

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

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

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authority of  
The Honourable Daryl Reid  
Speaker*

**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

Wednesday, June 5, 2013

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

**Mr. Speaker:** O Eternal and Almighty God, from Whom all power and wisdom come, we are assembled here before Thee to frame such laws as may tend to the welfare and prosperity of our province. Grant, O merciful God, we pray Thee, that we may desire only that which is in accordance with Thy will, that we may seek it with wisdom, know it with certainty and accomplish it perfectly for the glory and honour of Thy name and for the welfare of all our people. Amen.

Good afternoon, everyone. Please be seated.

### ROUTINE PROCEEDINGS

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

### PETITIONS

#### Municipal Amalgamations—Reversal

**Mr. Blaine Pedersen (Midland):** Good afternoon, Mr. Speaker. 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 W. Tymchuk, E. Tymchuk, V. Zamrykut and many other 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.

#### Provincial Sales Tax Increase—Referendum

**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 A. Peters, S. Barkman, L. Miller and many other Manitobans.

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

And these are the reasons for this petition:

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.

This petition's signed by J. Wayne, A. McNee and Q. Pallister and many, many more fine Manitobans.

**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 N. Graham, M. Hiebert, C. Peresluka 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 of Manitoba.

And these are the reasons for this petition:

The provincial government recently announced plans to amalgamate any municipality 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 amalgamation 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.

This petition's signed by B. Thompson, F. Hutton, M. Orr and many more Manitobans, Mr. Speaker.

#### **Highway 217 Bridge Repair**

**Mr. Cliff Graydon (Emerson):** Mr. Speaker, I wish to present the following petition to the Legislative Assembly.

And this is the background to this petition:

(1) The bridge over the Red River on Highway 217 outside of St. Jean Baptiste was built in 1947 and provides a vital link for economic opportunities and community development on both sides of the river.

The Department of Infrastructure and Transportation closed the bridge after spending significant sums of money and time on rehabilitation efforts in the summer of 2012.

\* (13:40)

(3) Individuals require numerous trips across the river each day to access schools, businesses and health-care facilities. The bridge closure causes daily undue hardship and inconvenience for residents due to time requirements and higher transportation costs.

We petition the Legislative Assembly of Manitoba as follows:

To urge the Minister of Infrastructure and Transportation to repair or replace the existing bridge as soon as possible to allow communities on both sides of the river to return to regular activities.

And this petition has been signed by J. Doerksen, L. Bouchard and G. Chappell and many, many other 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 W. Orzech, W. Unger, B. Baker 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.

This petition is signed by C. Kirschman, M. Stamler, J. Fehr and many, 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:

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

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.

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 G. Jefferies, T. Jonsson and M. Davidson and many fine Manitobans.

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

**Mr. Ralph Eichler (Lakeside):** Good afternoon, Mr. Speaker. I want to proceed with the following petition to this Legislative Assembly of Manitoba.

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 a necessity.

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 is submitted on behalf of D. Peyson, R. McQueen, J. Moffatt and many other fine Manitobans.

**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 J. Filz, J. Friesen, R. Dick and many more fine Manitobans.

**Mr. Ron Schuler (St. Paul):** 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) 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 is signed by G. Singh Kahlon, K. Singh Sidhu, H. Campbell and many other Manitobans.

**Mrs. Heather Stefanson (Tuxedo):** 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 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, Mr. Speaker, this petition is signed by M. Bond, J. Werstiuk, T. Bjornson and many, many other Manitobans.

**Mr. Larry Maguire (Arthur-Virden):** 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) 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.

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

We petition the Legislative Assembly as—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 A. Sparks, L. Heamon, D. Bradbury 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—if the provincial government imposes amalgamations, local democratic representation will be drastically limited while not providing any real improvements in cost savings.

\* (13:50)

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 H. Kennedy, J. White, P. Hammell and thousands of other fine Manitobans.

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

And these are the reasons for this 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 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 muni—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 P. Hiebert, J. Wiebe, D. Douglas and many, many others.

