going into collective bargaining that weren't fully fulfilled by the time the agreement was signed at the end of the process. Certainly, there are communities taking an opening position of wanting ownership.

The issue is whether there is a willingness to sit down and have the discussion to try to get from the positions that are being advanced today to some reasonable position. I just don't understand, and many of those communities can't understand why it is that the Premier won't even allow that discussion to take place in the present context, when clearly they are prepared to come to the table and have a discussion about how we might build a transmission line that would be shorter, less expensive and more reliable than the one that's being proposed, and that it would be in the interests of Hydro and the Province

to open up another option so that we don't get into a scenario like the one that he's just raised, where somebody with an interest in land on the west side proposed route has the ability to extort money from Hydro or the Province by taking unreasonable positions knowing that Hydro has no other option, but to run it through that part of the province.

Why wouldn't he just open up the possibility of negotiating on all fronts with a view toward arriving at the best deal for the province? The definition of intact forest used by all the environmental groups is that it be a certain number of square kilometres, at least 10 kilometres wide. There are all kinds of intact boreal forest that will be in place even after a relatively unobtrusive transmission corridor. Why not open up discussions to arrive at the best deal?

Mr. Doer: Well, we did that for two years. We had discussions. At some point you've got to go from discussions and listening and consulting to deciding. You have to. Otherwise, we're just going to continue to have never-ending discussions. The bottom line is, we did spend a couple of years dealing with the issue of reliability. We wanted to have increased revenue to deal with the reliability issue. We thought that was a better way to go. We could build the reliability of the Dorsey station or another transmission line only for reliability without increased revenue, and that would be very, very expensive, no matter what side it went. So we were pursuing a track of finding out what the people—people, because people are there longer. Just like our public. Our public is here longer than we are.

So we wanted to find out what the people in the area thought, with all the correct information, including road and ownership. We put that out before the election campaign. We also wanted to negotiate revenues through increased sales. Some of that was put out before the campaign with the election with the 250 megawatts of power. It was written on the back of a cocktail napkin according to the member opposite. That's why it's causing so many problems in the Minnesota committee. They are arguing about our cocktail napkins now vigorously in the committee, so vigorously that the governor of Minnesota said, you better get down here and tell the committee the other side because only one side is being heard.

* (16:00)

There are 500 megawatts to Wisconsin. So you want to deal with reliability, you want to deal with revenue, and you want to have the most

environmentally doable plan that has, over the longer haul, the consultation with the public based on honest assumptions. Honest assumptions is road, no, that's what Hydro told us. In fact, Hydro said in committee they want the road separated. In fact, it's not only they weren't going to put money into a road, they don't want the transmission line down the road.

We're dealing with this huge urban myth, and we took some time to try to be honest because we don't want to go to people and say, oh, you're going to get a road paid for for sure, you know, because of the transmission line. It was, no, Hydro didn't have it in their plans.

Secondly, and that's why we proceeded on a different track down highways, we wanted to respect the meetings we had with people and, you know, we could—two, three years, at some point you got to come to a decision. You can't just—at some point, you got to make a decision. We also recognize, and what's even been more impressed upon us, that every transmission decision in western Canada has been started and stopped on environmental reasons. The latest ones are just being stopped in their tracks, including in Alberta and in British Columbia. Why? Not because of economics but because of environmental perceptions and reality. It's even more clear to us that some of the—on the one hand and on the other hand—advice from Mr. Farlinger, is even more weighted in terms of what's happened in other provinces since that report's written.

Since that report was written, had there been successful conclusions of economically, bottom-line transmission lines in British Columbia and Alberta or, after three or four years of planning and consulting and proposing, have they been stopped? They actually—a year later, if you look at what's happened in just west of us, it's actually gone further the other way. In fact, the report is even dated, stale-dated, on the other side of—the environment has become even a bigger issue in places where you wouldn't even think it was an issue.

To call—you know, it's not my job, because I think Alberta is beautiful, but I wouldn't have thought that a transmission line from Edmonton to Calgary would be stopped for environmental reasons.

An Honourable Member: That wasn't the reason.

Mr. Doer: Well, that's—I've got the report.

An Honourable Member: The company was spying on people.

Mr. Doer: Well, that's partially it, but that's—we don't spy on people. That's not our problem. We get spied on. We release everything.

Mr. McFadyen: I just find it—I find that explanation not worthy of this Premier (Mr. Doer), who is one of the better negotiators who have occupied that seat. That much I will concede. He's been through tough labour negotiations. He's led a political party and he has effectively, with the hydro line decision, created a situation—it would be like putting out tenders and saying only one company is allowed to bid on them. He talks as though the process of consultation is open-ended and he has no ability to impose deadlines on that process.

As the Premier of the province, I don't understand why, since the line doesn't—the line needs to be complete by 2017 at the latest. It needs to be licensed by no later than 2013, and hopefully sooner than that. The process to begin licensing needs to begin no later than fall 2011. Why wouldn't he go back today and begin a process of discussion with the east side communities and carry on the consultation on the west side and indicate that we need to arrive at a decision on this location within 12 months or 24 months, and that once we hit that deadline, if we don't have an agreement or a decision one way or another, we're going to make the call as a government? We're the ones elected to govern the province. We've got control over the Crown lands subject to section 35, and this is the—we need to build this line. Everybody agrees we need to build the line, so we're going to get it built, one way or another.

You show that kind of leadership, incidentally, which I respected in connection with the floodway. I remember him making speeches about fish in basements and other things in order to put some pressure on the federal body to get the approvals done. I think he was right to do that. You need to do that as a premier to get things done. I don't understand why he wouldn't follow a similar approach here by saying that, in 12 months, or whatever his deadline would be, we are going to make a decision about the route, one way or another, and people need to come to the table and come to agreement, or you run the risk that we are going to go somewhere other than where you want it.

I don't understand with the timelines that are available why you wouldn't take that approach when he's used it in other situations.

Mr. Doer: Well, other situations, every situation is slightly different. We have used fairly aggressive

negotiations on lots of projects, the Canadian Museum for Human Rights, the floodway, different other projects that were less dependent in terms of revenue on other regulatory bodies. At some point you've got to decide where you want to be at the end of the day. What's the most important issue for Manitoba? Right now revenue and production is trapped by lack of transmission. Reliability is trapped by transmission. What has been the biggest issue stopping transmission in North America? What has been the biggest issue stopping transmission in North America? It hasn't been private utilities making the best economic proposal. It has been environmental issues that have stopped transmission. It has also been people in local areas, particularly under—you said, subject to, and that is a very important subject to, section 35.

You've got to decide. With a long process you've got to finally make a decision. We've been consulting for two or three years on the east side, both in terms of its environmental potential and in terms of its people living in the area. The obvious option for everybody, the path of least resistance politically, would be the one least favourable for reliability purposes, the existing route, where you already have all the right of ways.

We even asked the question: What if we just went across the top of the lake to deal with the portal on Grand Rapids? Maybe they'll look at that again, when they said they rejected anything in the water. So it's not like we didn't ask the questions. It's not like we like coming out here and saying—you know, the other option for us is to just keep quiet for the next four years, 2011 comes, and not do anything, just have Hydro prepare internally, but that wouldn't give us sufficient public consultation on a site that's going to be opposed. Wherever we go, it's going to be opposed.

Mr. Newman approved additional capacity in East St. Paul, approved it, got Hydro to approve it, the former government approved it, and the day we got elected the honourable Member for Springfield (Mr. Schuler) got up and said, not in my backyard you're not going to do this. He had studied more things about transmission lines than anybody I know. I am sure his research will be useful to everybody opposed to the next transmission line.

You've got to make a decision of where you want to be. I'm not going to be around in 2017. If we don't build transmission in the most doable way, we're going to be trapped with revenue. We are just

going to be trapped. The easiest thing to do is nothing. I have to acknowledge that. I know we are accused of being careful and prudent. We have made—the numbers are there. I've always conceded from day one that a straight line is cheaper than a longer line. I've never had any difficulty conceding that point. I disagree with the numbers used and mailed to my house, paid for by tax—

An Honourable Member: The numbers are too loud.

