

**Second Session - Fortieth Legislature**  
of the  
**Legislative Assembly of Manitoba**  
**DEBATES**  
and  
**PROCEEDINGS**

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

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Fortieth Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
ALLAN, Nancy, Hon.	St. Vital	NDP
ALLUM, James	Fort Garry-Riverview	NDP
ALTEMEYER, Rob	Wolseley	NDP
ASHTON, Steve, Hon.	Thompson	NDP
BJORNSON, Peter, Hon.	Gimli	NDP
BLADY, Sharon	Kirkfield Park	NDP
BRAUN, Erna	Rossmere	NDP
BRIESE, Stuart	Agassiz	PC
CALDWELL, Drew	Brandon East	NDP
CHIEF, Kevin, Hon.	Point Douglas	NDP
CHOMIAK, Dave, Hon.	Kildonan	NDP
CROTHERS, Deanne	St. James	NDP
CULLEN, Cliff	Spruce Woods	PC
DEWAR, Gregory	Selkirk	NDP
DRIEDGER, Myrna	Charleswood	PC
EICHLER, Ralph	Lakeside	PC
EWASKO, Wayne	Lac du Bonnet	PC
FRIESEN, Cameron	Morden-Winkler	PC
GAUDREAU, Dave	St. Norbert	NDP
GERRARD, Jon, Hon.	River Heights	Liberal
GOERTZEN, Kelvin	Steinbach	PC
GRAYDON, Cliff	Emerson	PC
HELWER, Reg	Brandon West	PC
HOWARD, Jennifer, Hon.	Fort Rouge	NDP
IRVIN-ROSS, Kerri, Hon.	Fort Richmond	NDP
JHA, Bidhu	Radisson	NDP
KOSTYSHYN, Ron, Hon.	Swan River	NDP
LEMIEUX, Ron, Hon.	Dawson Trail	NDP
MACKINTOSH, Gord, Hon.	St. Johns	NDP
MAGUIRE, Larry	Arthur-Virden	PC
MALOWAY, Jim	Elmwood	NDP
MARCELINO, Flor, Hon.	Logan	NDP
MARCELINO, Ted	Tyndall Park	NDP
MELNICK, Christine, Hon.	Riel	NDP
MITCHELSON, Bonnie	River East	PC
NEVAKSHONOFF, Tom	Interlake	NDP
OSWALD, Theresa, Hon.	Seine River	NDP
PALLISTER, Brian	Fort Whyte	PC
PEDERSEN, Blaine	Midland	PC
PETTERSEN, Clarence	Flin Flon	NDP
REID, Daryl, Hon.	Transcona	NDP
ROBINSON, Eric, Hon.	Kewatinook	NDP
RONDEAU, Jim, Hon.	Assiniboia	NDP
ROWAT, Leanne	Riding Mountain	PC
SARAN, Mohinder	The Maples	NDP
SCHULER, Ron	St. Paul	PC
SELBY, Erin, Hon.	Southdale	NDP
SELINGER, Greg, Hon.	St. Boniface	NDP
SMOOK, Dennis	La Verendrye	PC
STEFANSON, Heather	Tuxedo	PC
STRUTHERS, Stan, Hon.	Dauphin	NDP
SWAN, Andrew, Hon.	Minto	NDP
WHITEHEAD, Frank	The Pas	NDP
WIEBE, Matt	Concordia	NDP
WIGHT, Melanie	Burrows	NDP
WISHART, Ian	Portage la Prairie	PC
<i>Vacant</i>	Morris	

**LEGISLATIVE ASSEMBLY OF MANITOBA**

**Thursday, June 6, 2013**

*The House met at 1:30 p.m.*

**Mr. Speaker:** Good afternoon, everyone. Please be seated.

**ROUTINE PROCEEDINGS**

**Mr. Speaker:** Introduction of bills. Seeing no bills, move on to—

**PETITIONS**

**Provincial Sales Tax Increase—Referendum**

**Mr. Ian Wishart (Portage la Prairie):** Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

And these are the reasons for the petition:

The provincial government promised not to raise taxes in the last election.

Through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without the legally required referendum.

An increase to the PST is excessive taxation and will harm Manitoba families.

Bill 20 strips Manitobans of their democratic right to determine when major tax increases are necessary.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to not raise the PST without holding a provincial referendum.

This petition signed by J. Hutchinson, S. Hughes and L. Hunnam and many, many more fine Manitobans.

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

Petitions—the honourable member for Lac du Bonnet.

**Mr. Wayne Ewasko (Lac du Bonnet):** I wish to present the following petition to the Legislative Assembly.

And these are the reasons for this petition:

(1) The provincial government promised not to raise taxes in the last election.

(2) Through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without the legally required referendum.

(3) An increase to the PST is excessive taxation that will harm Manitoba families.

(4) Bill 20 strips Manitobans of their democratic right to determine when major tax increases are necessary.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to not raise the PST without holding a provincial referendum.

This petition is signed by R. Dufily, D. Stefiuk, R. Stefiuk and many, many more fine Manitobans, Mr. Speaker.

**Municipal Amalgamations—Reversal**

**Mrs. Leanne Rowat (Riding Mountain):** I wish to present the following petition to the Legislative Assembly.

And these are the reasons for the petition:

The provincial government recently announced plans to amalgamate any municipalities with fewer than 1,000 constituents.

The provincial government did not consult with or notify the affected municipalities of the decision prior to the Throne Speech announced on November 19th, 2012, and has further imposed unrealistic deadlines.

If the provincial government imposes amalgamations, local democratic representation will be drastically limited while not providing any real improvements in cost savings.

Local governments are further concerned that amalgamation will fail to address the serious issues currently facing municipalities, including an absence of reliable infrastructure funding and timely flood compensation.

Municipalities deserve to be treated with respect. Any amalgamations should be voluntary in nature and led by the municipalities themselves.

We petition the Legislative Assembly of Manitoba as follows:

To request that the Minister of Local Government afford local governments the respect they deserve and reverse his decision to force municipalities with fewer than 1,000 people—of constituents to amalgamate.

This petition's signed by E. Thompson, H. Boucher, A. Arran and many, many more Manitobans.

**Mr. Blaine Pedersen (Midland):** I wish to present the following petition to the Legislative Assembly.

The background to this petition is as follows:

The provincial government recently announced plans to amalgamate any municipalities with fewer than 1,000 constituents.

The provincial government did not consult with or notify the affected municipalities of this decision prior to the Throne Speech announcement on November 19th, 2012, and has further imposed unrealistic deadlines.

If the provincial government imposes amalgamations, local democratic representation will be drastically limited while not providing any real improvements in cost savings.

Local governments are further concerned that amalgamation will fail to address the serious issues currently facing municipalities, including an absence of reliable infrastructure funding and timely flood compensation.

Municipalities deserve to be treated with respect. Any amalgamations should be voluntary in nature and led by the municipalities themselves.

We petition the Legislative Assembly of Manitoba as follows:

To request that the Minister of Local Government afford local governments the respect they deserve and reverse his decision to force municipalities with fewer than 1,000 constituents to amalgamate.

And this petition is signed by H. Fleming, E. Smadelle, K. Katchur and many more fine Manitobans.

### **Provincial Sales Tax Increase—Referendum**

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

And these are the reasons for this petition:

The provincial government promised not to raise taxes in the last election.

Through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without the legally required referendum.

An increase to the PST is excessive taxation that will harm Manitoba families.

Bill 20 strips Manitobans of their democratic right to determine when major tax increases are necessary.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to not raise the PST without holding a provincial referendum.

And this is signed by L. De La Fuente, L. De La Fuente, E. Trawon and many others, Mr. Speaker.

**Mrs. Bonnie Mitchelson (River East):** I wish to present the following petition to the Legislative Assembly.

And these are the reasons for this petition:

The provincial government promised not to raise taxes in the last election.

Through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without the legally required referendum.

An increase in the PST is excessive taxation that will harm Manitoba families.

Bill 20 strips Manitobans of their democratic right to determine when major tax increases are necessary.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to not raise the PST without holding a provincial referendum.

And this petition is signed by K. Rodgers, H. Guenther, K. Philipchok and many, many others, Mr. Speaker.

**Mr. Dennis Smook (La Verendrye):** I wish to present the following petition to the Legislative Assembly.

These are the reasons for this petition:

(1) The provincial government promised not to raise taxes in the last election.

(2) Through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without the legally required referendum.

(3) An increase to the PST is excessive taxation that will harm Manitoba families.

(4) Bill 20 strips Manitobans of their democratic right to determine when major tax increases are necessary.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government not to raise the PST without holding a provincial referendum.

This petition is signed by D. Fournier, D. Baker, S. Mackinder and many more fine Manitobans.

**Mr. Ron Schuler (St. Paul):** I wish to present the following petition to the Legislative Assembly of Manitoba.

And these are the reasons for this petition:

(1) The provincial government promised not to raise taxes in the last election.

(2) Through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without the legal, required referendum.

(3) An increase to the PST is excessive taxation that will harm Manitoba families.

(4) Bill 20 strips Manitobans of their democratic right to determine when major tax increases are necessary.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to not raise the PST without holding a provincial referendum.

This is signed by R. Harper, D. Cooper, J. Alexander and many other Manitobans.

**Mrs. Heather Stefanson (Tuxedo):** I wish to present the following petition to the Legislative Assembly.

\* (13:40)

And these are the reasons for this petition:

(1) The provincial government promised not to raise taxes in the last election.

(2) Through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without the legally required referendum.

(3) An increase to the PST is excessive taxation that will harm Manitoba families.

And (4) Bill 20 strips Manitobans of their democratic right to determine when major tax increases are necessary.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to not raise the PST without holding a provincial referendum.

And, Mr. Speaker, this petition is signed by J. Dauk, L. Essex, L. Baker and many, many other Manitobans.

**Mr. Larry Maguire (Arthur-Virden):** Yes, Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

And these are the reasons for this petition:

(1) The provincial government promised not to raise taxes in the last election.

(2) Throughout—through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without legally—the legally required referendum.

(3) An increase to the PST is excessive taxation that will harm Manitoba families.

(4) Bill 20 strips Manitobans of their democratic right to determine when major tax increases are necessary.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to not raise the PST without holding a provincial referendum.

And this petition is signed by D. Boulanger, A. Frank, J. Wilson and many, many others, Mr. Speaker.

### **Municipal Amalgamations—Reversal**

**Mr. Stuart Briese (Agassiz):** I wish to present the following petition to the Legislative Assembly of Manitoba.

The background to this petition is as follows:

The provincial government recently announced plans to amalgamate any municipalities with fewer than a thousand constituents.

The provincial government did not consult with or notify the affected municipalities of this decision prior to the Throne Speech announcement on November 19th, 2012, and has further imposed unrealistic deadlines.

If the provincial government imposes amalgamations, local democratic representation will be drastically limited while not providing any real improvements in cost savings.

Local governments are further concerned that amalgamation will fail to address the serious issues currently facing municipalities, including an absence of reliable infrastructure funding and timely flood compensation.

Municipalities deserve to be treated with respect. Any amalgamations should be voluntary in nature and led by the municipalities themselves.

We petition the Legislative Assembly of Manitoba as follows:

To request that the Minister of Local Government afford local governments the respect they deserve and reverse his decision to force municipalities with fewer than a thousand constituents to amalgamate.

This petition is signed by A. Lee, H. Campbell, J. Buick and many, many other fine Manitobans.

### **Provincial Sales Tax Increase—Referendum**

**Mr. Cameron Friesen (Morden-Winkler):** I wish to present the following petition to the Legislative Assembly.

And these are the reasons for this petition:

The provincial government promised not to raise taxes in the last election.

Through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without the legally required referendum.

An increase to the PST is excessive taxation that will harm Manitoba families.

Bill 20 strips Manitobans of their democratic right to determine when major tax increases are necessary.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to not raise the PST without holding a provincial referendum.

And this petition is signed by C. McTavish, P. Baker, D. Stapleton and many other fine Manitobans.

**Mr. Reg Helwer (Brandon West):** I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition:

(1) The provincial government promised not to raise taxes in the last election.

(2) Through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without the legally required referendum.

(3) An increase to the PST is excessive taxation that will harm Manitoba families.

(4) Bill 20 strips Manitobans of their democratic right to determine when major tax increases are necessary.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to not raise the PST without holding a provincial referendum.

Signed by S. Stewart, B. Chartrand and S. Romanceur and many others, Mr. Speaker.

**Mr. Kelvin Goertzen (Steinbach):** Yes, good afternoon, Mr. Speaker. I wish to present the following petition to the Legislative Assembly.

And these are the reasons for this petition:

The provincial government promised not to raise taxes in the last election.

Through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without the legally required referendum.

An increase to the PST is excessive taxation that will harm Manitoba families.

Bill 20 strips Manitobans of their democratic right to determine when major tax increases are necessary.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to not raise the PST without holding a provincial referendum.

And, Mr. Speaker, this petition is signed by P. Siemens, R. Friesen, H. Toews and many other Manitobans.

#### **Hydro Capital Development—NFAT Review**

**Mr. Cliff Cullen (Spruce Woods):** I wish to present the following petition to the Legislative Assembly.

These are the reasons for this petition:

(1) Manitoba Hydro was mandated by the provincial government to commence a \$21-billion capital development plan to service uncertain electricity export markets.

(2) In the last five years, competition from alternative energy sources is decreasing the price and demand for Manitoba's hydroelectricity and causing the financial viability of this capital plan to be questioned.

(3) The \$21-billion capital plan requires Manitoba Hydro to increase domestic electricity rates by up to 4 per cent annually for the next 20 years and possibly more if export opportunities fail to materialize.

We petition the Legislative Assembly of Manitoba as follows:

To urge that the Minister responsible for Manitoba Hydro create a complete and transparent needs-for-and-alternatives-to review of Manitoba Hydro's total capital development plan to ensure the financial viability of Manitoba Hydro.

This petition is signed by F. Wayte, K. LaLonde, J. Rolfe and many other fine Manitobans.

#### **Introduction of Guests**

**Mr. Speaker:** Prior to oral questions, I have a number of guests to introduce.

I'd like to draw the attention of honourable members to the public gallery where we have with us today 19 representatives of the consular corps of Winnipeg, including the newly arrived consul general of Iceland, Hjalmar Hannesson. On behalf of all honourable members, we welcome you here this afternoon.

And also in the public gallery, we have from Prairie Chicks Red Hat group 13 Red Hat ladies under the direction of Ruth Smart. This group is located in the constituency of the honourable member for Kirkfield Park (Ms. Blady).

And also in the public gallery, we have today from Neil Campbell School 45 grade 4 and 5 students under the direction of Mr. Alvin Dyck. This group is located in the constituency of the honourable member for Elmwood (Mr. Maloway).

And also in the public gallery today, we have with us from Rivers Collegiate 25 grade 9 students under the direction of Ms. Lesley McFadden. This group is located in the constituency of the honourable member for Riding Mountain (Mrs. Rowat).

On behalf of all honourable members, we'd like to welcome all of you here this afternoon.

#### **ORAL QUESTIONS**

##### **Manitoba Hydro Future Development Costs**

**Mr. Brian Pallister (Leader of the Official Opposition):** Well, my questions today are in—concerning the biggest gamble in Manitoba history, and that would be the NDP's plan to supersize Manitoba Hydro. And I guess the intent of my question, Mr. Speaker, is to ask the government about their ability to project spending amounts.

They've been consistent in exceeding their spending estimates each year in government. I know that the Wuskwatim project was projected initially to have cost \$900 million; the ultimate cost was actually double that or \$1.8 billion. And now the projected supersizing of the Manitoba Hydro through the two dams in the line is over \$21 billion, and that to satisfy the need for the sale by this government of bargain-basement hydro to US customers at a loss. Now, every dam that the NDP has built has been

double the estimated price, so that would make the actual costs about \$42 billion.

\* (13:50)

Given the changes in the economic and market circumstances around hydro, why is the only thing that hasn't changed the government's position on advancing this project?

**Hon. Greg Selinger (Premier):** Mr. Speaker, Manitoba—the economy has grown from \$34 billion to \$62 billion over the last decade. We grow at about 80 megawatts a year in this province, even with being No. 1 in the country for energy conservation projects, and the power will run out in 2022.

And if the members had their way and cancelled the hydro projects, we would become a net importer of hydro, of other sources of energy, Mr. Speaker, probably natural gas, but as well, coal-source energy. It would be more expensive, it would be more damaging to the environment, and it would put the Manitoba economy at a tremendous disadvantage. That's why we're proceeding based on the advice of Hydro that if we build it now we will have it for future generations.

And every time we built it, they have opposed it, just like Limestone. We built it for \$1.4 billion; it returned over \$8 billion within 10 years and has served Manitoba extremely well every day since, Mr. Speaker.

**Mr. Pallister:** Well, we know that rate increases are—they are going double, with this project proceeding, at a minimum. We know that Wuskwatim's costs actually have doubled. We know that the Conawapa proposal was estimated at \$5 billion; today it's estimated at \$10 billion, so it's doubled in just five years. However, its projected construction date is more than 12 years away. Which begs the question, why would any government that cares about conservation cut the Power Smart program by 20 per cent?

But given the spendDP record for out-of-control spending, does the Premier of Manitoba seriously expect any Manitoban to believe that he is not deliberately lowballing the costs of these projects in order to sell Manitobans? Why is his government insistent on bankrupting Manitoba Hydro?

**Mr. Selinger:** Mr. Speaker, first of all, it's just necessary to correct the record. The per capita increase in spending in Manitoba is second lowest in the country over the last five years, economic growth

in the top three for the country over the last five years. Manitoba Hydro—tremendous competitive advantage for our industries with the lowest rates in North America.

And all the experts, including from the Conference Board of Canada, say if you're going to plan your energy future over the next hundred years the best choice is hydro. No question about it, Mr. Speaker.

**Mr. Pallister:** Well, the key word there would be plan, Mr. Speaker. The government doesn't have a plan.

We love Manitoba Hydro, but on this side we understand who owns it, and it's Manitobans, not the NDP government. And we love Manitoba too, and we're proud of Manitoba's success. In spite of a have-not government, Mr. Speaker, we're a have province here.

Hydro profits are a sixth of what they were just five years ago. Costs on projects have more than doubled. This year alone, Wuskwatim will cost Manitoba taxpayers \$117 million. Keeyask is twice the size; it will cost three times as much. And I haven't even gotten to Conawapa yet, Mr. Speaker, and hopefully we don't.

And will—and how much money will this government lose? How much money will this government lose Manitobans in the next two decades when the Public Utilities Board says none of these projects will make money?

Why is the Premier trying to sell Manitobans on a project that will endanger our Manitoba Hydro?

**Mr. Selinger:** The biggest threat to Manitoba Hydro is the Leader of the Opposition, which wants to stop it in its tracks. He wants to stop the build of Manitoba Hydro in its tracks when we know we will need new power within the next nine years, by 2022.

That's exactly the same approach they took to the Manitoba Telephone System. They ran it into the ground and then they said they had to sell it off. Our rates went from the third lowest in the country to the third highest in the country, Mr. Speaker.

Manitoba Hydro is the future of our economy. We will listen to the professionals of Manitoba Hydro who say we need to build it now so we can have a prosperous future for all Manitobans. We will listen to their advice; we will build it, Mr. Speaker.



### **Manitoba Hydro Development Concerns**

**Mr. Ron Schuler (St. Paul):** Well, Mr. Speaker, we're glad to hear that the Premier wants to hear from professionals.

And in a report presented by Graham Lane, former PUB chair, he says—from a professional—the plans are based on questionable projections of not only construction costs but also of export sales and revenue and represent the largest gamble in the Province's history.

Why does this NDP government disrespect Manitoba ratepayers?

**Hon. Greg Selinger (Premier):** Mr. Speaker, it is this government that brought legislation in that guarantees our hydro rates, home heating rates and auto insurance rates will remain the lowest in the country. This government brought that legislation in. The members opposite said they wanted to increase all hydro rates to market rates which increase the cost to all Manitobans by 40 per cent.

Here's what impartial observers have said about Manitoba Hydro. Brian—Tom Adams, an expert on energy, has said it's a gigantic advantage when it comes to rates because we use hydroelectricity for 96 per cent of our power. He also said that our rates stayed lower because it's a publicly owned utility. The Conference Board of Canada, they have said they should—we should continue to build our northern dams, continuing the path with hydro is the more economic choice.

We will pursue the more economic choice because we have a growing economy and rich exports markets, Mr. Speaker.

**Mr. Schuler:** Well, Mr. Speaker, the only party that ever raised hydro rates by 8 per cent in one year is the NDP party. We need no lessons about hydro rates.