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

**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 R. Overton, A. Thordarson, J. Fleming and many other Manitobans.

#### Introduction of Guests

**Mr. Speaker:** Prior to oral questions, I'd like to draw the attention of honourable members to the public gallery where we have with us today Eric Schmid, who is a Ph.D. student at the South Dakota School of Mines and Technology, who is a guest of the honourable Minister of Entrepreneurship, Training and Trade (Mr. Bjornson).

Also in the public gallery today, we have with us Cindy Tugwell, executive director, and several representatives of Heritage Winnipeg, who are guests of the honourable member for Fort Garry-Riverview (Mr. Allum).

And also in the public gallery, we have students from Nellie McClung Collegiate, in fact, 22 grade 9 students under the direction of Mr. Grant Caldwell. This group is located in the constituency of the honourable member for Midland (Mr. Pedersen).

And also in the public gallery, we have today 50 grade 4 students under the direction of Ms. Michele Paquette. This group is located in the constituency of the honourable member for Transcona (Mr. Reid).

On behalf of all honourable members, we welcome you here this afternoon.

And also, I wish to draw the attention of honourable members to the loge to my left where we have with us today Mr. Gerry McAlpine, who is the

former member for Sturgeon Creek. On behalf of all honourable members, we welcome you here this afternoon.

#### ORAL QUESTIONS

##### Manitoba Hydro Capital Projects

**Mr. Brian Pallister (Leader of the Official Opposition):** Well, we have had a challenge in getting straightforward answers from the Premier on a number of fronts in this session, but we'll try again today with a little accountability quiz on Manitoba Hydro. And let's just start with some true and false questions.

First of all, is the current proposed series of projects—the hydroelectric dams, the bipole line—the largest capital proposal in the history of Manitoba?

**Hon. Greg Selinger (Premier):** Mr. Speaker, there's no question that the build that will be occurring in Manitoba will provide power which will be needed by 2022, and it will be among the largest builds in the history of Manitoba.

And the good news is, Mr. Speaker, our economy is growing. We're growing at about 80 megawatts a year, and that—and if the member have—opposite has his way, which would be to stop hydro development in its tracks, we would be a net importer of power by the year 2022. That's when rates would really climb in Manitoba.

##### Export Market

**Mr. Pallister:** Well, I appreciate the first part of his answer, Mr. Speaker. Of course, the second part was erroneous, but—so we'll give him half a mark on that one.

Now, on the second question—now, let's try this one: Supplies of energy to the United States market where we traditionally have exported are up, costs of production are up and energy export prices are down. Is that true or false?

**Mr. Selinger:** Not only was the entire answer I gave the first time around correct, the member was wrong when he said we should never build hydro for export purposes in Manitoba. The member was wrong when he said we should delay the growth of Manitoba Hydro when he knows full well that by the year 2022 we will need additional power or we will become an importer of power.

Now, the member opposite may want to do what he did with the MTS: run the utility into the ground



and then sell it off and privatize it. We want to build it and provide abundant power to the people of Manitoba at among the lowest rates in North America, which is exactly what we're doing right now, Mr. Speaker.

### **NDP Cabinet Business Acumen**

**Mr. Brian Pallister (Leader of the Official Opposition):** Well, from a Premier who sued his investment adviser and claimed he had no financial acumen, that's pretty rich, Mr. Speaker.

Now, the NDP has no business acumen, couldn't run a lemonade stand and is resorting to simple talking points prepared by former university students, not based on facts but based entirely on fiction. So let's try again and let's give the Premier a chance to be factual in his answer with a simple true or false.

The NDP Cabinet lacks business acumen. Is that true or false?

**Hon. Greg Selinger (Premier):** The issue before us: Is there a business case to build Manitoba Hydro? It starts from the understanding that the Manitoba economy is quite different than when the member opposite was in power.

Instead of the economy languishing, and it was \$34 billion, it is now \$62 billion in Manitoba, Mr. Speaker. Instead of the economy seeing young people flee Manitoba, we now have 125,000 more people living in the province of Manitoba.

And, Mr. Speaker, we have customers that have said they would wish to buy Manitoba hydro. We provide 10 per cent of the hydro to the state of Minnesota, and Minnesota Power is saying they wish to buy more of that power.