* (16:10)

Mr. Doer: Yeah, well, we've also got billions of dollars of capital expansion. We've got billions of dollars in revenue coming in, if these sales go through. They are only term sheets, so we'll be able to firm up the numbers for you as we get down the road, but they are even going to make the consumers association's assumptions wrong on cost in terms of net cost to consumers here in Manitoba.

Mr. McFadyen: Well, I agree that the easiest option is doing nothing, and that's not the option that anybody supports pursuing given the requirements for a new bipole.

Can the Premier provide the minutes from meetings of the WNO committee to date, funded by the provincial government. Would he be prepared to provide those minutes?

Mr. Doer: Well, I would have to talk to the people that were part of the meetings. I'm not sure of my right to release them. I'm always careful with a body outside of government, but let me take that as notice.

Mr. McFadyen: Can the Premier just indicate whether he's got any documentation from any existing or prospective customers, whether its Xcel Energy or the Wisconsin public—I've forgotten the name of the company, but the company that's recently indicated its desire to purchase from Manitoba—any documentation outlining any concerns that they would have about the route of the Bipole III transmission line?

Mr. Doer: Well, there's a number of companies in Minnesota, and they have indicated that the environment is a big issue at their regulatory committees. The utilities make commercial decisions and the regulatory bodies, which are political, make different decisions, so it's the regulatory bodies that they have to deal with on environmental issues, and we're dealing with them right now in Cross Lake.

Mr. Gerald Hawranik (Lac du Bonnet): Madam Chair, I'd like to ask the Premier—in Lac du Bonnet constituency, of course, we have a number of smaller urban areas within the constituency and support of housing units is very important to our area. Manitoba Housing and Renewal Corporation, of course, has housing projects for seniors in Beausejour. We have five seniors homes, a personal care home, an assisted-living facility and so on, so it seems to be well taken care of for seniors housing.

Lac du Bonnet—there's a large seniors home there as well, Powerview at Pine Falls. One thing that's missing in the constituency, which is really obvious, is the community of Pinawa.

In Pinawa, of course, it started out in the 1960s as a community that was built largely by Atomic Energy of Canada Limited to house those people who worked at AECL and, over the last few years, of course, AECL has been declining in importance there because the federal government has decided to consolidate their research activities in Chalk River in Ontario. The reality is that Pinawa at the time, I think, was intended to be simply a place for people to live who worked at AECL, but that's changed, as the Premier knows, because of the withdrawal of AECL in the community. What's really absent there is government-supported seniors housing. It's a fairly large community, as the Premier knows, about 1,500 people live there. We have seniors housing in Garson and in Tyndall. They're communities of 500 and 600 people. We've got a seniors housing unit in Whitemouth, a community of about 350. Pinawa, 1,500 people, we don't have any seniors housing, and I think it's extremely important that that particular community is provided with some kind of seniors housing so that people, when they retire and no longer can live in their own homes, actually have a place to go and don't have to leave their community. Currently what happens is, when they retire and no longer able to live in their homes, they go to Lac du Bonnet or to Beausejour and so on.

I'm wondering what the Premier's thoughts are in terms of providing some supportive housing, seniors housing, in Pinawa?

Mr. Doer: I'd ask the member if there's any proposal from a service club or another organization for it. I know in Pinawa, we were quite concerned about—I think we had reports when we came into office dealing with the Pinawa Hospital, which I thought weren't that optimistic about the Pinawa Hospital. The report—it was one of the ones listed as the 21

hospitals, I believe. I'll double-check that. So we had to make a decision on the hospital and the basic, the genesis of the decision we made is that Pinawa, notwithstanding the decision of AECL, is a phenomenal—one of the most beautiful communities in Manitoba, if you will. Never can beat Neepawa, of course, but it is phenomenal. It has got a golf course that could bring any of us to our knees.

The lakes and the walkways now, I think we made a really good announcement with the Trans Canada Trail in there, and so if there's any specific proposal, sometimes it's—we don't just go out with a Brinks truck and pixie dust with the proposal, so I don't know if there's a proposal to deal with that we haven't acknowledged or haven't supported. But I would concur with the member that Pinawa has a vibrant community, a vibrant seniors community. That's why we invested money in, I believe, palliative care at the hospital and other areas to keep people living in dignity in their own community rather than go to Beausejour as the member said.

If there's a proposal that we haven't looked at adequately enough, I'd sure like to take a look at it, and I certainly would endeavour to take a look at anything that might fit into the various envelopes of the \$180 million in housing announced by the Minister responsible for Housing.

Mr. Hawranik: I thank the Premier for that response, and, again, staying with Pinawa, and the Premier mentioned it, Pinawa Hospital, there's been an expansion renovation, of course, as he's aware, in the Pinawa Hospital and, certainly, the community appreciates that because there's the feeling out there that, you know, we only have three—we have three hospitals in the Lac du Bonnet constituency and we actually need, as a minimum, three hospitals because of the distance people have to travel to get services. Certainly, the investment in Pinawa Hospital over the last couple of years really consolidated, I think, in the minds of many people in the constituency, that Pinawa will remain as a regional hospital and that's important that we have at least three regional hospitals due to the distance travelled.

One of the issues that's out there in Pinawa is that, yes, now, we believe we're consolidated as a regional hospital and we're going to have every reason to believe that the hospital is going to stay open. The issue with Pinawa, and as the Premier knows, it's at the end of a road and the difficulty is, of course, that we need to improve the highway infrastructure accessing that hospital. One of the

issues out there is the condition of Provincial Road 520, travelling from just to the west of Pinawa and going to the Lee River-Lac du Bonnet area. Lac du Bonnet is the next community to Pinawa and a lot of the patients that are in Pinawa actually come from Lac du Bonnet, but 520 in particular, that road itself is gravel. In the spring there's ambulances travelling on that road that have to either slow down or take an alternate route to get to the hospital.

I just wanted to draw to the Premier's attention that, in fact, if we're saying that Pinawa Hospital is a regional hospital, and I think it is, so it should service not only Pinawa, it has to service Lac du Bonnet and Whitemouth, access has to be approved to that hospital.

I'm wondering if the Premier can give me any thoughts with respect to Provincial Road 520, which comes from the Lac du Bonnet area.

* (16:20)

Mr. Doer: I've travelled on 520 and it is gravel, so I'm not going to disagree with him and it's not a long road. I think it's about four or five kilometres from when you head up north, north of Lac du Bonnet along the river. In fact, I think the last time I was there, when the tornado struck down just north of Lac du Bonnet and I came back and I hit that camp, and then I came back through. I think it was the long weekend, and I promised to be at dinner on Saturday. I got there Sunday night. So I travelled 520 through Pinawa. I'm not sure, I'll talk to my honourable friend who represents the lake country very well about that road, where it is in the priority list and the volumes and other things.

You are quite surprised going off paved road, then onto gravel, then onto paved road. It feels like the volume of traffic has gone up higher. I actually think, too, with the new spot that's been built just north of Lac du Bonnet, there's sort of a little potential tourism/golf tour from the Pinawa golf course up to the—I understand the new course at Lac du Bonnet is supposed to be just incredible from neighbours of mine that have played it, neighbours of the honourable Member for River East who have played that course—*[interjection]* Beg pardon. I was up at 5:30 this morning. I didn't see you up. *[interjection]* I had to take my daughter to the airport. I was looking for you to go to work. *[interjection]* They were on actually and that part is right. But nobody was stirring, not even a mouse.

Sorry, I digress. I'll look at the road, I don't want to say anything that the minister would be angry at but it is counter-intuitive to come off beautiful highways the minister has built around Lac du Bonnet, and of course, securing that bridge. Then you come onto those beautiful highways in Pinawa and in between is that gravel road. Now maybe it's the technique to keep people going slower with all the deer there at night but I don't know. I will check it out.