In fact, one of the professionals, Graham Lane, former PUB chair, said, and I quote: Ahead of final approvals Hydro has already incurred a billion or two of costs, with much more to come, and has made commitments with First Nations, American utilities and employees that would be difficult to unwind.

Why does this NDP government, why does this Premier disrespect Manitoba ratepayers in such a fashion?

**Mr. Selinger:** It's only the members opposite that want to cancel firm contracts we've entered into with our customers, firm contracts that will generate \$29 billion of revenue from export sales over the next 30 years. Why do they want to cancel firm contracts? Those contracts will pay for the dams before we need the electricity in Manitoba. That formula of having export revenues pay down the cost of the dams keeps hydroelectricity less expensive in Manitoba than in any other jurisdiction in Canada.

They want to cancel hydro projects. They want to cancel a project that would increase reliability called the bipole; that would put Hydro at risk. You only have to look at Ontario to see what happened when you privatize hydro and cancel projects: highest costs in North America now, Mr. Speaker.

**Mr. Schuler:** Well, Mr. Speaker, the Premier references all of these contracts that he has. Why doesn't he table them? Let the Legislature see them. We'd like to see them.

In fact, Graham Lane, the former PUB chair, says, and I quote, and I ask the Premier to listen: It is probable that Manitoba's future domestic electricity demand growth can be met more safely, less expensively, and bring lower rate increases than the current plan. The other options that are less costly are reduced drought-related financial risks and don't involve betting the farm.

The question to the Premier is, the member for St. Boniface: Why does this NDP government disrespect Manitoba ratepayers in such a fashion?

**Mr. Selinger:** It is precisely because we do want to keep energy costs low for Manitobans that we brought that bill in which guarantees their home heating, their electricity costs and their auto insurance costs will remain the lowest in Canada. We have met that test in our first year. We will have an impartial accountant firm review that every year. They will give us information inside this Legislature; it will be information that we will assure Manitobans they will have the lowest rates across Canada.

The members opposite want to cancel firm contracts—they want to cancel firm contracts. They want to cancel the bipole. It was in 1997, Mr. Speaker, when the bipoles almost went down, and instead of building a new one to protect the economy of Manitoba, which is now more than a billion dollars a week, the members opposite went and privatized the hydro system and left hydro exposed.

We're going to protect hydro. We're going to keep building it for the future generations and the current generations of all Manitobans.

\* (14:00)

### **Mental Health Crisis Response Centre Patient Wait Times**

**Mr. Cameron Friesen (Morden-Winkler):** Well, Mr. Speaker, it would appear that there are already problems with the new Mental Health Crisis Response Centre that just opened this week.

The WRHA CEO recently said timely access to a variety of crisis service options reduces unnecessary hospitalization and improves the quality of life for individuals experiencing mental health crisis. And, Mr. Speaker, I couldn't agree more.

So can the minister confirm for this House that patients seeking crisis care at this new crisis-care centre have to wait no more than 15 minutes to receive care?

**Hon. Theresa Oswald (Minister of Health):** The new Mental Health Crisis Response Centre opened on June the 3rd; today is June the 6th. This may in fact be a record for the Conservatives in terms of slugging one of our initiatives.

I would say, Mr. Speaker, that Dr. Murray Enns, the head of mental health services for the Winnipeg Regional Health Authority, did indeed say that the goal would be for patients experiencing a mental health crisis to receive care within 15 minutes or less.

If, in fact, the member presumably has a case for me to say where that didn't happen, certainly the goal will be 15 minutes, and we support them in trying to achieve that goal.

**Mr. Friesen:** Mr. Speaker, to be clear, this minister stated that patients would receive treatment within 15 minutes.

But on June the 4th, the day after the centre opened, an individual contacted my office who was seeking mental health crisis care at the new crisis response centre. That individual waited for six hours in a waiting room before being seen by a health professional. The centre was short-staffed. There appeared to be confusion at the front desk, according to this individual. In fact, the family said they were devastated by their experience at the centre.

What does the Minister of Health have to say to this family?

**Ms. Oswald:** Well, yes, Mr. Speaker, certainly I would say to any family, if they were to have an experience, whether it's at the Mental Health Crisis Response Centre—first of its kind in Canada, open for a total of one day, according to the member opposite—if they were going to the soon-to-be-opened Cancer QuickCare Clinic, if they were at one of the many QuickCare clinics that we've opened or at an access centre and they didn't get the care that they needed to get, we would certainly express our regret for that and we would certainly roll up our sleeves and endeavour to do better.

But, Mr. Speaker, what I won't tell them is that we'd privatize the system like their leader wants to do.

**Mr. Friesen:** Mr. Speaker, no wonder the Conference Board of Canada just rated Manitoba last when it comes to accessibility in health care. It would seem that there's already a crisis at this minister's crisis response centre.

The minister—the Premier (Mr. Selinger) stated on May the 28th, families dealing with mental health crisis no longer have to go to ER rooms for care because we have this dedicated facility for mental health crises and emergencies. But the Premier told Manitobans, when they're dealing with a mental health crisis, this is the place they should go.

So I ask this Minister of Health: Why is it that this Manitoban had to wait six hours to be seen, and why is it he was told by staff he would've received better care had he gone to a regular ER?

**Ms. Oswald:** And again, the Mental Health Crisis Response Centre is designed to provide the best possible care for those families that have a loved one that's experiencing a mental health crisis. Indeed, their goal is to see people within 15 minutes or sooner if possible.

But I have to say, Mr. Speaker, even for the Conservatives—and I tell you that I hold the bar for them so low you can't even see it—even for them, to slag the members of the crisis 'respart' centre after a mere 24 hours of operation, it's actually beyond belief. Not aim higher, but how low can they go?

### **Assiniboia Downs Minister's Discussions**

**Mr. Cliff Cullen (Spruce Woods):** Just another NDP ribbon-cutting opportunity, Mr. Speaker.

Mr. Speaker, the plot thickens on the Assiniboine downs file. There appears to be quite a

number of NDP ministers working behind the scenes on this file.

Given that Assiniboia Downs is located in the Assiniboia riding, I asked that member yesterday to explain his undertakings on negotiations.

Mr. Speaker, I would like to ask the member again: When did this member begin discussions with third parties to take over operations at Assiniboia Downs?

**Hon. Steve Ashton (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Well, Mr. Speaker, you know, members opposite will continue to engage in conspiracy theories, repeat various accusations, but the facts are as follows.

When it comes to Assiniboine downs, there will continue to be very significant support at Assiniboine downs. What there won't be will be a—there will not be a two-tiered system for VLTs that we've had before. They will continue to receive the same rate, Mr. Speaker, that actually every single commercial site holder in the province receives. The difference, of course, is that there're 140 machines that will not be subject to the 40-machine cap.

In addition to that, Mr. Speaker, as the Finance Minister has put in place in terms of BITSA, again, they will receive a significant portion of the parimutuel levy rebated back.

So they continue to receive support. The difference is we've taken \$5 million from horses and we're putting it to hospitals.

#### **VLT Site-Holder Agreement**

**Mr. Cullen:** I'm going to take you back to 2011, just before the last election.

In a news release dated May 5th, 2011, pertaining to the new VLT funding agreement that was signed between the Jockey Club and the Lotteries Corporation, in that news release, the member for Assiniboia (Mr. Rondeau) stated, going forward Assiniboia Downs will have confidence knowing this funding has been strengthened, Mr. Speaker.

But on the campaign trail just four months later the member is recorded to have said the government had been researching and planning to take over Assiniboia Downs for two years previous. Mr. Speaker, this is from an affidavit signed by one of his

constituents which was filed in court earlier this week.

Mr. Speaker, as a result of this, I want to ask the member for Assiniboia: Did he fully intend to renege on the deal right from the start?

**Mr. Ashton:** Again, Mr. Speaker, there's a number of major problems with the conspiracy theories from members opposite. And that is we are continuing to provide support to Assiniboine downs. We—they will continue to receive what every other VLT site holder in the province receives. They will have 140 machines, not the maximum of 40 that other site holders have, and they'll continue to get a rebate back on the parimutuel levy.

And I want to say, Mr. Speaker, that indeed we have provided very significant support, \$75 million since we came into government to Assiniboine downs and, yes, we are going to be transferring from horses to hospitals. But, again, Assiniboine downs continues to get support. So the conspiracy theories of members opposite, they simply don't wash.

#### **Government Relations**

**Mr. Cullen:** Well, Mr. Speaker, we'll let the courts decide if there is conspiracy here.

Mr. Speaker, the affidavit goes on to say that the government had for some time been engaged in very detailed and ongoing planning work with the goal of the removal of the Jockey Club board and the takeover and ownership of Assiniboia Downs. Clearly, this shows very little respect for the industry and the people in the industry. In fact, the member goes on here in the affidavit saying that he's even discrediting the board and members of the board.

The 'flact' and the question remains, Mr. Speaker: How would anyone who deals with the NDP government have faith that they will be treated with respect and integrity?

**Mr. Ashton:** Again, Mr. Speaker, we continue to provide support to Assiniboine downs. We have, by the way, also provided support to harness racing in the province, which is really important in many parts of rural Manitoba.

And I want to say, Mr. Speaker, again that I know members opposite are frustrated at times that we are continuing to provide that kind of support and at the same time being able to move money into hospitals.

But I'll put on the record, Mr. Speaker, I know the member referenced the member for Assiniboine. You know, yes, he did knock on doors; he's one the people in this Chamber that keeps in touch with his constituents better than anyone else. The member for Assiniboine has been there promoting his people in the west end of Winnipeg and that includes not only ensuring Assiniboine downs continues, which they will under this agreement, but that we move money into hospitals to provide health care for the people of Assiniboine as well.

### **PST Increase Legality**

**Mrs. Myrna Driedger (Charleswood):** Mr. Speaker, it appears that the NDP is going to force retailers to collect the PST hike on July 1st even if the new law authorizing a PST hike has not been passed. The old law, the taxpayer protection act, is still going to be in effect.

So just to be clear: Will the Minister of Finance authorize retailers to break the current law on July 1st?

**Hon. Stan Struthers (Minister of Finance):** Well, Mr. Speaker, I know the members opposite would love to inject as much confusion into this matter as they can and it's to their political advantage to do that. I understand that. I understand it doesn't put them—fit into the political motivations of members opposite.

\* (14:10)

But, Mr. Speaker, it's clear on July 1st the tax will come forward as it should. We have the authority to do that, as has been very clearly demonstrated in legislation and in previous practice by members opposite when they brought forward the expansion of the PST to include such things as baby supplies right here in this House. It's pretty clear—

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

**Mrs. Driedger:** Mr. Speaker, the Minister of Finance knows that what he is saying is wrong. He knows that the taxpayer protection act will still be in effect on July 1st, but he is choosing to mislead Manitobans anyway. We know that this Minister of Finance has no respect for the law; even a judge has said that.

So I would like to ask the Minister of Finance: Is it his intent to force retailers to be lawbreakers just like him?

**Mr. Struthers:** Mr. Speaker, that's just ridiculous. If she wants to—if she wants a little lesson—if she wants a little bit of a lesson in this, she should turn to the guy she sits next to, the member for Fort Whyte (Mr. Pallister), where he said a number of years ago: I do not believe that this is true. I believe the legislation can be, by any subsequent Legislature, withdrawn or repealed, so I do not believe that the hands-being-tied argument is one that has any validity at all.

Mr. Speaker, once again we see the member for Fort Whyte having two different positions, whatever suits him that day he gets up.

### **Referendum Request**

**Mrs. Driedger:** Mr. Speaker, so this Minister of Finance is going to force retailers to collect a tax increase that is not legally permitted under the current law.

The Minister of Finance said this morning that he has the moral authority to do that. I would suggest that, if he was listening respectfully to Manitobans, he does not have the moral authority nor does he have the legal authority.

So I would ask the Minister of Finance: Will he obey the current law and call a referendum on the PST hike?

**Mr. Struthers:** Well, Mr. Speaker, if she doesn't believe the guy sitting next to her in the Legislature, maybe she'll believe O'Brien and Bosc in the House of Commons Procedure and Practice, second edition. It says there very clearly it is the long-standing practice of Canadian governments to put tax measures into effect as soon as notice of the ways and means motions on which they are based are tabled in the House of Commons with the result that taxes are collected as of the date of this notice even though it may be months, if not years, before the implementing legislation is actually passed by Parliament.

I'll take their word over her word any day.

### **PST Increase Legality**

**Mr. Kelvin Goertzen (Steinbach):** The issue is there's a requirement for a referendum. I don't know what he doesn't get about that, Mr. Speaker. But, you know, the NDP is saying, oh, trust us, don't worry, to the retailers, put in this illegal tax, you shouldn't have anything to be concerned about.

Now, when the Premier broke the law with an illegal filed tax return and had to pay back \$76,000, he asked for a letter, a get-out-of-jail-card-free-from his own party.

Well, I wonder: Will he do the same thing for retailers that he asked for for himself? Will he give them a letter saying that they're going to be absolved from legal action when they break the law on July 1st?

**Hon. Stan Struthers (Minister of Finance):** Well, again, Mr. Speaker, the members opposite are incorrect.

On the day we brought the budget forward, Budget 2013, the tax division of our Finance Department issued the transitional rules. The retail sales tax rate changed. We do this as a matter of course. It's been done for this budget. It's been done for every budget preceding, including the budget brought forward by members opposite that expanded the PST to include baby supplies.

Mr. Speaker, these rules are there for everybody to see. Every retailer can look it up. It's on the provincial website; it's on our website. There's a phone number right there that they can phone and talk to tax division people. There should be no confusion, despite—

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

**Mr. Goertzen:** And the minister knows that there are three exceptions under the current law. One is that you need a referendum for a PST increase and he is ignoring that, Mr. Speaker.

Now, his friend the Premier (Mr. Selinger), when he had to pay \$76,000 back because he broke the election law, he went to his own party and asked for a letter, saying, give me a get-out-of-jail-card-free—I don't want to have this come back on me.

So will the Premier give to the retailer the very same thing he asked for when he broke the law? Will he give them a letter saying that they won't get sued if they bring in an illegal tax, Mr. Speaker?

**Mr. Struthers:** Mr. Speaker, this is the same process as we used to take the tax off of bike helmets in this very budget. It's the same procedure we used when we increased the tax on cigarettes in the 2013 budget, in the 2012 budget—[interjection] Oh, that's different, she says. She can't pick and choose.

Mr. Speaker, we have the authority to move forward on July 1st. We have the authority—it's clear. We've made it clear to retailers. There should be no confusion on this issue, despite the best efforts of members opposite to muddy the waters.

**Mr. Goertzen:** Mr. Speaker, the Minister of Finance has been right about almost nothing in the last little while, but he was right about one thing this morning, because this morning on radio he said that the Progressive Conservatives are doing everything they can to block the PST increase.

Mr. Speaker, I want to tell him that every one of the fine members of this caucus are doing everything we can to block this PST increase. We will do it. We'll do it for the single mother who can't pay more. We'll do it for the family that doesn't want to cancel the family vacation. We'll do it for the poor and disadvantaged who are already at a food bank.

Why won't you stand with us? Do the right thing and say no to a PST increase, Mr. Speaker.

**Mr. Struthers:** And every member opposite is blocking every nickel of this money that's going into schools and hospitals and roads and bridges and daycares, Mr. Speaker. And not only that, but every member opposite—every single member opposite—has said they would cut hospitals, they would cut daycares, they would cut schools. They would tear back on the amount of support that we put towards infrastructure in this province.

Mr. Speaker, when they were in government in the '90s, they fired nurses and they laid off teachers. They starved our infrastructure programs, and we're not going to let them away with that.

### **Municipalities Roadwork Projects**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, yesterday the NDP held a media conference to announce that they were getting into the business of building streets in Winnipeg, without even telling or—the mayor or inviting him. Before the NDP's announcements, CBC quoted Mayor Katz as saying: I don't even know what it is, so I'm kind of dark—in the dark on this one.

This extraordinary scenario suggests the Premier doesn't have enough to do in his own job and has taken over the job of mayor and council in Winnipeg.

My question to the Premier: Would he care—

**Mr. Speaker:** Order, please. The honourable member's time has expired.

**Hon. Greg Selinger (Premier):** I was very pleased to be in southwest Winnipeg yesterday with the Minister of Local Government (Mr. Lemieux), as well as the local MLA for Fort Garry-Riverview, and I can tell you, Mr. Speaker, we were pleased to announce that we are going to be a hundred per cent funding our portion of the improvement of McGillivray Boulevard. We will be doing a hundred per cent funding along Corydon Avenue. We will be doing Garwood Avenue.

These are the priorities the City of Winnipeg has identified and now we're putting our funding into it, funding that is desperately needed in that part of the city.

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

**Mr. Speaker:** Order, please. I thought we're doing pretty good. We almost made it all the way through, so I'd like to thank honourable members for getting us to this point without any interruptions from me.

#### Introduction of Guests

**Mr. Speaker:** But before I recognize the honourable member for River Heights for a second supplementary question, I'd like to draw the attention of honourable members to the loge to my left where we have Mr. Jim Downey, a former member of the Assembly. On behalf of all honourable members, we welcome you here this afternoon.

\* \* \*

**Mr. Speaker:** Now, please, I ask for the co-operation of all honourable members, just keep the level down a little bit.

\*(14:20)

#### Phosphorus Reduction Targets Government Timeline

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, when the Premier decides which government he's running, maybe we can get things moving.

There are a number of projects in this community which are stuck because of the bad relations between the Premier and the mayor: treatment of sewage in Winnipeg to remove phosphorus, rapid transit.

Last week, I asked the Premier for a date when phosphorus would be removed from the sewage in the city of Winnipeg.

The—I ask the Premier today: Can he give us a date when both the North End plant and the combined sewer problem will be solved so that phosphorus no longer streams from the city into Lake Winnipeg?

**Hon. Greg Selinger (Premier):** Mr. Speaker, that's exactly the reason we brought in the save Lake Winnipeg legislation, to reduce the amount of phosphorus loading into Lake Winnipeg. The members opposite opposed that legislation until the very last minute, and then they voted for it. And then in the election, they opposed it again. And then when the time came to put the money in the budget, they opposed it again.

Mr. Speaker, we have a program. The West End treatment has been upgraded to sufficient levels to deal with phosphorus. The South End treatment plant is under way as we speak, and our funding is available for the North End plant. And the City is under a legislative requirement to get that done within the next five years.

#### Combined Sewage Separation Government Timeline

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, the deteriorating relationship between the Premier and the mayor of Winnipeg is evident to everyone. Yesterday, City Councillor Dan Vandal, chair of the City's public works committee, told CBC, there's kind of a chill in the provincial-municipal relations.

Mr. Speaker, Lake Winnipeg is getting worse. The Premier is fiddling. Manitobans need to know when the combined sewers will be separated, in five years, in 10 years or in slow motion, 40 years?

I ask the Premier, whose government has had more than 13 years to set a date for the separation of the combined sewers: By what specific date will the combined sewers be separated so that the healing of Lake Winnipeg can begin?

**Hon. Greg Selinger (Premier):** Mr. Speaker, the City is looking at solutions. They have been spending significant amounts of money on doing combined sewers, separating them, actually, so that there are separate sewers. They're also looking at storage options to make sure there's not—when excessive rains come, the waters do not wash into the Red River.

They have statutory requirements to reduce the amount of phosphorus going into the Red River. Those statutory requirements were passed by this

side of the House and funded to a third for the treatment plants.

That's what this side of the House is committed to. The members opposite have voted against that every single budget. Mr. Speaker, there is a difference. When we actually say we're going to do something, we put the resources in place to do it. The members opposite, including the liver-leader from River Heights, have voted against those additional resources. So even though he feigns concern for the environment, when it really counts and you have to put the dollars in place to do it, he votes against it.

### **Law Enforcement Government Initiatives**

**Mr. Clarence Petterson (Flin Flon):** Mr. Speaker, I know that families come first in all things we do on our side of the House.

I'd like to ask the Justice Minister, inform the House on recent investments to our valuable provincial police force, the RCMP, that help these hard-working police officers protect Manitobans.

**An Honourable Member:** Point of order.

### **Point of Order**

**Mr. Speaker:** The honourable Official Opposition House Leader, on a point of order.

**Mr. Kelvin Goertzen (Official Opposition House Leader):** Point of order, Mr. Speaker.

I refer to Beauchesne's sixth edition, section 409, rule No. 3, that indicates that the question in question period ought to seek information and must not suggest its own answer. Clearly, the question answered—or asked was regarding something that's already been announced. It is already suggesting its own answer. In fact, not only did the minister, I'm sure, already have his answer written, but I'm sure he's also written the question for the member.

I ask you to call him to order, Mr. Speaker.