Only the member opposite, who claims to be an expert in business, would want to take a policy approach where he cancels contracts to customers that want to purchase our power and puts Manitoba in an energy deficit position within the next 10 years. That's not smart business, Mr. Speaker.

### **Conservation Measures Domestic Hydro Projects**

**Mr. Brian Pallister (Leader of the Official Opposition):** Well, I know that the Premier knows what isn't smart business, Mr. Speaker.

What isn't smart business is producing hydro at 13 and a half cents a kilowatt hour and then

exporting it at 3 cents a kilowatt hour. That wouldn't be good. That wouldn't be good business. Couldn't run a lemonade stand.

We've got conservation measures that, according to the Public Utilities Board witnesses, are able to actually reduce our need, our dependency, on the use of hydro. And, in fact, we could delay, according to the witnesses, we could delay these projects several years in the case of Keeyask and, in fact, indefinitely in the case of Conawapa.

So would the Premier agree with those witnesses that using conservation measures to reduce the domestic dependency on power we produce is a smart move? True or false?

**Hon. Greg Selinger (Premier):** The truth of the matter is that when the members opposite were in office, there was no residential energy efficiency program. There was no Power Smart program for Manitobans.

\* (14:00)

We came into office, the energy efficiency ranking of Manitoba Hydro's programs was No. 10 in the country. With the programs that have been put in place, we now rank No. 1 in the country. That is a true fact, Mr. Speaker.

And it's very important that we encourage power conservation in Manitoba, electricity conservation, which is why we brought in the Pay As You Save legislation just last session. The members opposite were bewildered by the program. The program will actually help Manitobans save energy.

I only wish the Leader of the Opposition would save his energy by trying to stop Manitoba Hydro building for the future. They're the mothball party; we're the builder party, Mr. Speaker.

### **Manitoba Hydro NFAT Review**

**Mr. Brian Pallister (Leader of the Official Opposition):** Another wrong answer, Mr. Speaker. In fact, we're the party that founded Manitoba Hydro.

Now, here we have a Premier that has a problem. He has a problem because the former chair of Manitoba Hydro says that his process, his NFAT project, needs-for-and-alternatives-to analysis is quote, fatally flawed, because—and now I ask the Premier, is this true or false? Is this NFAT process actually going to not consider major aspects of the

proposal such as the bipole line, such as contracts signed with First Nations?

Is it going to be a partial NFAT review? True or false?

**Hon. Greg Selinger (Premier):** First of all, the Leader of the Opposition should apologize for putting false information on the record. There was no—there is no former chair of Manitoba Hydro that made the statement the member just put on the record. He is completely inaccurate and incorrect in that statement, Mr. Speaker.

Manitoba Hydro goes through several forms of review by the Public Utilities Board, by the Clean Environment Commission, by the Crown Corporations Council, by their own board of directors and certainly by their own senior management.

And the important point to understand, Mr. Speaker, is that the power will end in Manitoba being available in 2022, and the members opposite want to delay the build of Manitoba Hydro and put Manitoba in an energy deficit position which will hurt the Manitoba economy and drive rates up for our customers.

**Mr. Speaker:** The honourable Leader of the Official Opposition, on the final supplementary.

#### **Future Development Projects**

**Mr. Pallister:** —the record, of course, is the chair—former chair of the Public Utilities Board—

**Mr. Speaker:** One second, please. I'd like to ask the co-operation of all honourable members to give me a chance to introduce them, to recognize them prior to them speaking, because that gives a chance for our Hansard folks, then, to adequately—or accurately record the information that the member wishes to place on the record. So give me a chance to do the introduction part first and then we'll give the member a chance to pose the questions.

**Mr. Pallister:** Excuse me, Mr. Speaker. I apologize.

On the issue of the member's earlier comments, of course, conservation, what a wonderful idea. So why would the government be considering cutting the Power Smart program by 20 per cent? This makes no sense at all.

You know, the poor little boy is out of step with everyone else. The reality is that environmental groups, consumer groups, conservation groups, the former NDP premier and governor general, former

NDP Cabinet ministers are all out of step with the Premier.