Mr. Hawranik: I thank the Premier for that. I believe as well that 520 warrants a second look and I think from the safety perspective alone, that's where I spoke from, from a safety perspective in terms of travelling to a regional hospital which I think is quite important.

As the Premier mentioned, the golfing opportunities between Pinawa and Lac du Bonnet and the fact that it's the most direct route to the new golf course that is up there, it's possibly another reason, a very valid reason, to look at 520.

Just to bring this to the Premier's attention, it may not come as a surprise to him but Pinawa, having been a community that evolved around and was constructed as a result of the nuclear research station and the fact that the site is licensed as a nuclear site in Canada, I've had a number of people, some of whom are on council, asking whether or not there would be support for a nuclear generating station in Pinawa. Perhaps the Premier has heard of that before, maybe has been approached about it, I'd like to hear the Premier's position on that particular point.

Mr. Doer: Well, I'm always willing to listen to proposals from the Conservative Party of Manitoba. Is it the position of the Conservative Party of Manitoba that we should build a nuclear power plant at Pinawa? Is that the position of the Conservative party?

Mr. Hawranik: I thought the Estimate section was here for me to ask the questions, and the Premier to give the answers. My question to the Minister is there's several people within the community who believe that should be the case. What would be the position of the Premier with respect to that kind of proposal?

Mr. Doer: Well, I would certainly want to know whether the local MLA that is asking the question and proposing it, by inference would have not only the support of his local community but the support of

his party. I'm curious to know, it would inform me greatly because we always keep an open mind on most issues. I'd like to know whether this is the position of the MLA. Is it his individual position to look at this nuclear power plant, or is it the position of the Conservative Party of Manitoba? I'm curious.

Mr. Hawranik: My responsibility as the local MLA is to bring forward concerns and issues in the constituency and voicing the opinion of those who believe there should be a nuclear generating station. I'm just wondering what the Premier thinks of that particular proposal.

Mr. Doer: I'm all ears to hear the position of the Conservative Party of Manitoba. I'm very curious to hear. There are different people in Canada proposing different ideas on energy, and am I to assume then—I can assume from the question that we now have a new energy policy for the Conservative Party that includes nuclear power.

I mean, certainly the MLA has got to have an opinion, yes or no. He's heard the opinions and, you know, I always listen to 1,200,000 Manitobans and any MLA that comes here.

Yesterday, the Member for Russell (Mr. Derkach) talked about potash and the member for Brandon talked about a private wine store and they supported it. So I'm assuming the member opposite supports nuclear power in Pinawa. If he tells me yes or no, I'd be really interested to hear it.

Mr. Hawranik: My job as an MLA is to listen to all the 25,000 residents and bring them to the Premier for an answer, because they're waiting for an answer as to whether the Premier would support nuclear energy. He must be supporting nuclear energy with his answer, but in any event, obviously, he chooses not to answer the question. You know, maybe he did answer yes. I might have missed something in that answer, but he could have answered yes.

Lac du Bonnet is another, of course, community within the constituency. A number of residents are concerned about the personal care home in Lac du Bonnet and the fact that the personal care home, while in some communities there are too many personal care home spaces, in Lac du Bonnet there clearly aren't enough because there are occasions—in fact, the waiting list, as I understand it, at different times, is up to two years long to get into a personal care home in Lac du Bonnet, forcing a lot of Lac du Bonnet residents to go to Beausejour or to Whitemouth to get into personal care home space.

I'm wondering if the minister has any perspective in terms of whether or not—or has heard anything from the Minister of Health (Ms. Oswald) as to whether or not personal care home space will be expanded in Lac du Bonnet and what his position might be on that.

Mr. Doer: I'll have to take the question as notice. I'm not aware of the current spaces for Lac du Bonnet.

Mrs. Mavis Taillieu (Morris): Madam Chair, I'd like a bit of time to ask some questions of the Premier.

Firstly, I recognize that the Premier was out in Elie after the F5 tornado that did strike. Certainly, it was a devastating experience for those people that lost their homes and, in fact, everything that they had. I did ask him the other day about compensation because I know when he was there he had indicated that there would be compensation, that he would be there for them, and he did respond to my question by saying: "If there are any specifics dealing with the people of Elie where private insurance does not fit some of the hardships, we will specifically look at it."

* (16:30)

So I'm just wondering if the Premier has asked or has he directed EMO to take another look at those affected and whether or not their losses were adequately compensated and whether they will actually look at those claims again.

Mr. Doer: I will meet with EMO. I did go out there and listen to the people—[interjection] The member says, photo op. I can tell you it was the first weekend I had promised my spouse that we would actually get to the lake after a six-week election campaign. It wasn't my priority to have a, quote, photo op, but I didn't know that it was a level 5 tornado. I think it is the responsibility of whomever the Premier is to try to get as close to natural disaster situations as quickly as possible, not to get in the way of the initial clean-up.

I don't even know whether it was a photo op because there were lots of people out there doing all the hard work. I want to start by thanking the people: the railway workers, the municipal workers, the reeves, the municipal leaders, the volunteers who were cleaning up the debris, the people who had to go to the mill in town, the highway's people. The Hydro people worked all through the night. Those are the heroes of it. EMO was there from the beginning. The member was there, and I appreciated

her being there. I think it was important that she be there. I think that's their responsibility. Yes, the media's there. They take pictures; that's their job too. I think that it's got nothing to do—especially if somebody comes out, just coming off an election campaign, there are lots of photo ops you've been involved in or photos, some good, some bad and some ugly, speaking for myself, of course.

So, I didn't like that reference; I thought it was unfair. I can tell you, the criticism I would've received if I hadn't gone to Elie after the event within a reasonable time after the emergency people had the original assessment, I can assure you the criticism would've been much more severe. So, door No. 1, with the Member for Charleswood (Mrs. Driedger), is you get criticized for not showing up; door No. 2 that you go through if you show up, it's a, quote, photo op. I think that's really irresponsible in her comments and, if possible, I think the MLA did the right thing in going there. I said that at the time; I say it again right now.

If in Gull Lake there were issues after the Gull Lake tornado, and there we had an additional tragedy of a loss of life at Gull Lake, quite whimsically in terms of weather tornados landed. I also visited there the next day. Again, I think it's part of the responsibilities to go to places if you can. We found in Gull Lake that some of the stuff was covered by EMO but we went back and took a second look, if areas were left out. If there's anything specifically that the member wants me to look at, I will look at it with EMO. I said that in Question Period and I'll do it.

We did go back and find areas that we went beyond the coverage, actually for farmers that had huge costs of cleaning up in the Gull Lake area and in the R.M. of Alexander. We had people that had costs that weren't taken care of. EMO helped us through some of those areas, and we did allocate additional funds. I made that commitment; I certainly want to make sure that, if there is something that we haven't unturned fairly, we can do it or, if there's something that we've missed, we'd take another look. We're not perfect, and EMO has to deal with the existing regulations that are under Treasury Board but sometimes, if there's something that's kind of missing in that consideration as we had with Gull Lake and it took us a while to get all those claims done, EMO properly goes after the private insurance first. That's absolutely the way it should be, and I think they do a good job.

I'm looking forward to any ideas the member has on individuals; I heard her cite a couple of cases. We did authorize a lot of money last year for the whole event. Elie was very dramatically affected, but there was also huge impact on other areas and thankfully no loss of life.

Mrs. Taillieu: Madam Chairperson, thank you to the Premier for his answer. I'm taking that as he's willing to work with EMO and open the appeal process. I don't know if the appeal process is completed, but the people from Elie that—they knew they could appeal, but I'm not sure that they did it in a timely manner and actually were told that the likelihood of getting any more than the \$1,200 net was just not going to happen, so it was kind of not very helpful to do the appeal.