**Hon. Jennifer Howard (Government House Leader):** Mr. Speaker, I know my honourable friend from Steinbach knows well that every member of this House has the right, and should have the opportunity, to ask questions and that it isn't your role to pass judgment on the—on those questions, that it is up to each member to put those.

Now, if there's a new standard for questions that people should only ask questions to—in which they do not suggest the answer, I'm going to be up on a lot

of points of order, I guess, in the House, because, certainly, the quality of their questions has not improved dramatically from what I can see.

But, once again, Mr. Speaker, I understand that perhaps members opposite aren't ready for the work of the afternoon, which will be Estimates. I understand if the Leader of the Opposition isn't ready to continue on those questions to the Premier (Mr. Selinger). We're ready to go, but if they need some more time and want to spend an hour to get all their questions together, certainly, I will expect the member opposite to shortly stand up, challenge the ruling and have the bells ring for an hour so they can get their homework done and we can proceed with some work this afternoon.

**Mr. Speaker:** On the point of order raised by the Official Opposition House Leader, I thank honourable members for their advice, but I would like to draw the attention of all honourable members to the House of Commons Procedure and Practice, second edition, 2009, chapter 11, page 510, that indicates that the Speaker ensures that replies adhere to the dictates of order and decorum and parliamentary language, and the Speaker, however, is not responsible for the quality and content of replies to questions.

So, therefore, I must respectfully rule that there is no point of order.

**Mr. Goertzen:** Not to let you down, Mr. Speaker, with respect, I challenge the ruling.

**Mr. Speaker:** The ruling of the Chair having been challenged, shall the ruling of the Chair be sustained?

### **Voice Vote**

**Mr. Speaker:** All those in favour of sustaining the ruling of the Chair, please signify by saying aye.

**Some Honourable Members:** Aye.

**Mr. Speaker:** All those opposed, signify by saying nay.

**Some Honourable Members:** Nay.

**Mr. Speaker:** Opinion of the Chair, the Ayes have it.

### **Recorded Vote**

**Mr. Goertzen:** Mr. Speaker, we would request a recorded vote.

**Mr. Speaker:** A recorded vote having been requested, call in the members.

Order, please. The question before the House is: Shall the ruling of the Chair be sustained?

#### Division

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

#### Yeas

*Allan, Altemeyer, Ashton, Bjornson, Blady, Braun, Caldwell, Chief, Chomiak, Crothers, Dewar, Gaudreau, Howard, Irvin-Ross, Jha, Lemieux, Mackintosh, Maloway, Marcelino (Logan), Marcelino (Tyndall Park), Melnick, Nevakshonoff, Oswald, Pettersen, Robinson, Rondeau, Saran, Selinger, Struthers, Swan, Wiebe.*

#### Nays

*Briese, Cullen, Driedger, Ewasko, Friesen, Gerrard, Goertzen, Helwer, Maguire, Mitchelson, Pedersen, Rowat, Schuler, Smook, Stefanson, Wishart.*

**Clerk (Ms. Patricia Chaychuk):** Yeas 31, Nays 16.

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

\* \* \*

**Mr. Speaker:** Now, I believe we're returning to question period. I believe the Minister of Justice was just about to answer the question.

**Hon. Andrew Swan (Minister of Justice and Attorney General):** Mr. Speaker, it is a—great to have a question on public safety, and I do thank the member for Flin Flon (Mr. Pettersen), who works hard to represent his northern communities.

You know, Mr. Speaker, support for law enforcement across Manitoba is a huge part in increasing public safety, and today I join the Premier (Mr. Selinger) and the hard-working and brave women and men of the RCMP to announce that Budget 2013 will add five more officers to the complement in Manitoba at a time when other governments are making very different choices.

We also announced more than \$160,000 in proceeds from the Criminal Property Forfeiture fund for the RCMP "D" Division in Winnipeg, including safety equipment for tactical unit members, night vision equipment to assist and protect officers, more signs to improve road safety and kits to help keep our traffic services officers and drivers safe.

Through our laws, investments and the hard work of police in Manitoba, we're continuing to use criminal property forfeiture. We're taking money from the bad guys; we're giving it to the good guys.

We're making our communities safer, and I do thank the member for Flin Flon—

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

#### PST Increase Provincial Comparison

**Mr. Stuart Briese (Agassiz):** Mr. Speaker, an accountant from Neepawa is moving to Saskatchewan, so he compared his provincial income tax. In Saskatchewan, he will pay \$2,500 less. In addition, his auto insurance is lower because of larger discounts for a clean driving record. He will also be paying 3 per cent less in provincial sales tax.

The Premier (Mr. Selinger) claims that Manitobans save \$500 on electricity, home heating and MPI compared to our closest competitors. That leaves the accountant a net gain of \$3,000 per year in Saskatchewan.

Mr. Speaker, why is this spenDP government insisting on raising the PST by 14 per cent and making Manitoba even less competitive?

**Hon. Stan Struthers (Minister of Finance):** Well, Mr. Speaker, before members opposite start pulling on their green and white Rider Pride jerseys again, let's take a look at some of the facts.

Mr. Speaker, that same person that the member opposite was talking about, if he's a single person earning \$30,000, pays \$1,441 less in personal costs and in taxes than he will pay in Saskatchewan. If that person is a member of a two-income family of four earning \$60,000, he'd pay \$2,170 less here in Manitoba than when he gets to Saskatchewan.

\*(15:30)

And, Mr. Speaker, the Province of Saskatchewan itself said in its budget that we in Manitoba live in one of the most affordable provinces in the country—

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

#### Income Tax Provincial Comparison

**Mr. Stuart Briese (Agassiz):** Mr. Speaker, these are actual numbers.



Mr. Speaker, an office worker in Neepawa compared her and her husband's provincial income tax to other provinces and found that in BC, they would pay \$6,387.65 less. In Alberta, they would pay \$4,885.41 less. In Ontario, they would pay \$3,760.06 less. In Saskatchewan, they would pay \$2,555.12 less.

Luckily, the Premier assures her she will pay \$500 less in Manitoba for electricity, home heating and MPI.

Mr. Speaker, why doesn't the Premier simply admit that we have the highest personal income tax west of Québec?

**Hon. Stan Struthers (Minister of Finance):** Well, Mr. Speaker, we guaranteed in lit-in law that Manitobans would pay the lowest, the absolute lowest, in terms of the bundle of hydro rates, Autopac and home heating.

Now, members opposite don't have to take our word for this. They can take the word of an independent accounting firm that looked at our numbers and compared them right across the province—right across the country. And that independent auditing firm said that Manitoba last year, as we guaranteed, has the lowest cost for people in terms of those three areas that are bundled together, the lowest in the country. Mr. Speaker, those are real numbers.

#### **Biosphere Reserve Government Membership**

**Mrs. Leanne Rowat (Riding Mountain):** The Riding Mountain Biosphere Reserve is part of an international network of 533 like-minded organizations in 107 countries throughout the world with similar goals. They consult one another when addressing problems, issues and concerns.

In 2013, the Riding Mountain Biosphere Reserve said in a letter to the government, I—and I quote: The Province has been a charter member of the Riding Mountain Biosphere Reserve since inception, but a member in poor standing due to its ongoing absences.

I ask the minister: Does this minister not value his government's membership commitments required under the existing UNESCO biosphere?

**Hon. Gord Mackintosh (Minister of Conservation and Water Stewardship):** Yes, I see that an advisory committee that looked at it actually says the membership should be extended to include the

Province, and we certainly welcome that and we'll be at the next meeting on July 11th.

And I also would remind the member opposite that there have been serious issues around bovine tuberculosis in the Riding Mountain area, because the biosphere initiative is in the national park, and we've been very active and, indeed, we have been to meetings with the biosphere committee on bovine TB, a critical issue.

So the member should correct the record. We have been there, meeting with them on this serious issue.

**Mr. Speaker:** Time for oral questions has expired.

#### **MEMBERS' STATEMENTS**

##### **Prairie Chicks Red Hat Society**

**Ms. Sharon Blady (Kirkfield Park):** Mr. Speaker, 2013 marks the 10th anniversary of the Prairie Chicks Red Hat Society. To celebrate their first decade, the members hosted an old English high tea at The Westhaven in Kirkfield Park and had a royally good time.

The Red Hat Society, comprised of women aged 50 plus, began in California in the late 1990s. As a 55th birthday gift, one friend gave another a red bowler and a copy of Jenny Joseph's poem Warning. The opening line read: When I am an old woman I shall wear purple / With a red hat that doesn't go and doesn't suit me. And with that, a stylish society was born. Today, hundreds of thousands of Red Hatters are found in no less than 30 countries around the world.

The Prairie Chicks chapter is one of 54 in Manitoba. Adorned in glamorous red hats, which suit them very nicely, and flamboyant purple regalia, these royals are always up for living it up. Queen Ruth Smart presides over two dozen countesses, princesses and goddesses from west Winnipeg.

The Chicks truly epitomize the mantra that after having worked hard all your life, retirement is the time to live it up. They have a special affinity for exploring Manitoba, new adventures, and their sisterhood. Provincial chapters enjoy activities such as going out to eat, crafting, bowling, curling, golfing, shopping, and, of course, enjoying specialty teas.

From time to time, committees organize large-scale Red Hat Hoots, such as the Queens' Council Connection and international conventions.

Even just meeting monthly for lunch is a vital support for those facing increasing isolation as they age. The Hatters look after one another, providing support as best as they can.

The Chicks are very welcoming and always looking to add to their imperial fold. I encourage any fabulous woman looking for some adventure to join a local chapter. If you don't, you are certainly missing out on a whole lot of fun.

Thank you to the royal ladies, and thank you, Mr. Speaker. It's only unfortunate that the guests had to leave due to the ringing of the bells.

Thank you, Mr. Speaker.

#### **Everett Hopfner**

**Mr. Stuart Briese (Agassiz):** Mr. Speaker, music is a powerful avenue of expression, and an accomplished pianist from Ste. Rose du Lac has shared his passion with many. Everett Hopfner is 24 years old and has impressed many with his skills behind a piano. Everett's focus is on new music, and he is able to express himself through his music, both original and other compositions.

He has recently completed graduate studies in Germany, after previously studying at Brandon University, where he graduated with a bachelor of music. While in Germany, Everett remained active as a soloist and chamber musician, appearing in many concerts and large ensemble events.

Everett has performed with the Winnipeg Symphony Orchestra and the Brandon University new music festivals. He has also won scholarships from Associated Manitoba Arts Festivals, and the women's music club of Winnipeg. His accomplishments, both at home and abroad, have made everyone in his home community proud, and their support is something that Everett relies on and looks forward to.

In May Everett took home the top prize at the 36th annual Eckhardt-Gramatté National Music Competition, the first time that a Manitoban has taken home the top prize in piano. Everett received \$10,000, a recital and three-week residency in Italy and a national tour in the fall. What makes this even a bigger—what made this even a bigger event was that the competition took place in Brandon, and Everett was able to win on his home stage in front of his friends and his family.

Mr. Speaker, music is an important tool, not only for expression but for education. Everett has

travelled the world thanks to his talent, and his music is a true treasure.

I want to take this opportunity and congratulate Everett on all of his accomplishments to this point. I would ask all members of the House to join me in congratulating him. I also look forward to future success and wish him the best of luck in Italy.

Thank you.

#### **Grow-A-Row Challenge**

**Ms. Deanne Crothers (St. James):** Mr. Speaker, everyone should have access to nutritious food in order to be able to lead active, productive lives, and being able to have regular access to fresh produce is key to having optimal health. Yesterday I had the pleasure of attending Winnipeg Airports Authority's Grow-A-Row Challenge event in support of Winnipeg Harvest, where local organizations pledge to help ensure that this summer, more families will have access to healthy fruits and vegetables.

Through the Grow-A-Row program, Winnipeg Harvest encourages individuals, businesses, schools and community clubs to donate surplus produce from their gardens. Instead of going to waste, this healthy food is redistributed through Harvest.

It is easy to participate by committing a row or two of your garden, and for those who have no gardening space, Winnipeg Harvest provides boxes and seeds through their Blue Box Gardening Program. In fact, we will be growing three of these gardens made from recycling boxes in the St. James constituency office this summer. We will hopefully have a robust harvest of beets and carrots to donate in the fall, depending on my green thumb.

This year is the airport authority's 18th year participating in the Grow-A-Row program. In that time, the Winnipeg Airports Authority has donated almost 31,000 pounds of vegetables from their airport harvest garden, and they are challenging businesses and organizations in the community to join them. The Winnipeg Airports Authority has dedicated a piece of land near the entrance to the airport that is tended by not only Winnipeg Airports Authority employees but also some of the nearby 7-Eleven employees and others on a volunteer basis.

I'd like to acknowledge the quiet community co-operation that has been going on for so many years between the Winnipeg Airports Authority and Winnipeg Harvest.

Mr. Speaker, it is easy to take access to healthy food for granted. The ability to have nutritious food as a daily option really is key to a healthy, successful life. This co-operative venture is a grassroots way to ensure more people have these choices.

I would like to thank Winnipeg Harvest, Winnipeg Airports Authority and the St. James businesses who are participating in the Grow-A-Row challenge for helping to improve Winnipeg families' access to food. And I would like to invite individuals and businesses to join us in the Grow-A-Row program this summer.

Thank you very much.

#### **Salvation Army—Portage la Prairie—125 Years**

**Mr. Ian Wishart (Portage la Prairie):** On May 25th, 2013 the Salvation Army in Portage la Prairie celebrated 125 years of community service. The Salvation Army began its work in Canada in 1882 and it was just six years later that Portage la Prairie saw its first citadel go up.

\*(15:40)

A community is often judged by how they treat their most vulnerable citizens and the Salvation Army helps us as a community to make sure that our vulnerable citizens are looked after and that they get the help that they need. Throughout the years, many people have been impacted by the work done here in Portage—in the Portage la Prairie community, whether it is the food bank or the money that's raised at Christmas time through the kettles for Christmas hampers. It's been ongoing for many, many years. The weekly kids club, a women's fellowship program and providing resources to the community are a few of the services used by the local people in the community.

The Salvation Army has a history of helping people. When many men in the community went to war—in the war—in the Second World War, the Salvation Army went right to the front lines and brought them letters from home and warm socks. Returning soldiers always remembered and have remarked on how the kind gesture went a long way when they were so far from home and loved ones.

The Salvation Army is the largest non-profit provider of social services in Canada, serving 400 communities across the nation. The organization has a worldwide membership of more than one and a half million people in 126 countries.

I would like to ask all members to join me in recognizing the Salvation Army in general and more specifically the Portage la Prairie Salvation Army for 125 years in the community.

#### **Vaisakhi Mela**

**Mr. Bidhu Jha (Radisson):** Mr. Speaker, every April, people throughout the world gather to enjoy one of the most important holidays in the Sikh religion, called Vaisakhi. Through festival activity, the community celebrates the new year and the new harvest. On Vaisakhi Day in 1699, the 10th and the last guru of Sikhism, Guru Gobind Singh, who was born in the state of Bihar, which is, fortunately, also my birth state, laid down the foundation of Khalsa Panth.

This year's Vaisakhi celebrations were held at the Burton Cummings Theatre. I was pleased to join the Premier (Mr. Selinger), my colleague the member from the Concordia, and 800 guests who participated Vaisakhi Mela. Organized by Punjab Entertainment and emceed by Sharan Tappia, the evening was full of excitement and fun. The program began with rejoicing through the song and dance. During this time, Maples Collegiate girls group performed the festive dance gidha, and the Maples Bhangra, Sher-e-Punjab and Anmol Tare performed a dance bhangra. Also among the night's performers were Mahi Arora and her group, Devinder Sarangal and Anmol Jammu.

For the second half of the program, Gurchet Chitrakar and his team took the stage to comedy play called Jija Ji NRI. Gurchet Chitrakar and his team have travelled from India to present their play to audiences across Canada and Winnipeg one of the lucky ones to choose this location. The play was humoured and educational, helped to bring light many serious social issues occurring in India in an approachable way.

Mr. Speaker, Vaisakhi Mela at Burton Cummings Theatre was full of joy and laughter. I am pleased that the people from all walks of life and many different cultures were able to come together—celebration of this cultural function. I would like to congratulate all performers and organizers of the event. In particular, I would like to mention Ken Rakhra, Harkamal Saggi, Tony Panchhi and Sharan Tappia, and many others who volunteered their time to make Vaisakhi Mela such a success.

Thank you, Mr. Speaker.

### House Business

**Mr. Kelvin Goertzen (Official Opposition House Leader):** Mr. Speaker, in accordance with rule 31(9), I'd like to announce that the private member's resolution that'll be considered next Thursday is a resolution on decade of mismanagement within Manitoba's child welfare system, brought forward by the honourable member for Riding Mountain (Mrs. Rowat).

**Mr. Speaker:** It has been announced that in accordance with rule 31(9), that the private member's resolution that will be considered next Thursday is the resolution on decade of mismanagement within Manitoba's child welfare system, brought forward by the honourable member for Riding Mountain.

### GRIEVANCES

**Mr. Speaker:** The honourable member for Portage la Prairie, on a grievance.

**Mr. Ian Wishart (Portage la Prairie):** On a grievance, Mr. Speaker.

My grievance is driven by the obvious lack of understanding that we saw when we had our flood victims in the House the other day.

Many Manitobans understand living in a flood plain. Certainly, Winnipeg should understand it very well; they're protected from the Red River flood plain. But there is another flood plain in the province and it—the understanding of which way the water flows in that flood plain appears to be a challenge for many people. It should be a simple matter as a result of the 2011 Assiniboine flood. I think many people actually should understand what the consequences would be.

West of Portage la Prairie, the river is very well defined. It's the Assiniboine River and—specifically, with three main tributaries: the Qu'Appelle, which comes in just below the Shellmouth Dam; the upper Assiniboine, which is contained by the Shellmouth Dam; and the Souris, which arrives halfway down, sort of south of Carberry. And the Souris itself can contribute up to 45 per cent of the flow of the lower Assiniboine River. There is lots of flooding in the valley, as we frequently hear from those that are impacted, mostly farmers in the valley and the city of Brandon. However, most of it is confined within the definition of the valley.

East of Portage la Prairie, however, it is much more complex. I would like—to improve the

understanding of this, I would like to start with giving with a few levels so that people actually understand which way the water does flow.

Where the controls are for the Portage Diversion, there is a small [*inaudible*] lake and the levels in that lake determine which way the water flows, either towards Winnipeg or towards Lake Manitoba through the Portage Diversion. And the level of that lake is 86–868.08 feet.

Now, Lake Manitoba, where it ends up, is 812.1 feet if it goes down the diversion. This gives us a drop of 56 feet on the Portage Diversion over a distance of approximately 19 miles.

The same lake, of course, at the diversion control structure, 868.08 exists and—but the level of the Assiniboine or the level of the Red River in Winnipeg that is often used is the James street level on the Red. And that level is 727.57 feet at flood stage. And the difference is 140.51 feet, so significant difference in the level, double, more than double, and that's over a distance of a hundred and two miles. Just to put things in perspective, of course, Lake Winnipeg is 713.4.

Now, the Assiniboine River is considered to be a perched river system in the lower confines from Portage on into Winnipeg. And what that means is that, actually, when the water spills out of that river, it doesn't run immediately back to the river; it runs away from the river. And this is actually accomplished by a river that has a heavy silt content; it actually builds its riverbank and builds the river bottom over a period of time.

And this actually isn't something that is very uncommon. There are a number of situations like this around the world. Some that we're very familiar with, rivers like the Nile has large stretches where it's a similar situation. The Mississippi has large stretches that are in similar situation, and even the Amazon, which is the mightiest river in the world. But this is unique to our situation.

After the last ice age, the Assiniboine did in fact run to Lake Manitoba but having built its own banks, it was forced itself to run to the east. The last major flows to Lake Manitoba were somewhere around 2,500 years ago, based on the sediment evidence that is available. So long ago even the member from Thompson might not remember that.

River runs—the river runs east to the Red following at 140-foot gradient, but periodically it

does spill, mostly due to ice jams or to bank breaches. And in such creates a series of parallel waterways. And there's actually a term for this; they're known as yazoos. And this is actually named after the Yazoo River, which occurs in Missouri, and it's on the Mississippi. And these are quite well known phenomenons and actually an indication of where the flood waters would normally run to.

So, along the north side of the Assiniboine, we have two very well-known ones; that would be Long Lake which has a north branch that actually goes up nearly to Lake Manitoba, and when the lake is high, actually water runs from Lake Manitoba down this branch and actually back into the Assiniboine and drains in through there to lake—to the Red River. And further on it also has another one that exists, exactly the same characteristics; ends up running parallel to the river for a period of time and then empties back into it. And that would be Sturgeon Creek, certainly one that most of Winnipeg is actually very familiar with.