He thinks everyone else is wrong, but the reality is hydro experts, present and past, are sharing with us the fact that the Premier is wrong, and they're very concerned about this massive proposal that will dramatically impact on the future of our province and they want the government to listen.

So my final question for the Premier is this, it's very simple: True or false, the Premier has stopped listening?

**Mr. Selinger:** Mr. Speaker, once again the member has gotten every question he asked wrong, and, again, the answer is false.

We are putting in place the public review mechanisms necessary to give everybody a full and complete chance to intervene with respect to these hearings. They get intervenor funding in Manitoba. They get public resources and resources from the utility itself to put their best case forward on what they think the alternatives should be, and I can tell you that there's a big difference.

Whereas the conservation and energy and environmental groups asked for energy conservation programs when the members opposite were in power and were completely shut out, nothing happened, we now have among the best programs in the country. Whereas First Nations people were shut out and denied any voice in the future development of hydro, we have now made them partners. Whereas the members opposite thought they could mothball Conawapa and put it on hold, we have customers that want to buy the power, Mr. Speaker, and whereas members opposite think that the way forward is to consume more fossil fuels like coal and—

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

#### **Manitoba Hydro Rate Increases**

**Mr. Ron Schuler (St. Paul):** Mr. Speaker, in a report presented today by Graham Lane, former PUB chair, he says, and I quote: Today's roughly 7 cents per kilowatt hour price for residential consumers could rise to 20 cents within Hydro's forecast horizon, bringing major problems for lower income households, rural and northern residences.

Why does this NDP government disrespect Manitoba ratepayers?

**Hon. Dave Chomiak (Minister charged with the administration of The Manitoba Hydro Act):** Yes, unfortunately, as often happens in the case of Hydro, the member has inaccurate information, Mr. Speaker. In fact, it's well known that Manitoba—[*interjection*] Thank you. It's well known that we have the lowest power rates in the country, and going forward we'll have the lowest rates.

The member only has to look to Saskatchewan next door that are doing a \$15-billion capital plan—\$15-billion capital plan—to do coal and nuclear, Mr. Speaker. And Manitoba's going to do a \$20-billion plan that's going to build dams that last a hundred years.

And I will go with the hydro plan that'll keep our rates the lowest in the country of—next 20 years, like they are today. They're lowest today. They'll be lowest in 2020, lower than any other jurisdiction in the country.

**Mr. Schuler:** In the same report tabled by Graham Lane, former PUB chair, he says, and I quote: I hold that the bodies presently providing oversight with Manitoba Hydro are conflicted and unable to properly protect ratepayers. The planned Public Utilities Board needs-for-and-alternatives-to, or NFAT, review is unfortunately a sham. Unquote.

Why does this NDP government disrespect Manitoba ratepayers?

**Mr. Chomiak:** Mr. Speaker, I thought at least—at the very least the opposition supported the PUB. The PUB is undertaking the NFAT. It's an independent third party, of which, I might add, Mr. Lane was chair for eight years. And the NFAT is being conducted by PUB. They're completely able to provide independent advice and they're going to make recommendations with respect to the future plan. Not only has it been reviewed by the board, by the officials at Manitoba Hydro, by the Crown Corporations Council, but it's now going to NFAT independent review by the PUB, an independent third party.

I am very surprised that members would criticize the PUB, Mr. Speaker.

**Mr. Schuler:** You know, Mr. Speaker, us and many other Manitobans are criticizing this minister and this government, not the PUB.

In fact, Graham Lane, former PUB chair, says, and I quote: Since 2008, Hydro has been losing money on exports, which has contributed to domestic

rate increases. Thus, on a full cost basis, American utilities are being subsidized by Manitoba Hydro and its ratepayers.

Why does this NDP government so disrespect Manitoba ratepayers? The criticism is against this minister and his government, not the PUB.

**Mr. Chomiak:** One of the—the member spent—spent five hours in committee and the member was explained that, in fact—[*interjection*] Mr. Speaker, I wish the member would allow me to give my reply instead of yelling like a little child.

Manitoba Hydro sells power on the spot market. That power is one hundred per cent profit. It would be spilled by the dams if it wasn't sold on the spot market. That's No. 1 what the members get wrong. Number two, these long-term contracts have made billions of dollars for Manitoba, have paid for the construction, just like when you buy a mortgage. Number three, we have \$7 million in firm contracts, \$29 million in rollover—\$29 billion in rollover contracts that are coming forward to United States that will help build hydro.