So I know that the R.M. of Cartier, for individual claims—there were 22 claims and the total amount paid was \$19,229.23 for 22 claims. So, clearly, they have indicated in a letter to EMO that that was just not adequate funding for the amount of cleanup that these families had to contend with all summer and fall last year. Then this spring they're experiencing again, as the ground thaws and brings up other debris that was missed last year, debris that comes into the area from wind which, because they don't have any shelter belt because, of course, all their trees were uprooted and destroyed.

So, as well, the fundraising efforts of the community raising \$90,000 was fantastic. As a matter of fact, through that campaign, one family received \$19,000 which was necessary for them to—the house insurance, sure you have insurance, but you have a deductible, you have a car, you've got insurance, but you have a deductible. The fact that they had nothing, no clothing, no, well, obviously, no home and nothing in it, no identification, no money, no credit cards or anything, and having to go through that process of just replacing all of these things and going through the trauma, I guess, of going through filing of forms for just about everything that they had to replace, and some of them did have to undergo some therapy as well because of the situation they found themselves in. It was something that they're still dealing with today.

So, the \$1,200 net that was offered to them, and in fact, some of them got as low as \$50 just does not seem, well, not only does it not seem, it's just not an adequate amount to cover all of the things that they had to do. I mean I don't think that they'll ever get their properties restored to what they were. I'm

hoping that the Premier has made the directive already to EMO to reopen these claims. There's the five major claims and then the additional others, but I'm hoping that he's already made that directive to EMO.

Another question that I have is related to the Headingley jail. The Headingley jail was promised in Headingley some time ago, and I'm wondering if the Premier can say when that construction's going to begin.

Mr. Doer: The women's jail? Yes, I'll get the date they're working on. I mean the obvious existing facility needs to be replaced and we had the committee—half the staff lived in Winnipeg, half the staff lived in Portage. Some of the residents were from western Manitoba, some of the residents were from northern Manitoba, some of the residents, or inmates, I guess, are from Winnipeg and so that's why Headingley was chosen and I'll get the date.

* (16:40)

Mrs. Taillieu: As well as being able to provide the date, would there be a construction timeline and a cost? Is there an idea of how much this jail's going to cost?

Mr. Doer: The answer is I'll get those for the member. Sometimes, with some of the correctional facilities, there are agreements, particularly, with women that there would be certain spots purchased by the federal government, both in capital and operating. So they're a little different than the provincial system where provincial jails are two years less a day, and the federal penitentiaries are two years and up. So there's a lot less women in jail and there's a lot less women maintained in—there's no major federal institution. I think it's Kingston is the location of the women's prison in Canada for the federal government, but they do purchase spots, and I'm not sure whether that's a reason. But it is slightly different between men and women in terms of allocation.

The other issue, too, for prisoners is the whole issue of forensic services. There's been a problem with Portage and forensic psychiatric assessments required for pre-sentence reports. That was an inequity in the system that will be resolved with a new jail.

Mrs. Taillieu: The Premier, in his 1999 election campaign, actually did say that he would bring in a privacy commissioner. We haven't seen anything in the last eight years about privacy commissioner. In

fact, we're still waiting. In fact, I proposed a resolution on a privacy commissioner last year and it was voted down by members of the government.

I'm just wondering when we can expect to see some legislation on the creation of a privacy commissioner.

Mr. Doer: Well, there are two components to this. We are working, and the member would have read the last couple of Ombudsman's reports, I assume. The member has read those reports, the Ombudsman's reports?

So we're honouring some of the advice we're receiving from the Ombudsman and, secondly, we're dealing with some of the issues of privacy. I expect legislation to be introduced in this session of the Legislature.

Mrs. Taillieu: I'm sorry, I missed part of that, but the Premier has confirmed that there will be legislation on the creation of a privacy commissioner this session. It will be introduced, probably, in the next couple of weeks because, otherwise, it gets to the end of the session—*[interjection]* Yes, by May 1, then, we'll see a bill by May 1?

Mr. Doer: I'll double-check the date. I mean, if there is a certain requirement to have anything dealt with by May 1, then, we respect that date. I mentioned before that the Ombudsman has written reports about this recommendation. We have been working with the Ombudsman, not just working with us, with the government alone, on the creation of the role of a privacy position. I'll take the date as notice but, as I said, I do expect there will be legislation this session.

Mrs. Taillieu: Thank you. I'm just not clear, though, if we're going to see it next week before the deadline, so which means, yes, we might see it but it may not get, really, any attention this spring. I don't really understand why it's taken eight years if this is something the Premier believed in in opposition that it was necessary to have a privacy commissioner and, then, once being in government, after eight years, is still promising that this is going to come forward, but we still haven't seen it.

Again, the protection of personal information and data is very important and, in fact, escalates when you talk about the speed at which technology is advancing these days. The things that can happen through technology were things that even three or four years ago would be manageable. Now we find that with the speed of technology, the understanding

of what technology can do is not advancing at the same speed.

Some of these things in other jurisdictions, the privacy commissioners deal with the issue of privacy, and I think it's a good opportunity to get a privacy commissioner now before we go further down the route of expanding technologies interlinking of information flowing through government departments. I don't believe enough attention is being paid to the protection of this information and data. Certainly, with identity theft and personal information being the basis of that, there is a need to protect all of the data that governments hold as well as in the private sector. Governments hold a lot of information on people and are more and more linking up their channels of communication, department by department, which again, the more information you have in one data base, the more desirable for hackers to get into that data base. You don't have to take my word for it, but certainly the people that are looking for this information are far ahead technologically than the people that are trying to look after it.

I am going to look before May 1 next week to see whether we have legislation to bring forward a privacy commissioner, and I certainly hope that we do because it's been eight years of promises and it hasn't happened yet.

Mr. Doer: The member is right. We are working with the Ombudsman who has the role now, and this is an additional position. I did mention that the Ombudsman's report, I think it's a couple years ago, commented on this issue, and rather than just bring in something that we thought was the right way to go, we actually listened to the Ombudsman.

The issue of privacy also is important. On the one hand, everybody in this room wants full access to everything, and on the other hand, there is privacy of citizens affected. Then there is the whole issue of patient privacy and implied privacy. These are not simple issues when you look at the human rights of an individual for privacy and the right of the public, particularly with public expenditures.

I just say on the privacy issue, there is work going on with the Ombudsman's report. I believe it was two years ago or last year that it did comment on this and made recommendations to us that were slightly different than we thought we could do to begin with. I do expect legislation this spring.

I would like to ask for a diplomatic break of 10 minutes to make one call to my daughter and one call to the wild.

Madam Chairperson: Is it the will of the committee to have a 10-minute recess? *[Agreed]*

The committee recessed at 4:48 p.m.

The committee resumed at 5 p.m.

Madam Chairperson: We will now resume consideration of the Estimates.

Mr. McFadyen: Madam Chair, just back to some east-side issues, there was discussion about legislation coming forward. Can the Premier indicate whether there will be legislation tabled prior to May 1 in this session respecting planning and land use on the east side?

Mr. Doer: There was a commitment on it. I'll have to take the question as notice. There's a certain amount of legislation that we're dealing with right now and the drafters are dealing with. You know, there's only so much—so much is promised and so little time to deliver on all those legal requirements. It takes them a while to get some of these bills drafted appropriately, so.

Mr. McFadyen: We'll look forward to the announcement on that one.

Sort of slightly related to the transportation issues on the east side, not particularly something that's come forward from members of the community but others who have an interest in the environment and transportation issues, clean transportation and the ability to move people and products up and down the east side of the province. Some have suggested that we ought to be exploring, and when I say we, I mean the royal we, governments of different levels and communities ought to be exploring the possibility of a rail line up the east side.

Is that something that the government has examined in any way? I'd be curious as to the Premier's reaction. Perhaps the attractive short-term, less expensive means of dealing with transportation issues might be continual upgrades to the existing winter roads, but what about a rail line?