On the south side we have a number as well, that would be the La Salle, which is slight variation because it doesn't actually end up right back in the Assiniboine, it actually ends up in the Red just a few miles above the Assiniboine. And the Elm and Mill creeks, which are both significant but usually end up dumping back into the La Salle, though they don't have a very clear definition at some points and can wander.

In major flood years, when water spills from the Assiniboine, from whatever reason, these waterways can actually fill with large volumes of river water and be well beyond the capacity of their systems. So we're talking about rivers that normally would have a capacity of a few hundred cubic feet per second actually running in excess of 10,000 cubic feet per second. So that creates huge flood plains surrounding these waterways.

\*(15:50)

Now, I had tried at some point in the past to have this discussion with the member for Riel (Ms. Melnick) when she was Water Stewardship minister, and she made continual references, as did her deputy at the time, to water running to Lake Manitoba. And she based this on a captain's log from a paddlewheeler that was—or was supposedly had crossed the prairie from Portage la Prairie to Lake Manitoba. And this one was a pretty hard reference to find, but I did manage to find it in the end. And it occurred in 1882, two years—after two years of high

water on Lake Manitoba when Lake Manitoba was approximately 814, at which point the north branch of the Long Lake drain begins to drain from Lake Manitoba into the Assiniboine River and then back into Winnipeg. So this probably did occur, but what was not part of that is which way was the water flowing when he actually went that direction. It was actually flowing from Lake Manitoba into the Assiniboine and on into Winnipeg. Now, the captain went on to say that he was busily engaged in hauling firewood to many evacuees located at Stony Mountain that had evacuated the city of Winnipeg.

So it's very obvious which way the water naturally wants to go—east across the flood plain to Winnipeg as the route that the Assiniboine would actually spill. This was the rationale for construction of the Portage Diversion to protect the western—the region west of Winnipeg and Winnipeg itself, but that made victims of those around Lake Manitoba who were not actually in the flood plain and certainly not used to levels above 815 when water ran into Winnipeg. But, during the summer of 2011, levels of Lake Manitoba actually went to 217—or, sorry, 817.3.

So the history of control on the Assiniboine River—well, of course, we had built the Shellmouth Reservoir by Roblin. That was completed in '72. Portage Diversion, also completed by Roblin. That was completed in 1870.

Expansion of Shellmouth was to have been built in 2004 as a joint project between the federal and provincial governments, but that was never completed. That would have, it was estimated, reduced the flows on the Assiniboine by as much as 5,000 cubic feet per second.

And looking further into this I also found reference to a project initiated in 2000 when PFRA, then part of the federal government, actually turned over the control of the lower Assiniboine dikes to the Department of Natural Resources, and with that was an agreement to have been five years in duration that would increase the capacity of the lower Assiniboine dikes to a total of 22,500 cubic feet per second.

This went on for about a year and a half, and then it petered out because the Province's commitment to acquire the land to do the project—because much of that land is in fact owned by private individuals. That's old title. It's river lots. Many of the people there actually own right to the water's edge, so acquiring property was an essential part of that. But after the second year it petered out, and we never continued that project. We certainly could

have used that project completion in 2011—would have changed the whole dynamics of how that river system was managed.

Now, to plan for the future in terms of water projects, we need to reach out to what actually is happening in the landscape, because one of the big factors in calculating how much water runs off the landscape is a thing called a drainage coefficient that most hydrologists use.

Those numbers are pretty old in nature, and they haven't been redone in many years. However, Agriculture and Agri-Food Canada actually recently redid the drainage coefficients for the Qu'Appelle River system, which is of great interest to us because it is a major tributary to the Assiniboine, and found that the new numbers are, in fact, four times the old numbers. Now, that is due not only to drainage, but changes in farming practices and changing landscape.

You think back, it's not that many years ago, until 30 or 40 per cent of our landscape was in hay and pasture land. That is certainly not the case anymore. So we've changed the amount of water that comes off the landscape in a significant way. Just to double-check that, I actually checked with the Army Corps of Engineers to see if they had redone the Souris, which they had not. They had done Devils Lake, however, which is very similar, and its numbers are 3.86 times the old numbers.

So our ability to use historical flows is certainly in question. Thank you very much, Mr. Speaker.

**Mr. Speaker:** Are there any further grievances? Seeing none, we'll move on to—

## ORDERS OF THE DAY

*(Continued)*

## GOVERNMENT BUSINESS

### House Business

**Hon. Jennifer Howard (Government House Leader):** Would you please call the Committee of Supply, with the understanding that the Committee of Supply will also be meeting tomorrow morning at 10 a.m.

**Mr. Speaker:** We'll now resolve into the Committee of Supply, with the understanding that the Committee of Supply will also be meeting tomorrow morning at 10 a.m.

Mr. Deputy Speaker, please take the Chair.

## COMMITTEE OF SUPPLY (Concurrent Sections)

### HEALTH

\* (16:00)

**Mr. Chairperson (Mohinder Saran):** Order. Will the Committee of Supply please come to order. This section of the Committee of Supply will now resume consideration of the Estimates for the Department of Health.

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

**Mr. Cameron Friesen (Morden-Winkler):** I'm seeking clarification just in—pertaining to a number of areas that we—where we had discussion yesterday. Yesterday, we—I had posed questions to the minister pertaining to the fees that would have—the consultant fees that would have been incurred in the transition from the former 11 RHAs to the new five, and I understand the minister has consented to provide that information, as well as information that has to do with how many of those executive positions might have been—how many of those 37 reduced positions might have actually resulted in an individual being reintegrated in some way, reassigned to a new role, re-entering the system, and the minister's agreed to provide that information, as well as information about executive VP severance packages.

What I'm wondering is if the minister can confirm that she will be able to provide that information within the Estimates period.

**Hon. Theresa Oswald (Minister of Health):** Certainly, I can say to the member that the department is working on providing the kind of detail that the member did ask for. I can provide a little more information today. Some of the actuarial kind of work is going on, you know, given that the member asked some questions about comprehensive packages and so forth, and so that work is ongoing. We're certainly going to try. At the rate we're going, we're going to have a lot of time. But, you know, I can—I'm sure the member can also appreciate that there are day-to-day significant duties that the Department of Finance in—within the context of Health is working on. So they are prioritizing this, of course, and we hope to be able to do that. That was always our goal.

I can say for the member that on the subject more generally of the 37 positions—displaced

executives, we'll call them for the sake of argument—as we mentioned earlier, 37 senior management positions were indeed eliminated through the RHA merger process which exceeds our initial target of 30 to 35, and we're pleased about that, and it is actually more than half of the senior management positions that did exist prior to the mergers.

The member opposite asked if any of the individuals who held one of the 37 eliminated positions—eliminated senior management positions—prior to the mergers still work in the RHAs, and as I want to say—or just to begin, I want to note that any displaced senior executive who wanted to continue to work in a regional health authority at a more junior level could do so, but our expectation was that their new salary would reflect their new junior position and that their new position could not indeed be a new additional corporate staff year. That was something that was very important in this process, and indeed it needed to be a position that existed prior to the mergers and indeed happened to be vacant at that time or was vacated.

I would note that some titles for existing vacant positions may have changed to reflect different duties in the new RHA, but again the expectation was at that time that no new corporate positions be created. And I can say to the member, as he awaits more detailed financial information, that the—of the 37 eliminated senior management positions, there are 14 individuals who continue to work in the new RHAs in more junior positions. There are some positions, actually, that are clinical, direct care roles, I would note for the member, while others are more junior administrative positions that are not indeed part of senior management. I would note for the individual, just as a point of clarity, that none of the individuals collected any severance when they moved to their new more junior roles. Their salaries in their new positions are consistent with what salaries would be paid to anybody else in those jobs, and, of course, as I said to the member yesterday, it would be publicly reported.

I would also note for the member, as part of our conversation yesterday, that the member asked about CEO compensation and whether the new salaries for CEOs are in fact higher than before. I have reviewed the salaries and can report—and now we're speaking specifically about CEOs. I know the question was broader, but just to provide in a timely way more information for the member I've reviewed the salaries, and I can report that—prior to the mergers, of course, there were 11 CEOs, after the merger there

are five CEOs—the elimination of the six CEO positions translates into a net savings of \$856,506.34 annually. Obviously, there would be further savings for the rest of the eliminated 37 senior management positions as well as other savings we achieved by merging corporate operations, finding administrative efficiencies and so forth.

So, again, there's just a little more information for the member today, and we will—oh, he did ask me about transition costs. I can say to the member today that, again, as I noted yesterday, the initiative was really undertaken to achieve the efficiencies and savings that could be redirected into front-line care, and we worked very hard to minimize any transition costs. I did acknowledge that there were some, and where—but wherever possible we used existing staff to manage that process. We didn't seek any outside lawyer or accountant services; we used in-house legal and financial expertise. And the RHAs themselves were instructed to minimize costs as well. So, not bringing in any advertising firms to rebrand their corporate image or logo, signage with their new names is being adjusted on a go-forward basis. That's why you might still see some of the former information in our regional health authorities, but we are working to do this on a go-forward.

There were two individuals on short-term contracts. One was hired as a project manager, and the other was hired to help with human resource transition. The total of their contracts associated with the RHA merger transition was \$88,085, which the financial folks in my department have reviewed as the total cost for the transition. And, I guess, in taking time to reflect on some of this, I realized that I—you know, in reviewing the line of questioning by the member, I can certainly get the sense that, you know, he is seeking to discover the cost of the process.

I know there was a question posed in question period the other day concerning rural emergency rooms, and I believe the individual that posed the question did link the mergers of the regional health authorities to the issues with the emergency rooms, which certainly would lead me to have the feeling that the members opposite oppose the amalgamations. I know over time there have been members from the opposition that have suggested that all the regional health authorities be disbanded and that perhaps one super board be created sort of like they did in Alberta some years ago. I know others yet have said we should go back to the previous models of hospital boards—you know, there

are several of those being the case. But, you know, I need to say that I'm not sure that I would attribute any of those points of view to the member himself, and I just wonder, through the questioning, if the member wished to suggest, you know, for the record, his point of view about the nature and the choice to pursue this line of amalgamations, because I think it's unclear where the opposition stands on the choice of the mergers, and it might be helpful for this dialogue as we go forward.

**Mr. Friesen:** I think the minister will understand that I have no desire to engage in a long policy discussion about this.

\* (16:10)

The minister has made statements—and she knows she has—has indicated she's managed to save over \$11 million over the first year of what was supposed to be a three-year plan in the RHAs to save \$10 million in total. That raises some important questions not only for us as the opposition, but for all Manitobans about whether the minister was—miscalculated the possible savings, or whether—and it is probably more likely the case that she's not talking about apples and apples. Simply, I respect the minister's desire to state a gross savings when it comes to the analysis of the whole transition from 11 RHAs to five. But it—the more accurate calculations and the ones that Manitobans will be looking for are the ones to understand what are the net savings from amalgamating RHAs from 11 to five, if, indeed, there are savings to identify and to find.

So I think, similarly coming back to the line of questioning or having—that I know all Manitobans are interested in, I want to come back to the number that the minister supplied and I do thank her for supplying the information. We'll be certainly going back to look at this and to examine it. But she's provided it now, so I want to go back to a number she provided. We've been working off a number where she indicated there was a net reduction of 37 executives, senior executives. Now, today she's indicated 14 of those—and she'll correct me if I'm wrong—14 of those have reintegrated in the system, that they would have been given junior roles and that their remuneration would have reflected the fact that they were now taking on a more junior role.

Can the minister indicate, of the 14 individuals who reintegrated into this RHA system—wherever they came out in the final analysis—what would have been the cost of remuneration for those 14? Further,

could she indicate how many of them, if any, would've reintegrated at their original salary and benefits? How many of them would have reintegrated with a lesser, and what would be the average per cent differential between their former salary and then the one that they took on?

**Ms. Oswald:** Again, I will reiterate for the member that the—my financial folks are doing some work to provide the information with some detailed analysis and we will add the current calculations that the member is requesting today—you know, average per cent differentials, et cetera—to the list of calculations that the member is requesting.

And, you know, certainly, I think that a lot of this speaks to the fact that, as you say, all Manitobans are interested in how their health-care dollars are invested and, indeed, what kinds of savings have been realized as a result of the mergers. And in so many ways this is why we amended the RHA act to really work to ensure that we were providing as much transparency and accountability to the public, to be enhancing wherever possible the kinds of information that would be easily accessible to the public and, you know, wanting public reporting on CEO expenses, on executive compensation policy, on, you know, public reporting of quality and safety indicators. It's why we have publicly asked for corporate cost caps for rural RHAs and, indeed, of course, for the Winnipeg RHA. It's why there's work going on on a declaration of patient values and RHA complaints process. And it's why we're really working hard to—through the amendment of that bill, to improve community involvement and engagement. And so, all of these issues, really, have been with an effort to make it even more easy for the public to be able to access information about these senior executives and about corporate costs, and—because we too think it's important.

And, you know, the member opposite suggests that, you know, he doesn't want to engage in a policy discussion. And I would say to him: Would he not think it would be equally as noteworthy and of interest to Manitobans to know what perspective, I guess, that the official opposition might take on the issue itself of amalgamation?

As I say, there have been others in his caucus that have said, you know, very clearly and outright, that notwithstanding that Conservatives were the ones that created regional health authorities in Manitoba, and created 13 of them, notwithstanding



that fact, there have been members of the Conservatives in Manitoba that have said, you know, we should do away with regional health authorities in their entirety and create a super board like they did in Alberta, which, I think, across Canada now, is defined as an unbridled disaster, of course. They were over a billion dollars in the glue before you could say Jiminy Cricket, and it was a problem.

There are others, in fact, that suggest that we should go back to the days of hospital boards. Now, like none of these particular points of view can be attributed to the Health critic, and I know that he takes his job very seriously. And just as I think, as a result of amending The Regional Health Authorities Act, that we should have increased transparency and accountability, I think it would be quite important for members of the public to have a sense of, you know, should the opposition have their hands on the wheel, what would their point of view be? Would they support the mergers of regional health authorities down to five? Would they prefer to leave them as they once were, created under the Conservatives, at 13? Would he adopt the point of view that I've cited of the super board or the hospital boards?

I know that the member has written to me about amending The Regional Health Authorities Act. I asked him for some advice and he willingly gave it, and I thank him for that. But I was interested in the letter that he wrote to me that, you know, rather than perhaps ensuring that we were as clear and as tight and as professional in providing oversight to the regional health authorities, what I saw him calling for in that letter was, in fact, less oversight. And I admit that I was somewhat flummoxed by this suggestion that, indeed, there be less oversight.

And so, I just—I want to provide the member this opportunity, just to provide some clarity on that. The member quite rightly says that Manitobans are interested in the points of view of members of the Legislature on policy and so forth. And I just wondered if maybe he could take an opportunity to clarify a little bit about his view. I don't want to attribute other members' of his caucus points of view to the issue. I would be quite interested in what the member had to say on this issue.

**Mr. Friesen:** I want to give the minister assurances that I do hope that our discussions in the Estimate process will go to the issue of personal care homes and, in particular, about Bill 6. And because I do want to go there, I'm making every effort to move along this process of questioning and having answers

supplied, and I would hope that she would also do the same to ensure that Manitobans, who are looking to these answers, are able to get them.

So back to the numbers. And I hope this doesn't grate on the nerves of your chief financial officer that's in the room, but I want to just do some ballpark figures. I want to use the numbers that the minister has provided to try to get back to the idea of what are the savings that the minister has been able to achieve through the RHA amalgamations. I'm going to start with the minister's information provided.

\* (16:20)

If she reduces six chair positions of RHAs, remuneration is \$9,000 each, it results in \$54,000 of total savings. If she takes and reduces 81 board members who receive a remuneration, honorarium of \$4,000 per year, it results in \$324,000 of savings. If she reduces the executive senior VP positions by 37, and I even use a term like \$150,000 as an estimate, which I understand is probably a really, really inaccurate figure because not only would we be considering their salary, we'd be considering the net cost of that individual to the system, probably the number is closer to two hundred or two hundred and fifty thousand dollars. But just for the sake—because that information hasn't been provided, I'm going to estimate it at \$150,000, for a total savings of \$5,550,000 resulting in a total remuneration—or, I should say, savings, of \$5.928 million per year.

Now, against those savings, the minister would then have to calculate the real cost. So now we've calculated what I believe the minister has given us in terms of a gross savings. Now, because I believe Manitobans are interested in actually understanding what the net savings are, we would have to, then—and I look forward to receiving the information, understand, and I thank the minister for providing the total package, the total envelope of consultant fees, which she has indicated at about \$88,000. From that, we would also have to subtract any kinds of—well, there might be revenues derived from liquidation of capital assets. There may be revenues derived from surpluses that were run by the RHAs. And, in a moment, we'll come back to that question.

There would have been severance paid, and if she, indeed, did pay 23 individuals, let's use a ballpark figure of \$50,000 each, because I really—I'm really picking a number out of the air right now. I know that number will be shored up when the minister comes back. That would indicate a cost of \$1.15 million. And then, on top of that, if we take the

minister's information supplied today, 14 individuals who went back into the system at a reduced rate, let's take that number of \$150,000, because she said they'd come back at a more junior role, and I'm assuming that they would receive compensation commensurate, then, with that junior title. And that would result in a cost, against her indicated savings, of \$2.1 million.

So we end up with a situation where we have about \$5.9 million, subtract \$2.1 million, subtract another \$1.5 million; we're going to end up somewhere around the neighbourhood of—and this is missing, now, the information that still is going to be supplied by the minister—we're looking at about maybe \$3 million of savings before she's calculated in the other costs to the system.

So one more time for the minister, my question is this: When she talks about achieving \$11 million of savings over three years, is she talking about gross savings or is she talking about net savings?

**Ms. Oswald:** Again, likely I don't have to spend too much time cautioning the member about, you know, ballparking and so forth and, you know, comparing, you know, apples to anvils and so forth there. We are going to work and do our best to provide the nature of the information that the member is requesting in the style and form that he's requesting. I mean, that work is going on.

I can say to the member, you know, very clearly, we projected at the time that we announced that we would merge to five, again, still not getting any sort of commitment from the member on his general position on that. I wonder a little bit about his reluctance to talk about that. It's not like we're talking about, you know, the contentious matters of privatization of health care or a woman's right to choose. This isn't exactly on the list of hot topics that will keep people bolting upright in the night. It's a question of whether or not you think the amalgamation of regional health authorities is a good idea, or not a good idea. So I am interested, to say the least, of the member's reluctance to provide any sort of insight into that.

But, having said that, we embarked on a journey of providing regional health authorities and we projected, doing the best analysis possible, that we would, indeed, be able to save \$10 million over the first three years of the merger, in part, from fewer senior management and board positions, of course, from efficiencies one would expect from merging corporate operations, and we noted from the

beginning, of course, that this money would be invested into front-line care. And as I have said, we did exceed this target in the first year of the mergers, saving \$11 million. We do anticipate that that number is going to grow. We know that as we speak with our regional health authorities and they report back to us through their processes of other positions that have been merged and savings that have been realized, we do know that that number is going to change and it's going to improve. That is certainly our view.

We also stated, you know, back in the fall, that savings achieved in one year happened as the member, I believe noted—I was having two conversations, so I apologize if I'm putting words in his mouth—by consolidating accumulated financial assets, surpluses, which was, of course, redirected into front-line care. That, of course, was part of a news release that came from Finance back in the fall. But, again, we still anticipate achieving more savings on an ongoing basis through the reduction of senior management positions and through other efficiencies from merging corporate operations in the RHAs.

I, again, you know, I caution the member in putting some of the numbers on the records, and I think that he, quite fairly, has said that he is estimating, and I accept that at his words. It is, indeed, as he notes, the Estimates, but I would just caution in—him in doing that kind of calculation and then suggesting that the numbers that he puts forward might be close.

We have issued news releases. We have said that we've been able to achieve \$11 million through the ways I just stated. And that work continues, as I've said to the member.

So, you know, again, we do commit to the member that we'll work as hard as we can to capture the numbers in the way that he's requested. There were a couple of additions today, and I know that the chief financial officer has noted those and will add those into the profile that he's requested.

But we are committed to continue to provide the best possible care, redirecting that money into the front lines where it's needed the most and providing the most lean operation possible for the people of Manitoba.

\* (16:30)

**Mr. Friesen:** And where the minister issues a caution to me to proceed carefully with respect to the numbers that I'm using as estimates, I extend to her

an olive branch to supply the actual numbers during the Estimates period. And I would be happy to take exactly on my spreadsheet the places where I'm now estimating figures and leaving out figures, indeed, because there are whole sections here where I have not included any numbers at all because I'm waiting for them to be supplied from the minister, and I would be only too happy to exchange my estimated figures for her actual ones.