Our rates are the lowest—

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

#### **Tax Increase Impact on Building Permits**

**Mr. Cliff Graydon (Emerson):** Mr. Speaker, it's clear that that minister doesn't listen to Manitobans or the PUB.

Mr. Speaker, Statistics Canada released new numbers this morning showing that Manitoba has the second worst building permit numbers in Canada for the month of April.

Will the Minister of Finance (Mr. Struthers) admit that his taxation policy is responsible for the drop in building permits?

**Hon. Peter Bjornson (Minister of Entrepreneurship, Training and Trade):** Well, Mr. Speaker, the Conference Board of Canada on June 4th reports that Winnipeg has the positive expectation for growth in housing starts in both the short and the long term. We have the second highest annual growth in residential building permits next to BC.

\* (14:10)

We have—and I spoke to it yesterday, Mr. Speaker—there's a lot of people that are very positive

about future investments in the province. Members opposite should perhaps be a little bit more positive about this province. We have—[interjection] Welcome to another episode of adults behaving poorly.

Well, I think the economy has fared very well, and we've had a lot of third-party validators which I'll speak to in my next answer, Mr. Speaker.

### Impact on Economy

**Mr. Graydon:** Mr. Speaker, we are a have province with a have-not government.

Mr. Speaker, in the same report from Stats Canada, year-to-year permit activity was down a whopping 25 per cent year to year. It's clear that the decline is an indication that the minister's tax policy is not only hurting Manitobans' economy, but it's driving businesses to other provinces.

Mr. Speaker, will the minister admit that his policies are having a negative effect on the Manitoba economy?

**Mr. Bjornson:** Well, as I said yesterday—and it's certainly worth repeating, because perhaps the member opposite didn't hear what the headlines are saying about banks like what they see in the Manitoba economy. The province's exports looking better than forecast, another good news story for Manitoba reported in the Free Press, and that's from Peter Hall, the EDC's vice-president and chief economist, Mr. Speaker. Maybe they should broaden their horizons in terms of what they read.

Also, new jobs—you talk about new jobs, Mr. Speaker: 1,208 new direct jobs created through our partnership with Yes! Winnipeg, Yes! Winnipeg in partnership with the Province of Manitoba and the private sector. It is very positive about the economy here in Manitoba, very positive about the growth potential in this economy. And we know that our budget is going to continue to grow this economy.

**Mr. Speaker:** Order, please. The honourable member for Emerson, with a final supplementary.

### Referendum Request

**Mr. Graydon:** Well, Mr. Speaker, the businesses are not expanding in the province and not investing in Manitoba.

Our employment numbers are down 11,000 last month, and businesses are expanding in other provinces for the friendly tax policy. The only place

where Manitoba is friendly is on the licence plates; it's not with this government.

Mr. Speaker, when will the minister have the courage to call a referendum on the PST and hear what Manitobans really think?

**Mr. Bjornson:** Well, where do I start, Mr. Speaker? Goldman made the decision to establish a Canadian head office here in Winnipeg; Canada Goose is expanding its plant in the textile industry and they have 160 employees—they hope to hit 200 within the next year; Traffilog, Israeli company opening a North American office here; Vesta Home Delivery, a Dallas-based firm that's here because of the IKEA; Hampton Hotels; the ALT Hotel; the world and media group; Lode King Industries has made a new investment; Standard Aero and General Electric's winter-weather testing facility; the Boeing expansion.

I've only got 45 seconds to talk about all the good news that's happening here, Mr. Speaker, and I look forward to future questions to that end.

### Manitoba Municipalities District Meetings

**Mr. Blaine Pedersen (Midland):** The June district meetings for Manitoba municipalities are coming up next week.

Mr. Speaker, will the Minister of Local Government be taking his no-exemptions-none-nada-squat-nothing-insolent-children message to those meetings with the municipalities? And if he does, what kind of reception does he—the minister expect to receive from the municipality as he continues his bullying tactics?