Mr. Doer: I thought we were going to use dirigibles, as well, so if there's any—you know, technology is a wonderful thing. We are not planning on building a railway. We are planning on fulfilling our capital

commitment in highways on the Rice River road and getting other—not the Jersey Turnpike but the road, a kinder, gentler road. And we are also dealing with some of the issues of access to—I mean we're looking at a changing climatic situation in the north. We're starting with the near-north in the east side more than the full north but we're also looking at siting issues east of Norway House.

Mr. McFadyen: I appreciate the Premier is a practical person living in the practical real world but has there been any kind of a study that might look into the issue of rail, given the direction of fuel prices and the concerns about the environment. Much of the discussion around impact on wildlife and in particular the issue of the impact of roads on wildlife in areas like the boreal forest in the east relates not only to the existence of the road but the ability of people to stop and to hunt and to shoot and all those other things which are all part of that equation when it comes to wildlife habitat.

It would seem that a railway could address some of those issues, might not need quite as wide a right of way. Certainly, more expensive in terms of capital, but in the long run perhaps more efficient, less expensive to operate and more friendly to the environment. It might also address some of the other issues that have been raised.

I know it certainly doesn't provide the level of personal freedom to people who would want to have their vehicles for certain purposes but, given the number of people moving back and forth and the amount of food and supplies and other provisions, it would seem, at least on the basis of a preliminary look, that there might be some logic to it.

I wonder if the Premier has asked for or received any kind of a study or feasibility study that need not be overly expensive that might examine an option that could have some merit to it. I'm thinking longer-term.

Mr. Doer: Well, there's the capital costs would be higher and the operating costs would be also higher. So, we haven't had a proposal. If there's somebody that thought they can make money, somebody would have proposed it to us. There has been no proposal that I'm aware of, but I'll double-check for a rail line on the east side. We don't plan—you know, I think we're planning our capital.

For highways, we've already had to deal with some situations with rail line route abandonment in places like Pukatawagan. That's caused real problems

for us. We've tried to manage that with the community, and that's a large community and a shorter distance than what we're talking about here, but we have to consider both capital and operating. Usually the operating is the more problematic economic dynamic, but as a whole issue, as the member indicated in terms of individual flexibility. But I haven't seen a proposal. We are not establishing—I know that we got encouragement to build a nuclear power plant in Pinawa from the honourable Member for Lac du Bonnet (Mr. Hawranik) and interested to hear that position. I'm not planning on creating the Manitoba Railway Inc., the Crown corporation, but if there's a private proposal I don't think—we're planning on building a road and so far since we've announced that, we've had nobody ponying up to the table and saying, oh, if you give us this money we'll build a railway. I haven't heard that, don't expect to hear it, but if the member has heard it from trucking companies that's something we haven't heard.

Mr. McFadyen: Certainly, the railway built across the country by the founding parents of the country was done without very much private money and it put in place something that eventually became viable.

I just wonder why the Premier wouldn't contemplate the possibility of a public project related to the tracks and see whether it could be viable to leave rolling stock in private ownership or some model along those lines.

Mr. Doer: Well, first of all, you have, again, section 35 issues perhaps.

Secondly, you have issues dealing—you talked about the Canadian Pacific Railway and the founding fathers. It also included massive bequeathing of land to the railway and, as I recall my Canadian history, a little bit of political donations that linger in the history of Canada.

Mr. McFadyen: They had to move the town of Cartwright. They thought they were building it on the rail line and had to move it because the guide in the south had connections with the government.

Mr. Doer: And my friend, Jonathan Hildebrand, has never forgiven for moving the town of Cartwright. He probably could have been in the NHL, if he had been in a bigger town and would have had a decent hockey rink to participate in, although, he says the old hockey rink was fine.

Mr. McFadyen: They had to move to Crystal City to put their clubs.

Mr. Doer: Well, there's a rivalry between Crystal City and Cartwright as you know, and anybody that sat in the same room as Diane Gray and Jonathan Hildebrand better not take sides. That's my view.

But we have no re-proposal. I'm interested to hear in the new socialized idea. It took me five years to get the potash back from François Mitterrand which was sold off by that socialist, Gary Filmon. You know it took us five years to get the potash back from the French Crown corporation, and so we haven't got another in. You know, we're trying to develop Hecla and we're not moving in the direction suggested by the member opposite.

*(17:10)

Mr. McFadyen: The point about Crystal City and Cartwright is certainly well taken. For a guy from Cartwright to have gone to bat for Jonathan Hildebrand on last year's Estimates and for him not to have repaid the favour is something that has been noted by the Leader of the Opposition, but I will leave that point alone. I know he's got permanent status now on that Executive Council, and hopefully a handsome pay raise as well. *[interjection]*

I'll say again now what I said last year, if there are any other staff on Executive Council who are looking for help, just pass the note and I'll ask a question. *[interjection]*

Can the Premier (Mr. Doer), just moving to an entirely new topic, indicate what the anticipated net revenue is coming off Waverley West as of this moment?

Mr. Doer: I'll have to get an update; I'll take the question as notice. The land, of course, it was recommended that we sell the—there's another example of us taking publicly owned land and turning it into private home ownership to most degree and we were—*[interjection]*—we're involved in it. Of course, the member opposite would know that this file carried on from the former mayor to the current mayor. He was the former chief of staff; he might know all the numbers better than I do.

I will take the question as notice on the current projections. Land value has gone up. One of the reasons one of the changes that was made since the original plan was to have some of the land lots smaller to make it as easily affordable, so the lots are not as big as some of the original proposals. As I say,

overall, land costs have gone up. The land has value which has revenue implications.

Mr. McFadyen: Can the Premier (Mr. Doer) indicate what is the projected number of new residences to go into Waverley West by the time it's fully developed?

Mr. Doer: I'll take that question as notice.

Mr. McFadyen: Can the Premier just indicate what the explanation is for the decision to announce geothermal and then back away from that, as was recently disclosed?

Mr. Doer: We're still committed to geothermal. The lots were smaller than we had planned to make to keep it affordable. There were some engineering factors that drove up the costs more than was originally planned. We didn't want to stop all the development. There's also been a huge uptake of the industry right now in terms of capacity which is a pleasant problem. Manitoba now has the largest per capita geothermal installations in Canada. There were a lot of those technical factors dealing with the geothermal water and the existing sewer system. I can get an exact note on it.

It's still our goal to get as much geothermal as possible in there but we know also, at the same time, the land available for new housing is limited. If we were in a perfect world and we had a lot more land choices, the house builders would be able to go and build them in other places. We don't have a lot of land choices inside the city of Winnipeg that's already connected to the major infrastructure in terms of underground. We could have been stubborn and then the house builders would have been disappointed. Some of the house builders thought the comments made were not fair to the government, but life is not fair.

Mr. McFadyen: Can the Premier just indicate what are the plans to deal with the transportation problems that already exist in southwest Winnipeg and which are projected to get even worse as Waverley West is developed there?

Certainly, it's acknowledged and he deserves credit for the step taken on the Kenaston underpass, along with the other partners involved there. I think that has relieved a certain amount of the pressure. There are significant issues at Waverley, and those issues are expected to get worse. It's not just those arteries but others. Lots and lots of Manitobans from different places who use those routes express frustration over what seems like unending trains

crossing Waverley, particularly at rush hour. If you have to be in a rush at rush hour, you usually get two trains.

I wonder if the Premier can indicate what are the plans working with the City of Winnipeg to deal with those issues and the range of plans in terms of both roads and public transportation.

Mr. Doer: If I ever plan a trip to that area of the city at rush hour, which of course I do, I always go through Kenaston and I'm always happy that it was built. I will give the honourable member a faster route. A longer route sometimes can be a more doable route. Sometimes you can get to where you want to be faster than standing delayed behind a train or court or some other regulatory body in the south. There are some interesting comparisons. My advice to you is travel in the most doable way. Never be captured by an outside interest like railways with your precious time. We're saving more energy as we speak. The gods are speaking.