I do find it surprising, though, that the minister is completely silent on the question I posed to her of whether she is talking about gross or net savings. I'm simply taking the amount of savings she says she has derived, and I'm subtracting the costs that she would have incurred. That is simple mathematics, and that is simple balance sheet kinds of operations. And so, I'm wondering why it is she won't provide that information. I know that Manitobans are interested in it, but as soon as she can I encourage her to do so.

Working back to that same question, I asked her about the 14 individuals that she says reintegrated in some way, shape or form in the system who did not take a package. The natural question to follow, then, would be can the minister then confirm that the 23 other—those executive, VP positions who then, according to her, did not reintegrate into the system, were they in fact released? And were they released through voluntary retirement? Were they simply released from their contract and essentially fired or released or however she would like to put it? And what would be the number, of those 23, that would have ceased to be employed by an RHA because of voluntary retirement, or that portion that would have received a pink slip?

**Ms. Oswald:** I would offer my apologies to the member for not answering every one of what, I hope he will concede, tend to be multibarreled questions.

I will, however, answer, on the subject of gross and net. It is net. Look at how easy that was to answer a question from the member. He—you know, wouldn't it be grand if he offered the same courtesy?

The other question—the 23 others did not all get severance. Eighteen did. Some retired or resigned.

**Mr. Friesen:** And I thank the minister for providing that information, and I can see how easy it is when there is questions asked and answers provided.

Still, on the same subject, I wonder if it would be helpful to frame questions—the minister has talked about the senior VPs that were reduced, and she's talked about the fact that the 14 were reintegrated in

the system. I asked questions yesterday, and I think I need to put a clarification on the record because I think it might be helpful for all parties.

When I look at the organizational structures—and, believe me, I give the minister assurances we won't go back at length into those organizational charts as we did at the beginning of Estimates, but when I look at them I believe what I've seen, what I've noted from the minister's answers, is that the organizational charts, albeit they are not uniform, that they tend to capture information about two categories of employees. They tend to capture information about the senior executives and senior management positions. There seems to be an echelon below senior executive.

And so, I believe what I need to ask for is just a clarification that as the minister, as she has consented to do, supplies the information about what the total envelope is for senior executive compensation for each of the new five RHAs, will she at the same time provide that whole envelope of compensation not only including senior executive, but what I see here as being senior management positions—a group of individuals who seem to be below the senior executives and perhaps fall into the category of what the minister talked about as being more junior positions? The information we request would be to capture all of that compensation.

**Ms. Oswald:** Okay, so senior executive and senior management, I believe that falls into the same category, the same, you know—those words are used for the same thing. I believe they can be used interchangeably.

I—and if I find a situation where I stand to be corrected, I'll alert the member to that fact. I—your question was duly noted and added to the list of things that we want to provide to you and I would also again say to the member that all of these items would be reported in the public disclosure document that is annual, and it's there for the taking for the member to see.

And I would also indicate that we spent some time, I believe—unless I'm having a flashback to last year's Estimates—talking about the corporate cost indicator. I think we did speak about that on day one, and these positions would be such that would fall into the corporate cost indicator when we were speaking about admin cost versus corporate costs and so forth, so I would just give the member that information. But, again, we heard the question and we will add it to the additional requests.

I believe I heard the member say that he wanted to clarify part of the question, and I'd invite him to do that now.

**Mr. Friesen:** Mr. Chair, yes, I appreciate the minister's consent to provide the information.

The only clarification I was going to provide is that I see that, on certain organizational charts from the previous RHAs, that there were terminologies that would suggest there was this strata of employees underneath senior executive. Some of the terminologies that I see are things like senior manager, director, executive—oh, no, not executive, I'm sorry—co-ordinator, analyst, again manager, and so if those positions, you know, do indeed fall off the list of what we consider to be the seniors—but I believe—the reason I bring it up is that if they are indicated—if they are articulated on the organizational chart, then I'm hoping that there—that that information will indeed then be captured in whatever's reported back in terms of financials.

**Ms. Oswald:** Yes, Mr. Chair, in consultation with the deputy, he signals that, in some situations, that label of co-ordinator that the member cited may indeed not be classified as senior management. But, based on the nature of their responsibilities, they do, in fact, have a direct report, but they're not considered senior management. So we'll make sure that, when that information is provided, we'll endeavour to try to capture what would and, indeed, would not be counted as that.

\* (16:40)

Our analysis and our public commitment was based on reducing senior management and, indeed, we have met and we've exceeded that. We're happy about that, bearing in mind, of course, that the external review of regional health authorities offered a very strong caution to—in the advice that they gave—and that was to ensure that there was a reasoned balance of managerial positions, those in leadership roles, to ensure that the nature of the initiatives that were being carried on in RHAs—very important initiatives all the way from maternal and child health to infection control and well beyond—that those initiatives in their depth and their breadth have the kind of leadership available to execute the programs. So we take to heart that kind of advice. I think, in fact, the external review of regional health authorities asked for additional managerial positions that they—what you might call middle management level. We didn't embrace that recommendation. But take to heart the spirit of what is being said that,

while we want to do everything that we can to be reducing corporate costs and transferring resources into the front lines, we understand that the leaders in our system play very, very important roles, and we need to ensure that they have the support that they need to be able to carry out the initiatives assigned.

So I would say to the member, I appreciate the clarification, and the chief financial officer and deputy have, along with me, heard the request for additional information, and we will do the best that we can to provide that in as a timely a way possible citing, of course, that the member can find in the interim any information that he might want in the public disclosure documents. And I did want to signal for the member, as I neglected to do this at the beginning, I had one brief leftover piece of information to put on the record, I think from day two, that won't take but a moment. But we can do that when the member deems suitable.

**Mr. Friesen:** I thank the minister for that, and we'll get to that in a moment.

The minister was soliciting earlier for questions to be shorter from this side and I'm happy to state at this time I can oblige. There was one item, in the spirit of tidying up loose ends, the minister had gone to some length to provide us with each name and position for the former RHAs, as well, and then the new RHAs. Will the minister also be submitting within the Estimates period the new organizational charts that contain that same information that she supplied and read out at length?

**Ms. Oswald:** As I said to the member, the regions are just now compiling their year-end, and this is part of their work. We have asked for them to expedite that process and we're going to do our best to get the charts for the member. And I know that the member said that he'd like the former central regional health authority's chart best, and he submitted that on the record without any bias even though that's where he's coming from.

**An Honourable Member:** I voted.

**Ms. Oswald:** Yes, he voted, and so we are going to do our best to provide that.

I would note, though, as a point of interest, that the Central Regional Health Authority's organizational chart is also the one that had the largest administration, and yet, interestingly, this is the one that the member likes. Seems in shocking contrast to the dialogue that we're having. But in any event, I will assume that, you know, the member

likes the style, the fonts, et cetera, and so we will do our best to get those. We have asked the regions to giddy-up in trying to provide the charts in their entirety.

**Mr. Friesen:** I hope that those comments of the minister are in no way, shape or form a reflection on the excellent work done by the IT staff and those design people who render those documents in such a clear and articulate form, because I just want to acknowledge that the hard work and the excellent workmanship that they have undertaken. Compare that to—well, no, I won't start to make comments about the other organizational charts, because some of them are interesting in the way they present information. But, yes, as the minister said, I did like that one. There were other great examples, as well, but we don't have time for that.

I do note that the minister made mention, a number of times during this process, that there was information available, publicly, that I could easily access. And I did want to just spend a moment to address a concern I have there. I did note in one of my multipart questions to the minister, that I am looking to know whether there were any revenues derived from surpluses of any of the former RHAs that might have been allocated towards the statement the minister made about the \$11 million of savings in the first year. I went back to check what the surpluses or the deficits were that each of those 11 RHAs ran for the 2011-2012 fiscal year, and I can tell the minister that from what I learned, I was able to tabulate that there were over \$10 million in net surpluses that were stated.

The problem I ran into was that for the Interlake, the North Eastman Health and the Churchill former RHAs, there was no annual report available. And that annual report was not able to be found on the RHA website. They were not available in hard copy. They were not available in the reading room of the Manitoba Legislature. And I'm wondering if the minister can indicate where she says that this information is available. Why is it that we have not been able to find the information for Interlake, North Eastman Health or Churchill? And could she, for the record today, state: What would have been the surplus or the deficiency of revenue from the fiscal year for 2011-2012?

**Ms. Oswald:** Yes, Mr. Chair, I don't know the answer right now to why Interlake, NEHA and Churchill would not be available. In fact, I'm of the belief that they are. So, if the member has not been

able to locate those, we will review and find that out. At the same time, I don't have the surpluses, or deficits, or what have you, at my fingertips, but we'll endeavour to get that information. So I'll follow up with that and report back to the member.

I have been instructed by the financial expert that I may have misspoken earlier. I didn't use the right accounting term, apparently. That \$11 million in savings in year one certainly was achieved by a variety of measures, as we've talked about for hours, but also by consolidating accumulated financial assets. So I am supposed to say that, and not surpluses. And so I will make that correction.

\* (16:50)

**Mr. Friesen:** That seems to me to be a significant correction from the information that the minister previously submitted, and we'll be going back to, as I said, look at exactly where those significant savings that she talks about were achieved and whether or not we do come out at the place she says we do.

As I mentioned just now, I would invite the minister to also submit whether revenues from surpluses from the former RHAs were used to arrive at the figure of \$11 million.

I would make this one suggestion. I find it interesting that when I total the RHAs' surpluses for 2011-12, that we arrive at a figure that almost gets to the \$11 million that the minister says that she arrived at in the first year of savings. And I think it begs the question, an important question, because as I use my calculator here based on the figures she's provided, and we work down the savings she's achieved against the cost she would have incurred, I can really easily see how it would result in no net savings.

But the minister could achieve an instant one-time savings by taking surpluses achieved in the last year of operation for each of the 11 former RHAs and pushing them towards a new area and call it savings. Of course, it's only one that she could realize one time, but it would allow her to get to her goal of saying after three years that she had achieved her goal of going to \$10 million in savings. I wonder if the minister could just comment on that.

**Ms. Oswald:** So, you know, once again, we will do as the member has asked to do some arithmetic on what he's at revenues for the regional health authorities that he says are not publicly available. Again, as we sit at the table here, we are interested in that fact that they were not easily accessible. That—so

we will follow up and ensure that that's true. We do expect to see savings annually.

Certainly, as I've said to the member—I'd better get my word right—consolidating accumulated financial assets is part of the journey for sure in year one. Our commitment was to save \$10 million over three years, and this work, you know, with the—in the context of the year ends is going to happen with the new regions. In the context of the continued work that's being done in identifying executive position reductions and other position reductions, which is happening across a number of regions, you know, that work is going to continue.

But, you know, as stated in the Finance news release last fall, that accumulated financial assets is indeed a part of that arithmetic in the first year. That's been publicly disclosed; it's not a revelation at this table, to be sure. But there are more savings to be achieved, and over that three-year period, we anticipate being able to exceed that target of \$10 million.

But, again, we will, as the member has requested, endeavour to find that information that should, indeed, be publicly available, and for some reason the member is not finding it. I have no reason to disbelieve him; he's clever. So we will have a look at why that might be and provide that information for the member.

**Mr. Wayne Ewasko (Lac du Bonnet):** Just a quick question to the—a few questions to the minister.

I was here the other day when the minister was stating the flow chart for the new IEHA, Interlake health—Interlake-Eastern Regional Health Authority—sorry about using the acronym, Minister, I know that's a bit of a touchy situation.

Question: For the new executive, can you just repeat the names who are still with the new executive of IEHA please?

**Ms. Oswald:** Let the minutes reflect I'm not offended by acronyms, just to be clear. So I can tell the member that the former regional health authorities had a total of 12 senior exec positions before the merger. The new Interlake-Eastern Health Region has seven positions, for a net reduction of five.

Again, for the record, the former RHA in Interlake had CEO Randy Lock; VP Planning Fey; VP Health Services Charbonneau; VP Corporate Services Ostapyk—I hope I'm saying that correctly—

VP Medical Services Chapnick; Human Resources Director Irwin [*phonetic*].

And the former North Eastman had CEO Van Denakker; VP Finance and Support DeMarco; VP Quality and Organizational Development Frith; VP Medical Services Nyhof; VP Programs and Services Coleman; Director of Human Resources Magnusson.

So that takes us, now, to the new Interlake-Eastern RHA which has the following: CEO Stinson; VP Acute Health Services and CNO—Chief Nursing Officer—Coleman; VP Community Health Services McKenzie; VP Primary Care and Chief Administrative Officer for Western Section Fey; VP Finance and Chief Financial Officer Ostapyk; VP Corporate Services and Chief Administrative Officer for the east, Van Denakker; and VP and Chief Medical Officer Nyhof.

**Mr. Ewasko:** Thank you, minister, for that answer.

I'm just taking a look. The two new positions that are in the IEHA are the CEO, Mr. John Stinson and McKenzie. Can you just put on the record where Mr. or Mrs. McKenzie came from, please?

**Ms. Oswald:** Both Mr. Stinson and Ms. McKenzie—just making sure—came from the former South Eastman Regional Health Authority.

**Mr. Ewasko:** Thank you, Madam Minister.

The VP and Chief Medical Officer Nyhof, is he still there?

**Ms. Oswald:** Yes, we'll confirm for the member.

**Mr. Ewasko:** Okay, thank you. So I look forward to that answer.

Now, I'm looking back at the old NEHA, and we have DeMarco, Frith and Magnusson. Have they moved into some other department within either the new regional health authority or somewhere else within the minister's department?

**Ms. Oswald:** So I can tell the member that nobody from these positions has moved into the Department of Health. I stated that to your colleague and, also, I can say that DeMarco and Frith are no longer employed with the regional health authority. And on the third one I will double-check. Certainly, your colleague has asked for this information to be provided in its entirety, but we can peel out that one piece to provide directly to the member, as appropriate. It is, as I say, being compiled in aggregate. I believe it was 14. Is that the number we

said that are employed? I shouldn't say that number, because I've said 62 numbers here so I might have gotten it wrong.

**Mr. Chairperson:** Order.

The time being 5 p.m., I'm interrupting the proceedings. The Committee of Supply will resume sitting tomorrow morning at 10 a.m.

### FINANCE

\* (16:00)

**Mr. Chairperson (Rob Altemeyer):** Will the Committee of Supply please come to order. This section of the Committee of Supply will now resume consideration of the exciting Estimates for the Department of Finance. As previously agreed, questioning for this department will proceed in a global manner. The floor is now open for questions.

If memory serves, when we last left our heroes, the minister was replying to a question—sort of.

Okay, honourable Minister, you have the floor.

**Hon. Stan Struthers (Minister of Finance):** Yes, I was attempting to answer the question from my friend from La Verendrye.

Generally speaking, anything before July 1st would be treated at 7 per cent. Anything after will be treated at 8 per cent. I was pleased to hand to the member earlier today the document, the real—sorry, retail sales tax rate change, transitional rules. These are bulletins that are put out by the Department of Finance, our Taxation Division.

If the member for Charleswood (Mrs. Driedger) would like one, she can have one as well. I noticed last time you didn't share with the other people with the other documents, so I made sure I had enough for all of you today. But these transitional rules are put in place—they're done every year to handle changes to taxation that happens in every budget. The—this is standard procedure.

The one that I will point out directly to the member for La Verendrye is on page 3 under the title, Real Property Contracts. The 7 per cent rate is grandfathered for goods and services purchased for incorporation into real property for all contracts executed prior to April 17th, 2013, and completed prior to November 30th, 2013. Contractors will be required to pay the 8 per cent rate at source for goods and services acquired after June 30th, 2013, based on the above rules, but can apply for a refund or take an

internal credit, if applicable, of the 1 per cent difference.

Now, the other thing I will point out—on the back sheet there is a—it indicates how his constituents can get a hold of people in Taxation if they have more questions. These transitional rules are on our website, they're online, available there, and you can see a toll-free number for the Winnipeg office along with a 945 number for the Winnipeg Taxation office. And so, if there is any other specific questions like that so that we don't have any confusion, those folks would be very happy to field any questions that the members have or that the members' constituents have who are out there on the—out on the landscape wanting to be clear on these transition rules. So, I thank the member for that question.

**Mr. Dennis Smook (La Verendrye):** I appreciate the answer and the information you've passed on to me. And I understand that the private sector is responsible for assessing the tax and collecting it and remitting it to the Province. The question that I have is specific to government contracts or tenders, whatever you'd like to call them, when government always pays PST, but no GST, on whatever they do. I presume that's correct?

**Mr. Struthers:** Yes, that's correct.

**Mr. Smook:** If a business enters into a contract or a tender with the government, and this tender could go on, say, starting back in March, and some of these it's supply and labour or whatever, but it might take a whole year to finish the contract.

Will the government pay that extra 1 per cent to the contractor, or will the government say, no, we have a tendered price from you that only shows this is the amount of money and we will pay you no more? Like, the contractor's obligated to charge the tax and remit the tax, but will the government pay that extra 1 per cent?

**Mr. Struthers:** That, as of July 1st, and later, the government will be paying the 8 per cent. That applies to us. I think that's what the member for La Verendrye was asking.

**Mr. Smook:** Yes, Mr. Chair, that is what I'm asking, but what I'm saying is, the contract was entered to, possibly six months before July the 1st, and there is a specific pricing on that contract, an end price, including taxes—like, say, if it was on a million dollars, including whatever X number of dollars the tax would be on it. But, at the end of the contract, this would be a little bit more than what the original

contract was because, on the work that was done after July the 1st, there would be an extra 1 per cent of sales tax.

Will the government pay that extra 1 per cent for work that was done after July the 1st?

**Mr. Struthers:** Well, as I read out earlier, in the paragraph in those transition rules, if a contract has been executed prior to April 17th, then the 7 per cent rate would apply. If it was entered into after the April 17th date, then the 8 per cent would apply.

**Mr. Smook:** Mr. Chair, there's also a sort of a number of November 30th. Would that contract have to be completed before November 30th of 2013 or, say, if the contract wouldn't end till next April, April of 2014, would—and then the government would still continue paying that 8 per cent. Correct?

**Mr. Struthers:** If a contract is executed prior to April 17th, and then was completed prior to November 30th, 7 per cent would apply. If that contract stretched out past November 30th, then the 8 per cent figure would apply.

**Mr. Smook:** Thank you. That answers my question.

**Mrs. Myrna Driedger (Charleswood):** Can the minister indicate whether or not the government purchased an airplane for Hydro?

**Mr. Struthers:** The—through our vehicle services, and which is lodged in MIT, we bought a plane and Hydro is paying us the capital and the operating costs for that plane.

**Mrs. Driedger:** Is Hydro leasing it then from the government?

\* (16:10)

**Mr. Struthers:** What we have with—in terms of this plane, what we have with Manitoba Hydro is an operating agreement in which we get some of the benefits, some of the use of the plane. There's an operating agreement that MIT has established with Manitoba Hydro. That—so, again, that may be her best avenue in which to get more details on that agreement and some of the costs involved with that.

**Mrs. Driedger:** Is it a twin-engine Otter?

**Mr. Struthers:** That kind of detail, I think she would need to go to MIT and their Estimates and ask those questions.

**Mrs. Driedger:** Why would the government buy the airplane themselves? Hydro needed it to fly employees in and out of sites, so why wouldn't they

buy their own airplane, then, if they needed one so badly?

**Mr. Struthers:** Well, what we find is that this is a much more economical way of doing these things. We have the air services division that runs our water bombers, runs our air ambulance. We have that fleet that gives us kind of a critical mass advantage in terms of keeping costs down. So we can do these—we have the ability to do these kind of things. We also then have the ability, then, to say that we get some use out of the plane that is purchased. Over a period of years, Hydro then pays us back. Every year they make a payment back to us to help defray those costs.

**Mrs. Driedger:** Can the minister tell us how much they paid for that plane and whether or not the government has taken delivery of it?

**Mr. Struthers:** No, I don't know what—you probably would be well-advised to approach MIT on that, and they can give you some specific numbers.

**Mrs. Driedger:** Is the minister aware of how many airplanes the government owns?

**Mr. Struthers:** That would be a very good question to ask the folks at MIT of their Estimates, and I'm sure they'll give you a very specific answer.

**Mrs. Driedger:** Can the minister tell us what date the budget was sent for printing?

**Mr. Struthers:** I would ask the member for Charleswood to be a little more specific. There's three things that we send for printing. One is the speech itself that I delivered in the House; one is the budget papers that go along with the budget; and one is the estimates for expenditures and revenues—three different things that we send to be printed. I don't know which of those three she wants or all three or—

**Mrs. Driedger:** I think it would be handy to have all three.

**Mr. Struthers:** The budget speech was sent to print on Monday, April 15th; the budget papers were sent on Friday, April 12th; and the revenue and expenditure documents were sent on Tuesday, April the 9th.