**Hon. Ron Lemieux (Minister of Local Government):** I appreciate the question.

And yesterday they talked about how our government does not consult the municipalities; today they're saying now we're going and consulting with municipalities. So it just shows you the position of the opposition.

You know, they're not with municipalities whatsoever. They have no idea, not a clue, as to what's going on in rural Manitoba.

And my critic stands up, and he's very supportive of one councillor representing 35 people in municipalities in rural Manitoba. You know, Mr. Speaker, if that's going to be his position, they'll be over there for a long, long, long, long time.

**Mr. Pedersen:** Mr. Speaker, I'm glad the minister finds this funny because the municipalities certainly don't find this at all funny.

Mike Moore—Mike Mason, a cottage owner from Victoria Beach, found the minister's statement about insolent children—and I'll quote from that—he found that insolent-children remark to be repugnant, shameful and offensive. As a hard-working, taxpaying Manitoban, I deserve more respect. An elected—as an elected official, he should be ashamed of himself.

Mr. Speaker, will the minister, when he goes to these June district meetings, will he continue to bully these municipalities, or will he, in fact, actually sit down and start to listen to them?

**Mr. Lemieux:** Mr. Speaker, every year we've been in government, since 1999, we've listened to AMM. We've listened to their conventions. They for years and years have asked that we invest in hospitals, personal care homes, schools, roads, bridges.

Mr. Speaker, unprecedented amount of money that we've invested in rural Manitoba and municipalities is clear. We're on the same side as municipalities. We've listened. The Premier (Mr. Selinger) have listened. Every minister on this side and every MLA have listened to municipalities, listened to their resolutions at their conventions asking us to invest in Manitoba. We've done so.

We're proud in the fact that we've worked with—closely with municipalities, listened to them, invested in their municipalities, invested in Manitoba families.

**Mr. Speaker:** The honourable member for Midland, with a final supplementary.

**Mr. Pedersen:** Mr. Speaker, I guess that means that when the minister goes to the June district meetings, he will be repeating his no-exemptions-none-nada-squat-nothing-insolent-children message to those municipalities. Perhaps he can also explain how this is not bullying to the municipalities.

So when he goes to these June district meetings, will he take this as an opportunity to apologize for the municipalities for destroying a working relationship that was built on trust and respect?

**Mr. Lemieux:** Mr. Speaker, again, well, I thank the member for the question. And, you know, the consultation that we've done with municipalities, worked closely with AMM—in the legislation, if the members would care to actually look at it—read it,

there is a clause in there that does give the government, Executive Council, the ability to be flexible with regard to amalgamations.

And if people were offended by the comment, I apologize for that, because no disrespect was meant to those municipalities. They work hard every day, extremely hard. You know, the compensation they receive is not very much. They put out a lot of time every day to represent their communities. So, Mr. Speaker, you know, if that—if communities took it that way, you know, I would apologize to those members because, truly, they work really hard every day on behalf of Manitobans.

But, indeed, we want to work. We want to work—

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

#### **Assiniboia Downs Possible Job Losses**

**Mr. Cliff Cullen (Spruce Woods):** Well, Mr. Speaker, and this was really about treating Manitobans with respect. That's really what it's all about.

Mr. Speaker, this NDP government keeps talking about challenging economic times. As a result, one would think the NDP would be concerned about jobs and job security. But the NDP don't seem too concerned about the 500 jobs and the 500 families that depend on Assiniboia Downs.

Assiniboia Downs is located in the riding of Assiniboia. Mr. Speaker, I'd like to ask the member for Assiniboia (Mr. Rondeau): Does he have respect for the 500 jobs at Assiniboia Downs?

**Hon. Steve Ashton (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Mr. Speaker, I think it's important to put on the record for the member opposite again, because we made it very clear, yes, there's been a reallocation in terms of funding that's been going to horse racing. But we continue to support horse racing through the parimutuel levy, as outlined by the Minister of Finance (Mr. Struthers), and we continue to have 140 VLTs at a gaming centre that will be there.

The difference, Mr. Speaker, is that the Assiniboine downs now will have the same percentage that every other commercial site holder has in the province. So we continue to be committed

to that. In addition, we've made a clear commitment to harness racing.