There's nothing proposed by the City on Waverley. Right now I believe Russ Wyatt has another proposal on Regent. There's another proposal on the Perimeter Highway and Highway 3, 2-3. There are proposals on Highway 59 for a cloverleaf or a new system there as we complete the four lanes on the Perimeter Highway.

As I pointed out yesterday, we don't have a infrastructure agreement yet with the national government. I thought the last infrastructure agreement was pretty sensible. It had an agreement on sewage treatment for the first time ever to get all three levels involved.

It had agreement on the Kenaston underpass, and I know that had nothing to do with the former member of Parliament from that area. Of course, it had agreement on rapid transit which was campaigned against by the current mayor and then re-allocated to recreation, which we respect because we always thought if there was a change in the sheriff at City Hall that they had some democratic authority, given they ran on a certain campaign. I think the member opposite was involved in that campaign.

So is there anything on transportation? We are in discussions on a general way with the City on transportation in southwest Winnipeg. Yes, is there anything specific to announce? Not at this point.

Mr. McFadyen: Certainly, in the setting of priorities which mayors, premiers, regional ministers and

federal ministers have to do, decisions have been made to reallocate funds. I was part of that campaign and part of those discussions. There is no contrary view in terms of that history.

Looking forward, I know Mayor Katz has certainly indicated that he continues to believe rapid transit is in the future for this city. It's not on the current list of committed funded capital projects but that it is in the future for the city of Winnipeg.

I wonder if the Premier can indicate what role his government is playing in those discussions and whether there are any plans to put provincial funds towards such a project within the next few years, capital plans unfolding over the next few years.

* (17:20)

Mr. Doer: We have supported rapid transit before, as the member knows. I do not want to say anything that would in any way speak for the mayor's priorities. I want to be really respectful. He's the mayor of the city of Winnipeg. He has the area of transit operations. We did commit to go back to the 50-50 for operations of transit. We did include in our climate-change bill rapid transit for operations, so that's a predictability there.

But, again, I think it would be very inappropriate for me to comment on anything that the mayor may or may not be contemplating. I just think it would be unfair to his leadership position at city hall and the role the Province would or may not play on it. I'm sure the member would want to respect that because, whether we like it or not, we are in a public venue and sometimes people listen to what we say, and if they don't, maybe—if people want to make news, they also use *Hansard* so I want to be very respectful of the mayor's role and just to say that we have been involved in the past, but I respect the mayor's call because he's got to make the decision in terms of scarce resources at city hall.

Mr. McFadyen: Picking up on the theme of relations with the City of Winnipeg and the Premier, just to indicate: what is the status of the issue of the hotel tax at the level of the provincial government?

Mr. Doer: Well, it hasn't been formally proposed to us. We're obviously aware of it. When the mayor asked us about it, we said, if you pass it at city hall, we will respect it. I don't think the mayor wanted to go through the exercise of trying to pass it at city hall, when he campaigned against it, then we would say no.

He asked. We committed to this being a decision only at city hall. Secondly, we said that to the hotel association, to Mr. Baker, that the fight would be for or against it at city hall, and, thirdly, we've been made aware that there's a tax on tax the way the provincial sales tax cascades on this so I'm giving notice that we want to change that legislation here in the Chamber by whatever legal means in terms of BITSA or other means.

We see this as a revenue-neutral issue for the Province. I don't think it was ever intended to have a cascading impact so I think we want to change that. We've said we don't want to take a tax on tax. It got asked at the Manitoba Chamber of Commerce. The actual tax, itself, and I did point out to them it's actually a tax on tax as well as—that we wouldn't collect. We'd have to change the legislation.

Mr. McFadyen: I appreciate the Premier's comments about respecting jurisdiction of the civic government and the mayor who are elected to set priorities and make decisions. In accordance with that theme, would the Premier contemplate proceeding with something that has been requested, and that is replacing some of the tied grants that are made from the Province to the city, grants that are made that are, in effect, directed by the Province, or where the priorities are established by the Province, replacing some of those with a revenue stream? We had proposed half a point of PST as what would seem to be a reasonable stream of revenue to the City of Winnipeg and other municipalities. Would he contemplate moving toward that kind of a revenue-sharing arrangement as a way of demonstrating his commitment to respecting municipal jurisdiction?

Mr. Doer: Manitoba has the highest per capita unconditional grants in Canada. I saw an article the other day in *Toronto Star* proposing they go to the Manitoba model because there are three issues that are shared besides all the other grants. One is the income tax; two is the corporate tax; and, three, now we've created the Building Manitoba Fund with a gasoline tax. That has resulted in a considerable increase in funds. Last year, I think it was, with the new road provision, it was well over 15 percent. This year it was 8 percent in funding. We think sometimes the fund should be dedicated: police officers, roads, bike routes, if the issue of rapid transit comes up. We've returned to 50-50 funding of transit. Ambulance agreements that are now due, sewage treatment. We want money dedicated to sewage treatment. In fact, if we would've spent the unconditional grant on sewage treatment in 1985 or

'86 or '88, it would've been half or one third as much money, and all the unconditional grants could've gone and got the job done. So, we are the highest per capita funder in Canada on unconditional grants to municipalities, the highest. Higher than Alberta, higher than Saskatchewan, higher than British Columbia, higher than Ontario.

The other thing that the most recent report indicated is Manitoba, unlike other provinces, has also assumed more responsibility, and that's something else we've been working on with the City. The Main Street Project really shouldn't be on the City taxpayers, it should be comparable to how we treat a comparable facility in Thompson and Brandon. The whole issue of social assistance, we've gone to a one-tier system across Manitoba, which increased the number of civil servants but decreased the load and unpredictability of civic budgets. So I think we want to continue to be respectful, but we are, as I said, the most—and I could talk a little bit about national reports on administrative costs and other things in Manitoba versus other provinces, but on the unconditional grant side and the reliance on property taxes, it was one of the areas in tax side and grant side, we're actually at the head of the pack, as opposed to the middle or the back.

Mr. McFadyen: So I think what I hear the Premier saying is that he's satisfied with the current arrangements, and I want to ask him, in terms of the establishment of priorities within health care, whether he can indicate what planning is under way with respect to a new headquarters for the Winnipeg Regional Health Authority.

Mr. Doer: You're never satisfied. We are the top per capita funder in Canada to municipalities. You're never satisfied. So I don't want you to put words in my mouth, although that's part of your job, but you can't get no satisfaction in this job, even when you're No. 1. So it's always a work in progress. There are lots of areas that we changed last year on roads and bike routes. There are areas that we committed to in the climate change bill on operating costs of transit, for rapid transit. There are areas that we changed on the Main Street Project in the budget this year. There are more police officers in the budget that the mayor would like to allocate for priorities he feels for the citizens' safety in Winnipeg. We've allocated staff to Brandon. We've allocated money to other municipalities.

* (17:30)

It's interesting because I think other provinces west of us are looking at other issues of municipal support and including the property tax credit or the education tax credit. I would point out that we eliminated the ESL, which was a second education tax on property taxpayers. It was \$64 million for taxpayers in Winnipeg. So, to us, education funding, education taxes, ESL elimination, support to the City of Winnipeg on unallocated funds, support to the City of Winnipeg on municipal sewage treatment issues, transit going to 50-50 funding, police officers, the issue in places like the Main Street Project that were anomalies, the new ambulance agreement that's now close to expiring.

We think all of those issues are areas that we try to deal with, with all municipalities but, obviously, the question was raised pursuant to the discussions with the city of Winnipeg on rapid transit. The issue of the Winnipeg Regional Health Authority office, I'll have to take that as notice.