**Mrs. Driedger:** Thank you. I appreciate that information.

Can we just go back to the airplane again? The—Hydro, I guess, has been obviously functioning without an airplane, I'm assuming then, for many, many years. Why is it now that the government has



decided, you know, in these supposedly tough economic times to actually buy Hydro an airplane? What was the rationale for doing that at this point in time when supposedly we have tough economic times? What—where's the cost benefit analysis in this?

**Mr. Struthers:** So, first off, we make decisions, and this decision was made on the basis of a business plan that was brought forward by Manitoba Hydro. Manitoba Hydro had costs previous. It wasn't that they didn't have a plane and didn't have any costs. They had costs through lease agreements that they had in past years. When the business case came forward, it seemed to us that this would—over the long haul, this would save money for the taxpayer and Manitoba Hydro. Manitoba Hydro looks for ways to keep their expenses down so their rates are, by gosh, the lowest in North America. So we look at the business case that they bring forward. It has to make economic sense. We have the ability, then, to keep our expenses, on an annual basis, down, as well. I think, probably though, she would get a lot more detail through the Estimates of MIT, in terms of the actual arrangements that have been made.

\* (16:20)

**Mrs. Driedger:** The minister indicated there was a business plan that was presented and accepted. Is he prepared to table that?

**Mr. Struthers:** Well, again, that kind of detail, I think she should probably go to the Estimates of MIT and ask if they would work with her to provide that kind of information. That seems to me to be the appropriate place to ask that question.

**Mrs. Driedger:** What we've been noticing for some time now, and it's become quite obvious in the public, too, that people that are trying to get information out of MIT are getting a real runaround. And, now, I'm feeling that we also, you know, in trying to find some of those same answers, because we get a runaround in MIT, we come to the Minister of Finance, who, you know, sits on Treasury Board, where the final decisions are made, and we're getting a runaround again.

My colleague from Brandon West, same thing, in asking for information—so, I imagine we are going to go to MIT and we're going to get blown off there and somebody's going to say, go to Hydro.

So where is the accountability, then, and the transparency from the government? Because people are being given a runaround, and it's not just us in

opposition; it's the public, too, that when they phone in to MIT for information, they're getting bounced from one person—and they could be bounced six times. And something is certainly off-track somewhere.

So where does the buck stop, then, when decisions are made for financing? I thought it might have been with the Minister of Finance, who also, because of his role on Treasury Board, too, that his department would have more of this information. That doesn't seem to be the case. So what are people supposed to do to find the information they need?

**Mr. Struthers:** Well, the—I do want to be helpful, whether it's the member for Charleswood or other members across the way. And I understand that there's frustration in terms of getting answers. I will do my best to make sure that the answers that I can give appropriately, here in these Estimates, are provided for members opposite.

My job as Finance Minister and this department's job is to facilitate the transactions that take place. The policy discussions take place at the—with the appropriate ministers; in this case, MIT. Those policy discussions are brought forward. They come to Treasury Board looking to make sure that we have a process in place that looks at all of the alternatives. Our job is to ensure that the taxpayer is getting value for their money. We want to make sure that not just one option is looked at, but a number of options are taken into consideration, and then it's the ministerial responsibility to make sure that that happens and that the policy and detailed discussions on those issues are fully considered and discussed.

So, in terms of this example here with the plane, our department will facilitate in a transaction. We'll make sure that all of the options are discussed. We make sure that it makes sense according to the business plan that came forward.

But for the kind of details that she wants it really needs to be in the department of MIT where she asks the—kind of the detailed policy kind of questions that I believe she's looking for.

**Mrs. Driedger:** Can the minister tell us why the City of Winnipeg was not invited or even informed about the road announcement that was made yesterday?

**Mr. Struthers:** Well, we—again, as Finance Minister my job is to facilitate the transaction in terms of providing the money for these kinds of announcements. We've provided that money through the Building and Renewal Plan, which we've had

many discussions at this Estimates table on. We provided that money through the Building and Renewal Plan, the section that we talked about earlier that's dedicated to the Manitoba–Building Manitoba Fund. So that money, it came out of that plan. It underscores the point that I've been making about PST money going into, in this case, roads. We've said in the past schools and hospitals and bridges and daycares, she's well aware of the list of infrastructure items that we will be funding. This was money that—it was provincial money. It was going into these—into this infrastructure, important infrastructure.

I know yesterday it was mentioned in the House how this wasn't urgent, and there was a, well, a point of privilege brought forward saying that this money wasn't urgent, it wasn't necessary, it wasn't important. You know, we understand kind of the reasoning why points of order come forward these days. But I think the members opposite have to understand that the message they sent quite clearly was that that kind of infrastructure doesn't matter to them and that, maybe a bit of envy in their voices, because we are moving forward with exactly what we said we would do and we are meeting the infrastructure needs of families who live in the southwest quadrant of the city of Winnipeg.

As far as who invited—or didn't invite the mayor or other levels of government—that has nothing to do with me. I simply provide the authority to spend the money, which is money well spent on roads in the city of Winnipeg.

\* (16:30)

**Mrs. Driedger:** I am so tempted to go down this road and take the minister to task for some of the erroneous information he just put on the record, but I'm actually not going to do that because I have so many questions, and we're going to run out of time in Estimates.

And he is saying, though—he is saying, though, that—I just have to do one—[*interjection*] Yes, he's, you know, talking about all the significant importance of all these roads. Well, if it was so important this year, why wasn't it important last year, when he siphoned off \$320 million from the infrastructure budget and spent it someplace else?

**Mr. Struthers:** Talk about erroneous, Mr. Chairperson. She's taken quite a leap. I very much

asked her not to—very much, last week, asked her not to mischaracterize, and this is what she's doing again.

I don't know if she wants to go through the whole explanation again about how we provide authority, and departments then go out with that authority and do the projects that they said they were going to do. And sometimes there're delays, and sometimes there's carry-over of money and all the rest. It's not a slush fund, as she's described it, somewhere out there for \$320 million. She can make that up if she likes, but I want her to know that that's not accurate. I don't suppose that's going to detract her from saying it over and over and over again, but just as long as she knows that that's not actually accurate when she says it.

But, Mr. Chairperson, this is a good example of where we said we were—we would be bumping up by one cent on the dollar the PST so that we can dedicate that money—\$277 million when it annualizes next year—\$512 million, which is the 2 per cent equivalent that we said we would do—we said that would be dedicated to infrastructure. Bill 20 says very clearly where it's going to go, and this is actually proof of us putting our money where our mouth is. We said it would go into infrastructure, and this is a good example of it going directly into infrastructure, maybe even in her backyard. I don't know—

**An Honourable Member:** I looked; it's not.

**Mr. Struthers:** Oh, well, okay.

Well, you know, there won't be much activity on roads in her backyard if the government doesn't have enough courage to get the revenue to be able to spend that money. I know there are streets in the Charleswood area, whenever I've been out there, that could use some attention. And if she thinks we can just wave a magic wand somewhere and the money appears, or if there's a tree out at the back here at the Legislature that grows money and she knows about it, I wish she'd let me in on that secret because I could sure—she could come with me. We can pick the money off the trees and we can spend it on infrastructure if she likes.

But, you know, I shouldn't be so flip with that. I mean, members opposite have put a plan on the table to get that money, and it means taking it out of health care and education and daycares and family services, protection for kids. You know, we know where

they're going to get the money if they decide they're going to take infrastructure seriously.

But we've been up front with Manitobans. We've said, here's our plan, here's what we're doing, here's where we're getting the revenue from. We're trying to make this as fair as we can for people. We're going to put it in the Building and Renewal Plan. We're going to guarantee, through Bill 20, that every dollar of that Building and Renewal Plan will be dedicated to infrastructure such as roads, like was announced yesterday, like was announced in the northeast quadrant a few days before that. We're going to take on schools, capital, hospitals; we're going to take on funding for daycare; as we said, from page 17 in the budget, parks infrastructure—a whole number of—universities and colleges—a whole number of capital infrastructure needs that Manitoba families say we should take on. And we're going to do that on their behalf.

So, the—that's clearly what we've said and that's—as the member can see—earlier this week and yesterday again, we've proven that we're committed to funding infrastructure at a higher level and have those benefits accrue to Manitoba families and to our provincial economy.

**Mrs. Driedger:** From yesterday's announcement, it talks about provincial funding of \$4.7 million for southwest Winnipeg and then it also talks about Budget 2013 investing \$19 million to improve 47 residential and regional city streets this year, including that 4.7 for 13 projects in southwest Winnipeg.

So is the 4.7, the Winnipeg component of it, the only part that is actually being paid for by the Building and Renewal Plan, or is all \$19 million coming out of the Building and Renewal Plan?

**Mr. Struthers:** What I can do is do—is just what I did in the previous question, is generally talk about Finance's role in this and our government's stated position in terms of the Building and Renewal Plan. I can give her that kind of detail. The kind of detail that we don't have before us here is exactly what she's asking for now, which would quite appropriately come out of Local Government. It was Local Government; I think it's actually in the news release that the member's reading from. The—those kind of questions would appropriately be asked in those Estimates.

**Mrs. Driedger:** Well, the numbers really aren't adding up. I know that the Manitoba Heavy

Construction Association has been quite vocal, indicating that out of the PST hike and the \$277 million and the new revenue that's going to be collected from that, Winnipeg is only going to receive \$7 million for roads, is what they are saying.

And then we have this announcement, though, that is indicating that there is \$19 million for roads, city streets, 4.7 being in southwest Winnipeg. So the numbers are already confusing in many ways. So is the minister telling us that he doesn't know, then, where his PST hike is going to be spent? And, I mean, he's on the record as saying it's going to be open, transparent and accountable. And then I'm asking him for some clarity in this, to try to understand where that PST money is going. Is he telling me I now need to go to a different Estimates to find out where exactly that breakdown is going to come from?

**Mr. Struthers:** Well, if the member for Charleswood is asking me to choose between the numbers that we put out and the numbers that some other group has put out, obviously I'm going to back up the numbers that we put out. To suggest that that causes confusion, I think, is a mischaracterization on the—on behalf of the member for Charleswood.

I mean, we've talked about how much the PST's going to cost an individual family, and the member keeps putting up the number \$1,600. I mean, the—in order to have that number work, the average Manitoba family would have to spend \$160,000 a year on items that are covered by the PST. It's an unreasonable number but they keep using it over and over and over again, as if the more they say it, the more credibility it has.

So I'm not actually going to agree with what the premise of the question is that the member for Charleswood is putting forward. What I can do is I can point out that there was that announcement that she's quoting from. There was an announcement the week before in the northwest quadrant of the city, also, support by this government towards infrastructure and roads in the city of Winnipeg. This is what Manitoba families have said to us is a priority of theirs. We have committed to meeting the priorities of Manitoba families when it comes to—whether that be roads in the city of Winnipeg or around the province, hospitals, schools, daycares.

\* (16:40)

I refer her back to page 17 of the budget booklet that she has in front of her. It talks about roads and

highways, and there's a figure of \$622 million in the 2013-14 budget that is referenced there.

We've said very clearly that when we raised this point on the PST, that we guarantee through Bill 20 that this goes directly into infrastructure in Manitoba, and there's a list of the areas in which we are going to be dedicating that money. This department gives the authority for that money to be spent in those areas, starting with roads and highways; universities and colleges and public schools at \$228 million; health facilities at \$350 million; Manitoba floodway and water-related infrastructure, \$48 million; housing, \$333 million; assistance to third parties, \$423 million; public service buildings, \$71 million; parks and camping infrastructure, \$24 million.

We've covered that ground in every single round of Estimates that we've had, every day that we've met at this table. That should be very clear to the member for Charleswood.

The—when it comes to roads and highways, we give the authority for a certain amount of money to be spent in a year through our budgeting process. The departments take a look at the projects that can and can't go ahead, and they make good decisions in terms of flowing that money. We have enhanced every one of those categories that the departments work with.

So the—what she can look forward to is for this government to continue to providing the authority to spend money on roads in the city of Winnipeg, because we hear that that is a priority of people who live in the city of Winnipeg. And that support will be there, by our government, and it's made possible because this government has—was—is courageous enough to add a point to the PST to make sure that we have the revenue to be able to pay for these projects.

**Mrs. Driedger:** Is the minister saying that the Manitoba Heavy Construction Association is wrong when they have indicated that Winnipeg will receive only \$7 million for roads from that new PST hike?

**Mr. Struthers:** Anytime that I've met with the folks from the Heavy Construction Association—a whole number of different groups that I think are working very hard to provide infrastructure for Manitoba, infrastructure that's necessary, that Manitoba families depend on, our economy depends on—we've had a very good working relationship with the Heavy Construction Association and other groups as well.

That—the number that she mentioned is not a number that's familiar to me and found in our budget. The—I would invite the Manitoba Heavy Construction Association to check its notes with the folks in Local Government to make sure that their numbers are correct. I have total faith in the Department of Local Government and our minister to be taking every opportunity to find money to be invested in the roads in the city of Winnipeg and other infrastructure needs right across in every region of the province of Manitoba.

So the heavy construction folks, I think, should compare their notes with the department and the minister who's put forward that news release and made that announcement because I would not want the Heavy Construction Association to fall into the same trap as members opposite, in glomming on to a number that makes no sense and then repeating it over and over again, as if it was based in reality. I'm sure the Heavy Construction Association wouldn't do that and would want to make sure that they check with the appropriate department, to make sure that their numbers are accurate.

**Mrs. Driedger:** Can the minister indicate who told him that it was legal to increase the PST on July 1st, even though there will be an existing law in place that still demands a referendum to do so?

**Mr. Struthers:** Well, Mr. Chairperson, it's a very long-standing principle that not just this government but previous governments have followed, not just previous governments—current and previous governments in this province but in other provinces, the Canadian government. This is a principle of budgeting that is integral to the British parliamentary system of governing.

I know that the member will recall that I have reminded her that when her government in the 1990s brought forward the expansion of the PST onto baby supplies, that that was brought in first and foremost and talked about in the budget of 1993. It was then, it was in place. It was implemented, and then the budget—the vote on the budget happened and the implementation of the budget happened. That's the same process as what we're following now. It's the same process that we used earlier this spring when we took the PST off of bike helmets. Oh, and just to finish off the baby supplies, that'll be the same process we use to undo what her government did back in the '90s. They put the PST onto baby supplies and we're moving to take it off, to provide that kind of support to Manitoba families. Again, that

follows along the same accepted principle that has been part of governing and part of budgeting for generations in Canada.

We—at midnight the night of the budget, on April 16th, the cost of a pack of cigarettes went up—well, the cost of a smoke went up four cents, whatever that meant for a package of cigarettes. I'm not a smoker, so I haven't got that right on the top of my mind right now, but four cents a smoke on a—on cigarettes went up the night of the budget. That's been in place now. We've been collecting that revenue, retailers have and that's—that hasn't come under question by members opposite. That's, again, part of this principle of budgeting that has been with us for generations.

We—as I said, we've followed the same process to take the PST off of bike helmets. You know, I didn't hear members complaining too much about that. This is the same principle that we're operating under when it comes to the one-cent increase on the—on the one-cent-on-the-dollar increase on the PST. As I've said, it's a long-standing principle that governs budgeting in this Province and other provinces.

\*(16:50)

**Mrs. Driedger:** Does the minister have an independent legal opinion on that?

**Mr. Struthers:** Well, again, I mean, not to repeat exactly the answer I just gave, but I think she needs to understand that this is a long-standing budgetary principle, a principle involved in governing and making decisions that's been accepted not only in this province, but other provinces and certainly in the national government.

When we discuss budgets and we get ready for budgets and we prepare budgets, we make sure that we have legal counsel with us at all times, making sure that when you are dealing with tax law that they are up to date on what it is that we're moving forward with. We talk to them about this document, the Budget 2013, and make sure that we are on sound legal footing.

**Mrs. Driedger:** And I understand the type of, you know, tax increases that can happen, you know, with cigarettes and with alcohol. Those are not sales taxes. In the current taxpayer protection act that is still a law in Manitoba and it will be a law in Manitoba on July 1st. That law that is still in existence calls for a referendum on a sales tax increase. So that law isn't in place, you know, for—in relationship to cigarettes and alcohol, but it is in

place and will be in place on July 1st for a sales tax increase.

Now, I can understand—and the minister wouldn't be in any predicament if he'd of just, you know, changed that law and then brought in Bill 20. That is certainly something that I understand is totally acceptable. But come July 1st an existing law will still be in place. So then what happens to all of these—like, these retailers that are really concerned that they're going to be breaking the law come July 1st? Because that existing law is still going to be there. Bill 20 doesn't kick in until after it has been—gone through the whole process and voted on here.

So come July 1st, it certainly appears, the way things are set up right now—and, I mean, the minister can talk about long-standing budgetary principles; that's all well and good except in those cases there wasn't a law that said you have to have a referendum. That referendum law is still there and so the minister is going to bring in a law—or going to bring in a PST hike on July 1st that does not appear to be legal.

So, if somebody wants to challenge, then—and so if the retailers are going to go ahead then and obey this government, what if somebody out there is going to challenge the retailers, then, and say, you broke the law? And then we're going to have, you know, a big court case. Is the government, then, prepared to be the one that finances the court case because they're actually forcing, then, all of these retailers to break the law come July 1st the way things currently stand?

**Mr. Struthers:** The first thing that I want to be clear is that there is a normal procedure for transitioning. I don't want it—I don't want discussions here to serve as confusion for retailers out there. I want retailers to be making—you know, their actions to be formed not by the discussions around here, but I want them to be formed around the transitional rules in the bulletins that have been sent out by the Department of Finance, which very specifically talks to the retailers about their expectations come July 1st.

Despite the scenario that the member for Charleswood just expounded, we are very confident that we have the authority to move forward with what we said we would do in the budget. We—our—I think we're doing this for the right reasons in terms of infrastructure and that kind of support for Manitoba families and our provincial economy.

But I really do not want misinformation from the member for Charleswood or her colleagues to have

an impact on retailers in Manitoba. That's why I really strongly advise the people who will be assessing these—this increase on July 1st to go to the website, [Manitoba.ca/finance/taxation](http://Manitoba.ca/finance/taxation), and see the copy of these transitional rules, which I've provided to members opposite, so that they know exactly what the expectation is come July 1st.

It is normal procedure whenever we deal with changes to taxes, changes to tax rates, it's normal procedure for us to have in place transitional rules that aid in retailers or others who assess these taxes who—aid and assist them in doing so in a proper fashion. These transitional rules are provided by our department. Transitional rules are provided by any Finance Department in any province or, indeed, the—at the federal level to make sure that there isn't the kind of confusion that the member for Charleswood is worried about.

If people can—have questions, there's a telephone number here for the tax—for our Manitoba Finance Taxation Division. They can talk to an expert within Finance who can assist them in making sure that they aren't confused, that they aren't worried in terms of making the appropriate—doing the appropriate action.

My—I do not want discussions—

**Mr. Chairperson:** The time being 5 p.m., I am interrupting our proceedings. The Committee of Supply will resume sitting tomorrow morning at 10 a.m. Get your tickets early.

### EXECUTIVE COUNCIL

\* (16:00)

**Mr. Chairperson (Tom Nevakshonoff):** Order. This section of the Committee of Supply will now continue consideration of the Estimates for Executive Council.

Would the minister's staff and opposition staff please enter the Chamber.

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

**Mr. Kelvin Goertzen (Steinbach):** For the Premier I was wondering, in terms of the decision to increase the retail sales tax, the PST from 7 to 8 per cent as announced in the provincial budget earlier this spring, can the Premier walk me through in terms of what the time frame was when the decision was made to go that route, to increase the PST?

**Hon. Greg Selinger (Premier):** It was part of the normal budget cycle. As people went through the budget cycle, it became one of the factors considered.

**Mr. Goertzen:** Was there a certain triggering point where the Premier came to the conclusion that it would be necessary for him, in his opinion, to raise the PST? I know that still earlier in the year, I think—we know now, as a matter of history, that the Premier said in the last election that it would be nonsense, the idea of raising the PST. But even as recently as earlier this year it seemed that that was not an option. Is there a certain event or a triggering point that resulted in a decision in the Premier's mind?

**Mr. Selinger:** A couple of trends and factors were relevant here. One, we saw the continuing economic uncertainty around the global economy. We saw, for example, the federal government realizing that they had \$4 billion more deficit than originally anticipated. We saw economic forecasts reducing their outlook for the growth in the Canadian economy all across Canada as well as North America and the globe. We saw a slower recovery taking hold in the United States, and I think everybody was aware of the continuing turmoil in Europe in terms of the European unions, struggles they're having over there in terms of their economic recovery.