Mr. McFadyen: I just want to come to the environmental commitments that have been made and some of the provisions of Bill 15, which is before the Legislature right now, and ask the Premier: With respect to the setting of targets, he's chosen years, and the final objective is to get to 60 percent below 1990 levels by the end of 2012. But the interim target for the end of 2010 is very, very achievable and represents like 5 percent of the reductions that will have to be achieved to get all the way to the 2012 target. I wonder why the Premier wouldn't have established targets that are more meaningful and more measured, something closer to 20 percent a year over five years, rather than 5 percent over the first three years and 95 percent over the last two of the plan?

Mr. Doer: Well, action taken today, for example, on large emitters, you can snap a finger and legislate them out of work and out of business, but it takes time to have the proper transition to alternative fuels. It takes time to ensure that some of the action that's taken will have benefit. We did go to the Kyoto targets. We didn't pick 6 percent below 1990 out of the air, it was a Kyoto target that was agreed to by Canada, not with a very effective plan, I might add, when it was originally signed on. On that point, I agree with Minister Baird on the issue of the original plan.

So, there's a cascading benefit. It's not a proportion of years. It's a question of action that takes time to implement. There are seven major

emitters in Manitoba, some of whom will be captured by a federal regulation that's been brought in. Most of them won't be captured by those. The transition time for workers, for owners, for the public sector taxpayers, it's going to take some time to implement those things. So, what we do today will have benefits two years from now. What we do two years from now will have benefits four years from now. So some of these things are cascading in terms of its benefits. It's not a proportional year-by-year reduction in the sense that trying to get at the large emitters does take time.

We wanted to see what the federal plan would be because, for example, it already impacts upon the copper smelter in Flin Flon, but not on the zinc smelter, which is quite green and appropriate. Some of the regulations coming in, by the federal government, have some impact, but they don't because some of the targets are intensity as opposed to emissions.

The other issue is dealing with transitions. We're trying to make a transition on emissions from certain companies that could be sequestered in the tundra oil fields or other oil fields in southwestern Manitoba. So we've been working with two private companies. How do we do that most effectively when we look at what's going on in Weyburn? So we have a plan with each one of these industries, and each one of these ideas. It takes time. We want the public to see results. There are lots of jurisdictions saying they're going to do this by 2050. I won't be around then. Certainly, it's easy to make a commitment for 2050. We're actually one of the only ones making a commitment for this decade. There are very few other people making a commitment. They might say their own office is going to be carbon neutral and they go out and buy airline credits, you know, to hop on a plane.

So we wanted to make Manitoba a carbon emission neutral province in this decade to show—I actually think that there has to be some immediate targets that may be easier to achieve, but at least when people feel you can succeed they don't throw up their hands and say, well, we'll never get anything done, so why should I contribute to it, in terms of the solution?

So, 2012 is chosen as Kyoto, but there is an impact, a cascading impact of taking action today on the year '10, '11, and '12. We think we can achieve both targets because we have measured some of the larger emitters. We've tried to be more realistic on

targets for places like agriculture that make up 37 percent of the emissions but certainly don't represent 37 percent of the emission targets. So we actually were more sector-specific than we were on a, kind of, take the next four years and divide it by four to reach the 6 percent below 1990 level. It wouldn't have worked for us and we think this will work a bit more effectively.

Mr. McFadyen: The Premier said earlier that the expected reduction with the transition of the Brandon coal plant to natural gas could be in the range of 400,000 tonnes, as much as 500,000. But even at 400,000, that's more than 10 percent of the target reduction, which is I think is 3.4 megatonnes if my memory serves.

An Honourable Member: 3.3.

Mr. McFadyen: -3.3 megatonnes. The 400,000 tonnes achieved with the Brandon transition puts you beyond the 2010 target which is a great thing, but would suggest that it's not contemplated that there be action in other areas to achieve reductions.

I think people would find the commitment more convincing, even if it wasn't 20 percent a year over five years, I think people might find it more convincing if it was something that required a little bit of a stretch, maybe even up to 20 or 25 percent or even 30 percent of the target by the end of 2010 so that there's a more realistic sense of comfort around what needs to be done in the final two years of the plan to get all the way down to 6 percent below 1990.

So to take out 400,000 tonnes and then still have 2.9 megatonnes to go seems daunting for those last two years and I wonder why the Premier wouldn't want to amend the legislation just to set a more ambitious target for the end of 2010.

Mr. Doer: Well, we are the most ambitious jurisdiction so far in North America with 6 percent below 1990 levels legislated. I think Québec is looking at it and they're doing like we are—going through each category. Part of the success on transportation is somewhat, you know, within our own hands, but also in the hands of the marketplace, in terms of dealing with some of those issues. But if you'll note that the budget included a tax on carbon from coal in 2011, but it also talked about all of that money being used or money not being used, but for a transition, in a lot of other coal-emitting places. So, you know, there are places that are emitting 300,000 or 400,000 tonnes of GHGs with 35 employees, but

those are still 35 employees, it's still a profitable company. So we want to have the time with the workers and with the company to make the transition.

* (17:40)

So that's why we have the most ambitious targets in North America so far. Somebody might beat us. Lots of people got stuff for 2015. Lots of people got stuff for 2020. I can have a more ambitious target for 2020, but, again, I said I wouldn't be here in 2017. I'm sure the member opposite will do everything possible to make sure I'm not here in 2011. That's his job. *[interjection]* To be here or not to be. *[interjection]* Oh, Estimates don't bother me that much. Good little intellectual workout with you.

There is a cascading impact on these things. It's not just an error of math. Do we want exceed zero emission net in this decade? Yes. Will the coal issue negate all the other issues with the population's going to grow. We're optimistic. We are the party of growth. You could dream it, we can do it.

We have agriculture. Two weeks ago, hogs you couldn't give them away, now just a slight change in the market on Chicago's commodity exchange, slight change at Tyson's with taking the weanlings in Minnesota, so I can't predict what's going to happen completely in agriculture. You know that's a huge area. We think we should go after the large emitters first not the farmers first, so we've tried to respect that. We're also trying to be slow and sure and steady with cars. People talk about putting in a carbon tax for gasoline. God, the price of gasoline has gone from \$50 a barrel to \$117 a barrel in less than two years. If that's not a carbon tax that's going to change behaviour, I don't think tinkering around at two cents a litre is going to do anything. We actually try to target coal.

We actually think overall behaviour will get us some benefits. Energy efficiency, obviously we've got some benefits with already. The targets for agriculture as a proportion of their emissions is the lowest in this plan. It's done so deliberately because the member knows that the emissions from phosphorus is one thing. We are limiting that. Methane is another issue. Nitrogen is another issue. I'm sure he knows the difference on GHGs with all those three areas. It's a skill-testing question I'll give my staff.

Mr. McFadyen: Of the emitters, the Premier has identified that the large industrial emitters present the

biggest potential for significant reductions within a reasonable period of time with new technology. Could he just be more specific for what the plan is for the large industrial emitters in Manitoba to get to the target? How much of a reduction in CO₂ or CO₂ equivalents is he looking at with the large industrial emitters within the five-year plan? What are the changes that need to take place in order to achieve that?

Mr. Doer: We are working with all the companies. Part of them had a coal carbon tax introduced in the budget which is prompted with statement about transition for each one of those. Part of them is in the public sector with the coal plant, and we are dealing with a lot of private companies. We have a range of what we think we can get from those large emitters. We are trying to make the transition. We've got a new zinc ore body in Flin Flon. You've got a really good zinc smelter. You've got 150 people working in the copper smelter. We're working with the company about how they deal with the ore so we don't lay off the miners, but how we deal with the smelter pursuant to the federal law. We are dealing with Inco doing all kinds of major investments because of the ore body and the additional ore body and the price of the ore with their smelter.

So it's just not one initiative for each operation. Part of what we want to do is reduce the emissions dramatically from those large emitters. What we want to do is make sure we have a transition for the communities and workers. Part of what we have to do is be prepared to be tougher, if we can't get co-operation to get our objectives, because the objective is a tough one: six percent below 1990 levels. You know there'll be lots of scrutiny in 2010 about (a) how far we've gone and (b) where's the next—we should have a little more definition of plans for some of the companies by then because some of these companies are affected by the carbon tax on coal by 2011.