We saw some of the things happening in Asia, the slowdowns there in terms of China. Even the slowdown in India, for that matter, and recently—well, in the last few months, we saw the shift of the Japanese towards a stimulus program. And the other factor that was probably important was the release of the reports by the people reviewing Lake Manitoba and Lake St. Martin, and they indicated that—

**Mr. Chairperson:** Order. First Minister has the floor.

**Mr. Selinger:** The other thing we saw was the release of the reports on the recommendations for improving protection for communities around Lake Manitoba and Lake St. Martin and through the Assiniboine Valley all the way out to Brandon, and we knew that we'd spent one and a quarter billion on the '11 flood, but that the go-forward recommendations to make those communities safer were in the order of a billion dollars. So all of those factors contributed to our belief that we needed to have a go-forward plan that continued to build the province, ensure the economy continues to grow and,

at the same time, provide some of these investments in infrastructure.

Another factor, actually, now that the member's asked, was the federal budget where they announced the 10-year infrastructure program. And we wanted to ensure that we would be able to match up with those dollars and make sure all those dollars did the maximum amount of—provided the maximum amount of benefits in Manitoba. So those are some of the factors that were on the table as we worked our way through the budget process.

**Mr. Goertzen:** What kind of legal advice would the government have sought on the legality of a bill that they've introduced in terms of not having two separate bills—one that would have done away with the referendum requirement first—not suggesting that that would have been a good idea, but just in terms of legality of the process. Was there any consideration given to having two separate bills—one that would have dealt with the issue of the referendum first, and then a separate bill that would have dealt with the PST increase?

**Mr. Selinger:** It's a routine procedure to consult and get advice from Legislative Counsel on the form and substance of bills as they're moved forward in the process of policy-making.

**Mr. Goertzen:** Was there consideration at all from government about introducing two separate bills?

**Mr. Selinger:** Again, we get advice from Legislative Counsel on what they think the best form and substance is for how these bills are presented and put together.

**Mr. Goertzen:** So, just for clarification, the Premier is indicating that Legislative Counsel suggests that an omnibus bill would be the best way to proceed.

**Mr. Selinger:** The details of that would be at the level of Legislative Counsel with the people working on the bill, but Legislative Counsel's advice is always sought out when the form and substance of bills is put together and their advice is heeded.

**Mr. Goertzen:** Has the government returned to Legislative Counsel? Circumstances have obviously changed since the bill was introduced. The government may have presumed that the bill would have been passed by the date of the tax going into place and knowing that the—or knowing now that the requirement for a referendum will still be in place on July 1st, has the government returned to Legislative Counsel for a further opinion about whether or not

bringing the increased retail sales tax on July 1st with the legislation still in place without the referendum is in accordance with the law?

**Mr. Selinger:** Legislative Counsel is aware of the public debate on any bills that are in front of the Legislature, and they regularly offer advice if they think there's any adjustments that have to be made or any changes have to be made as a result of public debate. I do believe the Minister of Finance (Mr. Struthers) today provided some information that's in the House of Commons procedure practice, second edition, by O'Brien and Bosc, and that reference works indicates that it is the long-standing of Canadian governments to put tax measures in to effect as soon as notice of the ways and means motions on which they are based are tabled, with the result that taxes are collected as of the date of this notice, even though it may be months, if not years, before the implementing legislation is actually passed by Parliament. That's noted in Chapter 18, Financial Procedures, The Business of Ways and Means, The Budget. And again the authors are O'Brien and Bosc.

**Mr. Goertzen:** As luck would have it, I have my copy of O'Brien and Bosc with me. I don't leave home without it these days.

Could the Premier point me to the section that says where there's a referendum requirement before a tax increase is put in place, that the advice from O'Brien and Bosc is that that can be ignored before the increase is put in place?

**Mr. Selinger:** The quote I made was with respect to how ways and means are implemented when it comes to budget bills, and as it says, it's the long-standing practice of Canadian governments to put tax measures into effect as soon as the notice of ways and means motions on which they are based are tabled, with the result the taxes are collected as of the date of this notice, even though it may be months, if not years, before the implementing legislation is actually passed by Parliament. And that's the—one of the pieces of advice that's provided by that learned pair of authors, O'Brien and Bosc, in the House of Commons Procedure and Practice, second edition.

**Mr. Goertzen:** And it's possible I missed it. I know that the Premier knows that the current taxpayer protection and accountability act in Manitoba requires a referendum prior to the increase, and I listened carefully, although again I sometimes miss these things, and I didn't hear anything, any reference to a common practice where there's a requirement for

a referendum from the quote from O'Brien and Bosc. Can he just refer me to the portion of the House of Commons Procedure and Practice that refers to overriding a referendum prior to the tax increase?

**Mr. Selinger:** The advice offered by O'Brien and Bosc states that it is common practice for taxation measures to become effective retroactively, and then I read the quote twice. I think that is advice with respect to budgets done in the British parliamentary system, which is essentially the one we operate under.

**Mr. Goertzen:** I did listen intently this time and clearly there was no reference, so I'll have to assume that none exists, although I'll spend the weekend reading this fine book of House of Commons procedure and perhaps I'll come across, though I tend to think I probably won't.

\* (16:10)

I just want to ask the Premier because he's—in reference to this point about the PST increase, he's invited members of the public to not participate in the referendum, unfortunately, but to participate in something quite different: committees. I believe that our committees do have value here in the Legislature. I think he'd agree with me on that. I'd been disappointed to hear ministers like the Minister of Education (Ms. Allan), for example, to suggest that nothing that happens in committee is going to change her mind on anything. That doesn't serve that process well, I don't think, but I suspect the Premier (Mr. Selinger) probably has a greater value in committees than his minister.

Could he indicate to me what his view is about the time that members of the public will be coming here to committee? Does he believe that it should be at a reasonable time, or is he willing to have those committees on Bill 20 go quite long into the evening and to the night?

**Mr. Selinger:** Again, Manitoba's unique in having the ability for public to come and present their views and represent their views at second reading of a bill in Manitoba, and I think it's a very worthy tradition in this province. And the specifics of how that unfolds have long been established in Manitoba. I think they were in operation when members opposite were in government, and they are still available to everybody and in a way that's not available in any other province that I'm aware of or at the federal level in terms of Parliament.

So it offers a unique and outstanding opportunity for people to put their views forward either in person or in writing. And so I think that's a very important tradition that we keep in this House, a very important democratic tradition that allows and affords the public an opportunity to come and put their views to the members of the Legislature that are in attendance at that committee, chaired by somebody such as yourself, that allows for a formal process. It allows for Hansard to record their views. It allows for questions to be asked and responded to, and I would hope that the two House leaders will find a way to allow those procedures to come into play for this bill as well as all the other bills that we have in front of the Legislature right now.

**Mr. Goertzen:** I share some of the thoughts that the Premier put—not all of them, but some of the thought that he put on record. I do think that all the bills will eventually get to committee before this House rises, whenever that is. I don't think there's a doubt about that. Probably some doubt about when that might occur, but there's no doubt that it will occur.

I don't perhaps share the same feeling that it's an outstanding process when it takes place through the night, and I suspect that most Manitobans wouldn't think of it as an outstanding process if it could take place at 4 or 5 in the morning. I'm hesitant to use 3 in the morning because that has a new connotation to it, but 4 or 5 in the morning, I'd say, Mr. Speaker, isn't a reasonable time and isn't an outstanding time for Manitobans to come and make a presentation.

Now he references that these are long-standing rules and I recognize that. I'm sure that there are committees that happened under previous governments that could have probably proceeded better. There are committees that have happened under his government, and I'll use the example of Bill 37, I believe it was, and the bill on the pork moratorium, that could have proceeded better. And so both under this administration and previous administrations, there are probably things that could have been done better. I guess my question that I'm asking the Premier is is he willing to have things done better in terms of the committee process.

**Mr. Selinger:** I appreciate the question from the member, and the rules that we operate under are ones that of all parties that have agreed to. And so that's the procedures we operate under, and I do think they're outstanding and unique procedures that allow for a more democratic participation and members of the public to come down and represent their views



and to represent them in a way that they couldn't do in any other province or at the federal level in terms of parliament. And I'm not sure about the rest of the Commonwealth nations that operate under the parliamentary system.

If the member has concrete suggestions that he think would be of benefit, he could certainly discuss them with our House leader, who, I know, is a person always willing to have a conversation with the member at any hour of the day probably. *[interjection]* Or night for that matter, as I've had indicated to me. But the reality is is that these are the kinds of things that we can discuss in a respectful way to advance the ability of the public to have their say on important matters before the Legislature.

**Mr. Goertzen:** Well, and because the Premier asked for suggestions, I'm willing to give him suggestions. Certainly, I have some experience in how House of Commons committees operate, touring committees that sometimes tour the country, that's not what I'm suggesting in terms of our committees, but where they allow the public to come and they give them a specific time. They can come, so the public has their—an understanding of when they're supposed to be there to appear at committees. It seems like it's a modern and respectful way to deal with committees.

I wonder about the idea of having a set number of people on a given evening or a given night where members of the public, who've signed up to present, would know that that's their night and that they won't have to be here at 4 in the morning or 5 in the morning. Does he not believe that that would be a more respectful way to hold a committee rather than call 200 people to come to a committee with the hope that they may or may not be up sometime at 6 in the morning?

**Mr. Selinger:** Again, in Manitoba, we allow anybody who's a citizen of the province to come and present their views on important matters that they have an interest in and wish to register their concerns or their support or their opposition or anything in between and make recommendations, et cetera.

In other jurisdictions, including at the federal level, sometimes the only people that are allowed to present are those that have been invited—that it's not open to the general public. It—witnesses are selected for various reasons.

And so our process is much more open-ended in terms of who gets the right and the opportunity to

come and present. I think it's very important. I'm sure the member values that process.

And, again, if he has any practical suggestions that he thinks would be valuable for how we might improve this process, I'm sure our House leader would be willing to consider them.

**Mr. Goertzen:** Well, I'm happy to put forward those suggestions to the House leader again. I think that's been done, and it's been done. I—and I do have those suggestions, and I do think and I—this sort of is beyond politics and it's beyond partisanship, because I've already acknowledged for the Premier that I think that perhaps how committees have been done at different times under different administrations and under this administration, haven't served us well as legislators or haven't served the public or haven't served the staff of this Assembly very well. So, it's something beyond partisanship. I think that all parties have—could benefit by having changes put in place, and I've given that suggestion to the Premier and he can do with it as he wishes.

Does he think that the ability for a member to come to a legislative committee and make a presentation is as valuable as the ability to vote in a referendum on an issue?

**Mr. Selinger:** I think our parliamentary traditions have served the citizens of this country, as well as members in other countries that follow them, extremely well. And representative democracy has been looked at around the world as a model for how democratic arrangements can be made for people in countries where democracy is being advanced.

I also think that in Manitoba we've had a long-standing tradition of allowing people to be able to come and directly voice their views on legislative bills, for example, and we've gone beyond that. We've done tours around the province, for example, on budgets as well as other matters and opened up opportunities for the public to come and present.

I do know that when the members opposite were in government, their budget outreach involved selected people being asked to come to the meetings, but it wasn't open to the general public. I know that under our government, there have been advertisements and people have been able to come and participate and ask their questions and in a respectful manner as befits the traditions in our province. And so I do think it—the rights that people have and the opportunities that people have in Manitoba to express their views are important, and I

don't think you'll see us moving away from that. I think you'll see us continuing to think that the ability to come at second reading of a bill in the Legislature and having the opportunity to present and put your views forward on that is very important.

**Mr. Goertzen:** Premier references the prebudget consultation meetings, which were held under previous governments as well, and I've had some challenge getting a prebudget consultation meeting held in Steinbach, but that's, I suppose, a debate for another day and perhaps another forum. But he indicates that's it's important for the people to be able to come there and ask questions and talk about issues.

Was the issue of the PST tax increase raised at the prebudget consultation meetings?

**Mr. Selinger:** Attendance at those meetings—it may have been raised, it may not have been raised by any member of the public that wished to come. I don't think that they're restricted in what issues they can raise.

\* (16:20)

**Mr. Goertzen:** Was it something in the presentation by the Minister of Finance (Mr. Struthers) that there was a possibility of a PST tax increase?

**Mr. Selinger:** I would encourage the member to ask that question of the Minister of Finance.

**Mr. Goertzen:** The Premier has no idea what went on at the prebudget consultation meetings and what was presented?

**Mr. Selinger:** I know what generally goes on is is that there's an opportunity for members of the public to have input into the budget and identify their priorities and things that they think are important to the future of Manitoba.

**Mr. Goertzen:** Premier expressed how it was important to have these committees travel. And I certainly know that distance is an issue, obviously, for the representatives from the northern communities it's a particular issue. But it's also often an issue for even those in my constituency who might be seniors, who have difficult with mobility.

Would he consider having the Bill 20's—Bill 20 hearings travel throughout Manitoba?

**Mr. Selinger:** Again, we have a tradition of holding those hearings at the Legislature where people are invited to come and have the opportunity to come and speak. And I think it's important that that

opportunity continues to exist in Manitoba, unlike any other jurisdiction in Canada.

**Mr. Goertzen:** So the Premier doesn't feel that our committee system could be improved upon, or is he suggesting, even without specifics, that there are improvements that can be made?

**Mr. Selinger:** I think I've said a couple of times today, if the member has constructive suggestions, he can make them to the House leader and I'm sure they would be entertained and considered by the House leader.

**Mr. Goertzen:** And I think I had suggested that that's already happened.

The issue around the start date of session. What is the Premier's feeling on how they come to determination about when the session will start? Is it purely a function of the budget or are there other considerations that go into it?

**Mr. Selinger:** We're the first government, that I'm aware of, that put in law the requirement to deliver a budget before April 28th so that there's some level of certainty about when a budget will be presented in the spring session.

**Mr. Goertzen:** And is it the Premier's belief that the beginning of the spring session has to start with a budget?

**Mr. Selinger:** Not necessarily.

**Mr. Goertzen:** Is he open to suggestions that would have the spring session start at a earlier date so that—without the budget being the first order of business?

**Mr. Selinger:** Again, all suggestions that the member might wish to make as to the Opposition House Leader I am sure would be entertained fairly and reasonably by the Government House Leader (Ms. Howard).

And we usually try to reach an agreement that is to the satisfaction of everybody about how the session operates and proceeds and ends. And that includes this session.

If the member wants to change off that—apparently, he's made a unilateral announcement that he thinks the session should go beyond what the agreed date was. I'm not aware that he had discussed that with the leader of—the House government leader before he made that announcement. But presumably that's his prerogative to make a unilateral decision to change the date of when the session closes. And that's his choice.

**Mr. Goertzen:** Well, I don't know if there has been a misunderstanding, if there has been some unilateral announcement the Premier can—I'm open to correction—is it the Premier's intention for the House to rise on June 13th and not be recalled in the immediate future?

**Mr. Selinger:** I'm sorry; I had asked the member just to be a little more—up the register a little bit on his question so I can hear him.

**Mr. Goertzen:** It's been a long time since I've been asked in this House to speak louder, so I appreciate the Premier for that.

I—he indicated that I'd indicated that there was some sort of a unilateral date for session to end. The sitting date ends, according to our rules, on June 13th, I believe. And it's up to the government to make a determination whether or not they want to recall the House.

Is it the Premier's intention to recall the House after June 13th if all the bills on the agenda haven't been passed?

**Mr. Selinger:** My understanding is there is a date in the rules that we have agreed to. And, normally, the House functions according to those guidelines that have been agreed to. And, if there's a decision to move off that, that obviously is something that could be discussed, or not. And, if the members of the opposition wish to take more time, that's their prerogative, and we will try to respect that.

And, of course, we have lots of business that we think needs to get done to improve the lives of Manitobans. And we want to make sure that the time in the Legislature is productive, and that we get the work done. Have a chance to review budget Estimates, have a chance to review the bills, debate them in detail, provide opportunities for the public to come on second hearings of all the bills, if they wish to do that, and to make those opportunities available to them.

**Mr. Goertzen:** But, of course, it's not the—it's not within powers or the purviews of the opposition to recall the House, that the rules indicate the House will adjourn on June 13th, and that it falls to the government to determine whether or not the—or when the House is going to be recalled.

Will the government be recalling the House immediately after June 13th?

**Mr. Selinger:** Again, that remains to be seen. The leader of the—House leader of the Opposition can

certainly discuss that with the Government House Leader (Ms. Howard).

**Mr. Goertzen:** Given that the current time frames that we were under in this legislative session, the House came back on April 15th, eight days for budget debate, three Opposition Days, a hundred hours of Estimates, which can take three and a half weeks or so, with a variety of different things that happen within House. Even if everything had proceeded without any sort of interruption or any sort of controversy around Bill 20, it would have left about two and a half, maybe three weeks to debate 45 to 50 bills.

Does the Premier believe that three weeks of session is an appropriate time to scrutinize and debate 45 to 50 bills?

**Mr. Selinger:** Again, last year, we brought the House back a day later than we did this year. We had several important bills, many of which were of interest to the public and of interest to the members of the opposition for debate. We managed to get the business of the House done in a timely fashion and met the agreed upon end date.

And if the member's—if the Leader of the Official Opposition's (Mr. Pallister) House leader wishes to have further discussion on that, I'm inviting him, I think, probably for at least the fifth time, to have that discussion with our House leader.

**Mr. Cliff Cullen (Spruce Woods):** I want to take the Premier back to the flood of 2011. And there's quite a number of disaster financial assistance claims and appeals still outstanding. There's some other special programs, farm related, and some of those claims are still outstanding.

I wonder if the Premier could give us some indication of when he would hope that these claims and these appeals could be finalized.

**Mr. Selinger:** Can the member clarify, was he asking me what's the status of the outstanding claims?

**Mr. Cullen:** Yes, I'm trying to get a sense of when, if you have an expectation, of when we can get these claims resolved and the appeals resolved. You know, it's been two years now and there's still a lot outstanding. If he has a time frame of when—he has an expectation of when they could be resolved?

**Mr. Selinger:** I've been informed that about 96 per cent of all claims have been paid out, and at about \$850 million, subject to confirmation of the

number. I don't have the exact briefing note with me, but I'll—by putting this on record, I'll try to get the note in here before we finish our session, and make sure that I'm in the right ballpark on that.

But I understand the overwhelming number of claims have been dealt with. I'd have to check where the appeals are. How many appeals are outstanding?

But we did, as you know, appoint a full-time individual to handle the appeals, a person that we thought would be very fair and even-handed in the way he would handle things, given his experience as a farmer and a mayor and a chairperson of the Association of Manitoba Municipalities, and his deep knowledge of rural Manitoba. So, and I understand that there's been a lot of work done and a lot of appeals rendered and dealt with.

But, in the first instance, the claims have been addressed and adjudicated, and awards have been made. I have had just anecdotal experience talking to some people, and perhaps I might have—I've not talk to all people by far, I'm sure I haven't, but I've met people that have been able to get support and compensation for the experiences they've had, and have had additional support to rebuild and provide additional protection to their property.

So I'm hoping that note will come in before we finish our questioning. But I think the overwhelming majority, over 90 per cent of them, have been dealt with to everybody's satisfaction.

\* (16:30)

**Mr. Cullen:** Thank you for that. I appreciate that. The—specifically, about a couple of bridges in my area—there was two bridges over the Souris River. One was completely washed out on Provincial Road 530, and, certainly, the cleanup work has been done there, but there's been no indication from the government that that structure will be replaced. And I'm just wondering if the Premier could comment on that, if the government is prepared to follow through under the federal disaster financial assistance program to replace that particular bridge. And then the other bridge, for the record, is the one that goes into the community of Wawanesa, and that structure still stands but has received some structural deficiencies there, so it's not in operation at all. And I just wanted to bring those two particular structures to the Premier for his comment.

**Mr. Selinger:** I would—I thank the member for the questions. I would obviously have to inquire into the specifics of that. But I do know that we made

repairing flood infrastructure a priority under the last couple of budgets, and I will inquire into the 530 one and the Wawanesa one and see the status of those for the member and whether the upgrades to them are being applied for under the disaster financial assistance program as he's indicated.

I do have some information here. Eight hundred and fifty million is the correct number for DFA Ag cottages and excess moisture insurance. I'm looking for the percentages in here. I do believe it is well over 90 per cent. I'm not seeing a clear stat on that, but \$850 million out of \$1.25 billion spent on the flood indicates a very high level of decisions have been made and rendered on behalf of various forms of support for people coming out of the flood.