Mr. McFadyen: Within that response, the Premier said something interesting, lots of interesting things, but one point of particular interest was the comment about transition of workers. When he says transition of workers, is he referring to layoffs or is he referring to movement of workers from one type of activity to another within the companies?

Mr. Doer: If you look at Flin Flon, it would be our desire, and I don't own the company. They're already dealing with issues of federal legislation so let's just take Flin Flon. They have federal laws now coming

in, brought in that have no impact on the zinc smelter and have tremendous impact on the copper smelter. Therefore, they have to make a decision, the company. Do they invest literally hundreds of millions of dollars on the copper smelter, or in terms of the ore body and commodity prices, or do they look at dealing with federal regulations and make a decision on the longevity of that smelter?

At the same time, we have a tremendous green find of zinc in Flin Flon that's going to require more smelter capacity at the existing zinc smelter plant which, in our view, if we can time the reductions at the copper smelter with the enhanced employment at a zinc smelter—and I'm not speaker for the company—this is desirable. This is the best way to achieve the compliance with federal law and the best way to also have people re-employed or re-assigned in Flin Flon, or are there going to be different jobs? It's a green field in Flin Flon potentially for the zinc. Are there going to be different jobs with the zinc? I don't have enough detail to go over it with the member but it's just an opportunity. We want people to be working and we want the emissions to be reduced.

Mr. McFadyen: I wonder if the Premier (Mr. Doer) can just address the comments he made that were quoted in the *Free Press* on April 18 where he indicated he wanted an independent review of the Clean Environment Commission and its mandate, how citizens participate and how it distributes funding to groups who want to present before it. Can he be more specific as to what he meant by those comments?

Mr. Doer: We believe that the federal-provincial environmental approval process should deal with the fact that a coal plant can be approved in less than a year and a hydro-electric renewal energy plant takes four years. This is not a feeling that I have on my own. The former Minister of the Environment that brought in the federal Environment Act is now the premier of a province, Mr. Jean Charest, who is probably sitting in his seat right now, as we speak, in la belle province has raised this.

* (17:50)

He said it was never intended to be an intervener's funding source for four years. It was intended to be sure that the environmental impact was evaluated fully. This is the view of every premier in Canada, no matter what their political stripe, that we should have a way of having environmental licensing conducted that has proper intervener funding, which we have in Manitoba. I

think, the largest—the body decides that. We should not have duplication between having one body look at it and then another body look at it. It should be clear and up front, when there is a federal-provincial issue, they should have a co-ordinated effort. There should be that the documentation and impacts are properly presented. It should have a decisive period of time to deal with it. We don't want to short-change the licensing process, but we want to shorten the time line for renewable energy projects in Canada relative to coal plants being approved. Really what I was talking about is getting federal-provincial agreement in this area, not talking about our own CEC.

So his sentiment in the article was correct. Because I think I was also quoted about coal versus renewable energy and there hasn't been any proposed coal plants in Manitoba. It hasn't affected us lately, but it has affected others. We've looked at the time line in other provinces and it's short.

Mr. McFadyen: I was curious as to the reference to coal plants that have been approved in the last number of years.

Can he be more specific about where coal plants have been approved in the last five years within a year?

Mr. Doer: Well, not in Manitoba, but I'll get the information. The provinces that produce hydro-electric power never believed that when the Environment Act was introduced by the Mulroney government years ago, the end product of that process would be some plants being approved that aren't renewable energy much quicker than plants that are renewable energy. I'll get you the specific example, but there are people who have done that research and think its counterintuitive and was an unintended consequence of a federal law that was intended to give impact, proper impact and proper due diligence. But it was not intended to be a kind of—and I've joked before, one lawyer per megawatt of power, no disrespect to the legal profession. But it was never intended to be that. I've actually talked to the original author of the bill as I say, Mr. Charest, about that unintended consequence.

Mr. McFadyen: Hard to disagree with any of the statements. Just curious as to the factual basis for the statement about speedy approval of coal plants, but I don't think anybody wants to see unending processes for approvals, and that's not something that's in the interests of our province or anybody else.

The normal process at the federal level for reviewing and licensing major projects has been to examine all options to achieve the objectives, and in the case of transmission line, the normal practice would be to examine not just the proposal but to examine other options or there would have to be evidence put before the body with respect to other options and their pros and cons.

I wonder if the Premier, in anticipation of that being the preferred process at the federal level, will be allowing Hydro to prepare a brief that would put all options before the federal panel or the provincial panel if it's acting as a proxy for the federal body. Would he permit Hydro to prepare a brief that put all the options in front of the panel?

Mr. Doer: Well, Hydro will follow the law of Manitoba and the CEC will deal with the federal-provincial issues and scope, and we certainly don't suggest how Hydro will present at the Clean Environment Commission ever.

The issue of dealing with previous projects, Hydro did it their own way with Wuskwatim, and they altered the plan with the people locally in the area. They came forward with it and certainly, as the member can cite different testimony in the PUB, and I think we could probably replicate the PUB forever here in question period. We don't tell Hydro how to present and we don't tell the consumer bureau, which we pay for how to present, the seniors, a lawyer how to present, or there will be lots of interveners.

There will be lots of people opposed to any route, and if you said no to the west route and then said yes to the east side, then there will be thousands of other people opposing the east side. The one thing we do know, any transmission line is going to be opposed. We said that also at that same press conference; it's going to be opposed. That's why North America has had such little ability to build transmission, here, south of here, west of here, in particular. We will respect Hydro's legal requirements.

Mr. McFadyen: He hasn't addressed the question.

The question is, because they've directed Hydro to proceed on the west side and to prepare an application that would put only that option before the licensing body, in anticipation of questions that are sure to arise for a variety of reasons, I think there's some facts we agree on and others that are in dispute, but one of the ones we agree on is the 40 megawatts

of line loss. We know that's equivalent to the ability to displace somewhere between 250 and 350,000 tonnes of CO₂ or CO₂ equivalents. That surely is going to be a factor. There's 60 kilometres of additional forest on the west side. There's issues identified in the Farlinger report about the endangered nature of some of the forest on the west side. There are arguments on the east side as well which the Premier has articulated, as has the Hydro minister in anticipation of all of those.

Will the Premier be providing Hydro with the freedom to present briefs on all options in anticipation of all of those issues coming forward so the licensing body can consider all of those options simultaneously?

Mr. Doer: As I understand it, Hydro will have to present a certain proposal as a proponent to the Clean Environment Commission. As I understand it, you can't have theoretical presentations; you have to have a specific one. They'll follow the law. They will follow the law, federal and provincial. I've never directed them how to present something on other matters in the past. I'm sure the Clean Environment Commission, being an environment commission, will have to consider everything in front of it. I'm sure they will. I'm sure Hydro will have to answer all the questions, and I'm sure there will be lots of cross-examination. The member opposite might even intervene himself. *[interjection]* Yes, get the meter running.

We're going to follow the law, and the law in Manitoba says that we're going to have to have an environmental licence. The environmental licence is going to be debated. The more specific it becomes as a route the more it will be debated. People opposed to something will argue another alternative, but we will follow the law. That's the commitment we make. We're not coming in here bringing in a lot of forego in environmental licensing process. There were people that went to the Wuskwatim licensing process and argued against building Wuskwatim and argued there should be other alternatives like wind power, that we didn't need Wuskwatim. There were people that went to the floodway licensing process and argued we didn't need the floodway and that we hadn't deal with the aquifer in East St. Paul.

Madam Chairperson: The hour being 6 p.m., I'm interrupting the proceedings of the committee. This section of the Committee of Supply will now recess and will reconvene tomorrow at 10 a.m. (Friday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, April 24, 2008

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