I think the member might be aware that we funded a hundred per cent of some very specific programs. The Lake Dauphin Emergency Flood Protection Program is a hundred per cent provincial; The Lake Manitoba Flood Assistance for cottage—a hundred per cent provincial; the Lake Manitoba Pasture Flooding Assistance program—a hundred per cent provincial; the Greenfeed Assistance Program—again, a hundred per cent provincial; the 2011 spring blizzard livestock mortalities program—a hundred per cent provincial; the Shoal Lakes Agricultural Flooding Assistance Program—again, a hundred per cent provincial; the excess moisture stimulus Program and the Dauphin River Flood Assistance Program for fishers were all programs that we mounted and put in place to extend additional support to the individuals affected, and they were not cost-shared by the federal government under DFA or any other program to our regret, I mean. But we did go well beyond normal DFA guidelines, and I'm really not aware of any other province that goes beyond DFA guidelines.

In addition, the DFA ceiling was list-lifted for the amount of compensation for a homeowner, for example, that they could be eligible for under DFA from the amounts of the '97 flood. So, you know, there's a huge amount of commitment that's been made here on the 2011 flood, and I'm—in responding to the member, I'm going to ask my staff if they have a percentage amount, and that may be it here. It's coming in, and it says over 90 per cent—95 per cent of claims have now been closed, presumably to the satisfaction of all people involved.

Now, those 5 per cent could have some intense experiences and there can be some important issues there, but 95 per cent's a decent record. But we want

the other 5 per cent resolved as well. We don't—we're not sort of saying 95 per cent's good enough. We want them all to be resolved and brought to conclusion.

**Mr. Cullen:** Thank you. I appreciate that. In addition to—there's some dikes around the city of Brandon. Some have been breached in the past and haven't been repaired. And I know there's a commitment there to work with the city to resolve that. I'm wonder if the minister could ascertain the time frame for us in terms of when that work may be completed.

**Mr. Selinger:** I can tell the member that this spring I went to Brandon before the high water came to that community early on, as we knew that it was going to be a difficult spring and we had forecasts that the water and snow was very intense in Saskatchewan. There was a lot of snow and there was a lot of potential water coming down the Assiniboine. And I went with our deputy minister for Emergency Measures and some of our officials that handled infrastructure in that region. And we met with the civic officials that were handling the improvements to flood protection in that community. And they assured me that they had brought diking levels for the residential part of Brandon to one-in-300-year levels, as opposed to the one-in-100-year levels that were in place for the 2011 event. And they thought the residential part—all the residential communities in Brandon were going to be well protected, to triple the levels of the 2011 event.

They still thought that they would need some sandbags and super sandbags along some of the major roads in and out of the town to protect some of the commercial properties. And on highway—on Road 18, they had put super—our government, the provincial government, put super sandbags in place as a sort of pre-emptive measure to ensure that there was protection there if the waters got that high.

So, when I was there and met with those people, I was, I have to say, impressed with the level of readiness and the work that they had done. And they gave us a very thorough briefing; and we asked lots of questions, and they gave good answers. But I came out of that 'meeling'—meeting feeling that, and believing that, everything that could be done had been done to protect that community.

**Mr. Cullen:** And there certainly is some areas outside of the city, too, that had protection in the past that I think we should have a look at to make sure that we're prepared for any future flooding that could impact quite a bit of the farmland in there.

A follow-up, kind of from one extreme to the other—some municipalities around Brandon are endeavouring to have a—rural water pipelines. And the municipality is Elton, Whitehead and Cornwallis are involved, there. And they've, you know, have got the project up and running. But they do need—or looking for, you know, future funding to complete that project. I'm just wondering if the Premier's—has a—can make a commitment in terms of coming forward to assist in rural water projects in that particular area.

**Mr. Selinger:** I have not been briefed on the specifics of these projects. I would need to know more about it. But, you know, when municipalities take the initiative to provide services to themselves, we try to support that, as we did in this budget with a 12 per cent increase in capital for municipalities and an eight and a half per cent increase in operating money. But the specifics of this project, I would need more information on it.

It may be eligible under the Building Canada Fund. We don't know yet because we haven't received the final set of guidelines from the federal government. But it would surprise me if municipal infrastructure was ignored. You would think that there would be a very specific program for that. And then the issue will be how much money is available, how rapidly over the 10 years and what are the priority projects. But, unlike most other jurisdictions, we actually involve the Association of Manitoba Municipalities in the Building Canada Fund decision making process and allow their voice to be at the table as we work it out with the federal government and the provincial government where the priorities should be.

So there is a process in place that will allow municipalities to have a voice in identifying priorities for how monies should be allocated for various forms of infrastructure in Manitoba.

**Mr. Larry Maguire (Arthur-Virden):** And I thank the Premier for his responses so far. I've been listening intently to some of these, and I just wanted to, since my colleague from Spruce Woods was asking questions in that regard, I might have a couple that I would just like to ask the Premier on that, as well.

And one of them is in regards to items that have already been okayed, back in the summer of '11, just be—after the flood in the Melita area. I know the dikes at Waskada have been built and protecting that community fine in that area in Wawanesa. Souris

has, of course, the swinging bridge and a few other projects there to be rebuilt.

The community of Melita, however, feels that they're going to be much more in jeopardy with the new bridge that's going in at Coulter. It's a longer bridge, higher bridge, and it'll let more water through when it's finished—when and if, or if and when. And I am committed to the point that I believe it will get finished.

\* (16:40)

But, Mr. Speaker—or Mr. Chairman, I would like to ask the Premier if the project at Melita, which is a dike situation around the—what's called the business community's—businesses along the flood plain, there, are to be protected. The communities of Melita and the RM of Arthur in that area have co-operated to accept the recommendations from the government. They've accepted the letter of—saying that it's already been authorized to go ahead from the minister at the time, Minister Melnick, to move forward, and the former minister of Water Stewardship refer to—and that letter they have had for some time.

The municipality, as I understand it, of Arthur is now in the process of saying in the agreement that they will carry the administration forward of this. They have the engineering report, some 140-page document, I understand, to outline where the new dikes will go. And some of it is in conjunction with trying to rebuild the sewage lagoon there at the same time, which the community of Melita is expanding rather rapidly right now with the increases in oil activity in that area—petroleum, and they need that so that there isn't any more detrimental situations.

I've provided some advice that I've received from them to the Minister of Conservation in regards to some ideas around the lagoon and the type of things that they can do with the effluent from that area, Mr. Premier. But I'm wondering—the latest salvo on this is that everything is ready to go it seems. They've got the letter saying it's okay. They've got the report. The inspector from the department has been out and looked at it and given them guidance and said that it's okay to go ahead. But now the holdup seems to be that they say they have to wait till they get all of the plans in from every project in Manitoba before they can 'priorize' them so they can go ahead with it, which seems to be a bit regressive considering that it's almost two years ago they got the letter that said they could go ahead. And I wanted to bring that to the Premier's attention,

and see if he's aware of it, and if there was any way that he could look into that and try to make sure that this one moves ahead because there's some urgency to it. They're saying that it may not have—even be looked at till 2014 and—when it's all ready to go ahead now. It has been authorized and everything else. Is there a way that the Premier can look at that and, given that some of the other ones are already finished, look into why there would be this holdup?

**Mr. Selinger:** Yes, well, first of all, I thank the member for Arthur-Virden for the question.

I have been to Melita on more than one occasion, particularly during the 2011 flood. And the member might recall that after the 2009 flood, or actually during the process of the 2009 flood, I believe we authorized dike protection around Melita, particularly for what I think you would be describing as the business district there. And in '11 that dike was fortified because of the risk coming through the Souris River there. And the local people did a good job fortifying it, and we were there with them to support them on that. So I think that has proven to be a good investment: the dike that's been put there.

If the member is now suggesting to me that there's a greater risk because of this new bridge that we've had a discussion about will allow more water to flow, I think that has to be taken into account for sure. I'm not sure why they've said that all applications have to be in now. Is that because this is—these projects are to be cost shared under the Building Canada Fund? Is that why it's now being put into a larger pool? Is that what's going on here? I'd ask the member for Arthur-Virden if that's what his understanding is about the holdup, is because it's being put through the Building Canada process, which is not yet further delineated and announced by the federal government.

**Mr. Maguire:** No, it's not my intention or not my understanding of that. The Building Canada Fund may qualify for some portion of the expansion because, of course, DFA will only pay for the bridge to be replaced to the level of what it was, as you're well aware. And this has been—there has been an initiative taken to expand it. And given the fact that the last bridge was built in the '60s, then I guess it's 50 years later that it makes sense to look at the accommodation of the kinds of flows that might've happened. We hope it never does again. But building it to the same level that it was, given the level of traffic that is now in that area on that road with the kinds of petroleum and heavy equipment that's there—

the type of equipment used in farming today, it makes more sense to go ahead and proceed with the type of a structure that they have.

But the—no, it's still my understanding that the dikes in Melita were okayed through the DFA package—the DFA program and that that's how they'll be dealt with. There will be some—at least the first phase here, I think that they—there's no doubt that the dikes were expanded in—or in 2009. I was there with the Premier as well when he was there and—or pardon me, with former Premier Doer when we were there the first time looking at some of that area. And that's when we got the highway extended to the west of the present Souris River bridge to extend the—to raise up the portion of No. 3 Highway back towards Melita so that it could be used for a part of the dike as opposed to—at the time that they were going to repave the road. It didn't make much sense to repave it then tear it up and build it up again and repave it. So everybody appreciates the fact that that work was done then and the dike was extended to the north.

There was some discussion about taking the channel straight through from the bridge to the north and cutting out the big u-shape that put the motel in jeopardy—at that sort of thing at that time, kept cutting the bank away. That's something that they may still look at from a need. But the—as I understand it, the DFA would be a cross-chaired mechanism in regards to replacing this dike because everyone realizes, I think, that the dike that was there isn't going to be sufficient in the future. And it had already been added on to two or three times.

**Mr. Selinger:** So I thank the member for Arthur-Virden for that information, and I will ask what the status of that is and what the timelines are on when the project can move forward.

Does the member from Arthur-Virden have a sense of when the new bridge will be completed? Is that a link there, I'm wondering?

**Mr. Maguire:** Well, my understanding that it was well on its way before the spring runoff hit and the—it really didn't take it out, I don't think, because of—there was some discussion about road restrictions, but they were able to stay off for quite some time. And the piers are poured and the work goal is in. It—the department is still indicating to me it'll be done by November.

Certainly, there was some initial discussions that it might be speeded up and done by August, but the

local people don't feel it's been speeded up because two and a half years—two years by then anyway—but, nevertheless, that's the update that I have for you.

And—but, certainly, the minister would have a better understanding of that right than I do at that point. But we've been in touch with them on a regular basis, the construction team that are there and worked with them through restrictions, and I appreciate the work that was done through the department in that area in the spring here to get it as far along as it was before the—they were told to shut down construction because of the impact that it would have in regards to—under the federal DFO guidelines at that point.

So I think that that's the latest that I have, and from both the town and RM in that area that they're quite prepared to move forward here and would, certainly, like it to be—that would, I think, be one of the last situations that would need to be dealt with other than the bridge at Hartney on the No. 21 Highway there. It's—it was supposed to be finished this November as well, or be done construction last fall, and nothing's been done on that one yet this spring from what I understand.

And while I'm—sorry, I don't know if the Premier has any more comment on that or not.

**Mr. Selinger:** Well, again, I think we should just endeavour to get an update for the member from Arthur-Virden on all those projects and what the status of them is. I know he'll have a conversation with the Minister of Infrastructure as well, but we're in my Estimates, and I'll try to find out the status of those items for him.

But I would encourage him to talk directly to the Minister of Infrastructure during his Estimates, or even informally, and so we can move the process along.

**Mr. Maguire:** Well, thank you. And, while I'm speaking of Hartney, and the Premier knows this case well with Mr. Neil, the dairy farmer there, I just wanted to bring him up to date. They have received information that he—that the government feels that he has been paid for his cattle.

He was paid at about half the rate of replacement costs, which may have been a number that's used in the beef industry but not for a specialized industry like dairy whose cattle are at least—they had to go to Ontario to find these—because the volume of the size of the operation, it's in the top 10 per cent in size of dairy industry in Manitoba. He had to move over

225 head of cows out, never mind all the calves besides at that time, so back at the flood of '11. And so this is an ongoing situation and poor—and, you know, Mr. Neil is, you know, is close to 70 years old now—has a granddaughter that would like to take over that business and perhaps run it, but it's not in a shape that can do that financially.

\*(16:50)

And he has the opportunity to get it back to that, but it would take replacement probably of the 300,000—nearly \$300,000 that he has attained from the sale of his quota that can be used to bring his production back up to the point where he could attain what the Dairy Farmers of Manitoba have graciously given him and provided him with the opportunity to take two years to get—I believe it is—to get his production that would give him the extra production to get his feet back underneath him to try and pick some of that up.

But he can't get there with—it's a Catch-22. You need the cows to get there—before you get to the quota, and he can't get there under the present situation. He's brought cattle in from Ontario—that's been documented.

And all I'm saying is I urge the Premier to take a look at the letter that I tabled in the House with him here at question period a week or so ago, and the one that I wrote earlier to take a look at the numbers. And I'm urging the Premier to direct the Department of Agriculture, at least, or—well, I'm not—pardon me, it would be DFA in this case to go back and use the application for compensation in that area to apply to the federal government for the money that they would require on a cost-shared basis to bring this back. I believe, from reading the applications myself, and the outline in the particular paragraphs that I've outlined for the Premier there, that there is a mechanism there, but we would have to apply for it through the Province on Mr. Neil's behalf to make these recoveries.

It's not going to fall into the MASC, I don't believe—of some of the other areas. If I'm proven wrong there, I'd be very glad to see that as well, but I understand that that is a 100 per cent cost from the Province, but I'm asking for the department to take into consideration the two veterinarians that signed the documents to okay the loss of livestock in this.

And he is still losing cattle today as a result of this, and it's almost two years after the fact. He's had many cows or calves and cows die over this winter

and others, and the veterinarians are still attributing it back to the fact that these dairy cattle went out to five different dairy herds and had—they bring—they're upset by the fact that they're a very sensitive animal and they have to be moved in the first place, put on different feeds, and then brought back.

But then you get them all combined again, you get five different disease—five different herd impacts, I guess, you could say—I won't use the word diseases. But if you—you know, they're impacted by what happens in those areas very—as I'm sure that the Chairman knows and his colleague from Swan River, the dairy industry is a very sensitive industry—and these are very highly, I guess, productive animals, and so that's the concern.

That's why the veterinarians are involved. They have okayed and authorized the—and confirmed—I guess, is the word I should be looking at—that this is legitimate in regards to the cause of death and that sort of thing on these areas.

And so it's a situation where I'd just like the Premier to take a look at it and relook at it and see if we can help this poor gentleman. Because if he doesn't, he'd indicated to me he's going to have to sell another \$300,000 worth of quota. In fact, I thought he'd sold it at the end of April, but he hadn't.

And I know the bank is just—I don't know how he got through the last month and a half. I know the banks have been putting a lot of pressure on him in regards to, you know, the ability to keep going there, and I think that there's a feeling that there's a mechanism here to help him, and so I think that that's why they're keeping him viable.

**Mr. Selinger:** I remember, the member for Arthur-Virden and myself, we met with this individual farmer, Mr. Neil, and I think there was some further additional support flowed after that, and I think there was some additional benefit. And I'm aware, without getting into specifics, that there has been substantial benefits flowed.

If there's additional problems, because of the—it sounds to me like—and I've—I'm listening to the member carefully—it sounds to me the dispersal of the herd into five different sites resulted—when the herd was reintegrated and some complex issues that led to more mortality being generated that the veterinarians have said are attributed to the fact they were in different populations for a time and are having trouble adjusting getting back to home, in essence. And that he, in addition, believes that that



documented information might allow us to apply to a special federal DFA program that could deal with that. There is some special provisions under the DFA program that could perhaps apply in this situation, and would the Province advocate that through the program with the federal government.

I've asked for an update on the situation again, since the question in the House, and with the information you've put on the record today, I've got a note and our staff's got some notes. I'll ask if there's a specific section under DFA that might apply to the unique circumstances of this individual farmer, given the affidavits, it sounds like, or statements made by the veterinarians in terms of, sort of, the lingering impacts of the 2011 flood.

The first time I was broached this subject with Ag officials, they did feel at the time that there wasn't a program that applied in these circumstances. But I think there was a real effort to see what programs could be made applicable to his circumstances.

But if there's a new avenue that we might pursue given this—what seems to be the continuing after effects of that—we'll ask if whether or not it could be pursued, and whether our officials could be part of that.

And so I'm not adverse to doing that, if, subject to response I get from the officials, they may, they may not, have that view that you're putting forward. They may think that it's no possibility but we'll check it out. I mean, there's no reason why we shouldn't check it out and see what's possible.

Having met Mr. Neil, it's clear that he's made a big commitment coming to this country and setting up his farm operation here, and for many years he was successful. And this 2011 flood, in his area, I think we—everybody acknowledges it was entirely an act of nature what happened there.

There is no particular acts that were in anyway attributable to government to what happened to him, but that he has some very challenging circumstances regaining the same level of economic activity for his operation, because of the circumstances the member cited. So we'll check it out and see what's possible again.

**Mr. Maguire:** It is to—just to inform the Premier, yes, there—he did receive funds for the diking and for a number of other areas, for some buildings that he had, and he received \$82,000, I think, subsequent to the meeting that we had with the Premier in regards

to the death loss of the cattle—some of the cattle that he had, which is what I was referring to in my first question about. He's received about half of the value of those, because it costs—and I've seen the numbers—it cost him over \$4,000 a piece by the time you get them back from Ontario to here. Quite a bit of cost in that regard. But the Premier has a grasp of it. As he indicated, it's the rehabilitation of bringing of all the cattle back together that has caused the situation.

And I believe that under the DFA application—it's not a special—I don't think there's anything special about it, it's just the wording of that section that's in the letter that I provided the Premier, that they may want to look at. If there are other sections, I'd be glad to comply with those and help him out in any way we can there as well. And so I would urge him to continue to look at that as well.

I think that the situation is such that it's unique—just, I've said it before—but it is a unique situation because it's the only dairy farmer to ever be hit by this magnitude in Manitoba. There's been some smaller ones, where you could probably take 30 or 40 head and move them to one location and bring them back again. But these, some of them had to go half way or further across the province of Manitoba to find a home for that many.

And so I would just urge the Premier to take that into consideration when they do look at it, otherwise it's going to be a very detrimental situation, I think, in the dairy industry.

And the dairy industry feels very strongly in their support for him. And I wanted to make sure that the minister was clear that he has to get the cattle numbers back up before he can reach the support that the dairy producers will give him. They aren't giving him any money, they aren't allowed to do that, but they can provide quota for him, but he has to get his cow numbers up to reach back to the old quota that he had. And having to sell nine units of quota at \$30,000 a piece, was about \$270,000 before.

And he's hoping now that quotas even gone up a little bit, but he doesn't want to sell it, of course, if he doesn't have to, because that takes away from his ability to make income.

**Mr. Selinger:** Mr. Chairperson, are we in this kind of a double bind where he has to sell quota to get the money to buy the cows, but then he doesn't have the quota to—for the cows that he's purchased? It's one of those double binds?

**Mr. Maguire:** Well, yes, Mr. Chair, he almost has to sell these just to stay afloat, never mind buying cattle. But it would—certainly he'd have to sell something to be able to buy the cattle. And so that's—therefore you keep going down in your quota, and so, you know. But, if he was able to do that and get his cow numbers up, I'm sure that the dairy producers would look at giving him enough quota to be able to get back to the threshold of where he was, when he gets to square one. That's the understanding from the dairy producers. Yes, I think you've got it.

**Mr. Selinger:** I sense you're trying to apply the gavel so I'm not sure how much further down this road I want to go right now.

**Mr. Chairperson:** Order. The hour being 5 p.m., I am interrupting the proceedings of the committee. This section of the Committee of Supply will now

recess and will reconvene tomorrow morning at 10 a.m.

#### **CORRIGENDUM**

On June 5, 2013, page 2023, first column, last paragraph, should have read:

**Mr. Pallister:** I thank the Premier for that response. The—I guess it should be noted that at the date of this report, I think, profits were still in the minds of the First Nations partners they refer to in that paragraph; NCN and TSN. At this point they're now in the midst of trying to renegotiate their agreements, I understand, to deal with losses which actually occur. Which makes one wonder how effective these existing partnerships will actually—or have actually—been in generating long-term support for the projects, the bipole and the actual hydroelectric projects themselves.

# LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, June 6, 2013

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