We're committed, but, yes, we have reallocated some of the money that was going to prizes, Mr. Speaker, purses for horses. We're reallocating it to hospitals.

### Future Operations

**Mr. Cullen:** Well, Mr. Speaker, Assiniboia Downs has been an icon in Manitoba for many years. Many Manitobans are concerned that the ND—inability of the NDP to manage this file could lead to the demise of racing in Manitoba. We are curious what discussions have been held regarding operations at Assiniboia Downs.

Mr. Speaker, was the member for Assiniboia involved in negotiations with any third parties regarding takeover of operations at Assiniboia Downs?

\* (14:20)

**Mr. Ashton:** Mr. Speaker, I think it's important to note the history of horse racing in this province, including the fact that this government has provided more than \$75 million to maintaining the horse racing industry in this province.

And, yes, Mr. Speaker, there were choices made in the budget, but we have not—only not cut off the funding to the horse racing industry. I know our Minister of Finance and everyone on this side of the House has encouraged Assiniboine downs to work with potential future partners. And whether it be the Red River Ex, whether it be Peguis First Nation, again, the way to make sure that we have continuing horse racing in the province is providing continuing support, which we're doing, and also engaging with partners.

So the member is wrong, Mr. Speaker. We continue to support horse racing in the province, good jobs and the economic spinoffs.

### Manitoba Jockey Club Minister's Discussions

**Mr. Cliff Cullen (Spruce Woods):** And this is about dealing respectfully with Manitobans. The NDP have not dealt respectfully with flood victims. The NDP have not dealt respectfully with taxpayers. The NDP have not dealt respectfully with the horse racing industry.

I ask the member for Assiniboia (Mr. Rondeau): When did the member begin discussions with third

parties in a bid to get rid of the Manitoba Jockey Club?

**Hon. Steve Ashton (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Let's understand, Mr. Speaker, that there is a clear difference of approach here between this side and members opposite.

They—members opposite clearly, when it comes to Assiniboine downs, want a two-tiered approach to VLT commissions: one for Assiniboine downs and one for every other commercial site holder province. We are, Mr. Speaker, going to a single-tiered approach.

And let's also understand, Mr. Speaker, that we are going to be transferring money into health care, and again, we support a single-tiered approach; they support a two-tiered approach to health care.

That's the difference, Mr. Speaker. We support a single-tiered approach for horse racing and for health care.

### Social-Housing Residents High School Graduation Rates

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, helping those on low incomes is not a strength of this government.

Today, Graham Lane, speaking about Manitoba Hydro, emphasized that the NDP government's approach is putting at greatest risk those on low incomes.

Also today, a report by the Manitoba Centre for Health Policy shows that this government does least well when addressing the issues of those on low incomes, with high school graduation rates being extraordinarily low, 19 per cent in Point Douglas and less than 50 per cent for all Manitoba for those in social housing.

I ask the Minister of Education (Ms. Allan): What specific measures will she initiate this week to improve the extraordinarily low high school graduation rates for the children—

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

**Hon. Greg Selinger (Premier):** Mr. Speaker, high school graduation has increased in Manitoba from 73 to over 83 per cent. That's a very significant improvement from the days when the members opposite used to boot people out of school when they didn't like their behaviour.

We find ways to engage young people in continuing high school. This is the government that changed the requirement for high school graduation to—for staying in school from 16 to 18. We have very targeted special incentives to go to various high schools around Manitoba that encourage programs that will retain more people in high school and help them graduate. And now our high schools are building shops that will allow young people to get into the trades while they're in high school and be able to get a good paying job as they graduate, Mr. Speaker.

### **Speech and Language Therapists Training Programs**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, high school graduations are extraordinarily low for those in social housing.

One of the reasons for low high school graduation rates is that children with speech and language disorders remain undetected and untreated. One in six Manitoba children have a communications disorder, yet this government has only one speech-language pathologist for every four to six schools. In North Dakota, for example, they have at least one for every school.

Central to solving the communications problems of children with low graduation rates is the fact that there needs to be a university-based training program for communications disorders in this province.

I ask the Premier: When will he initiate such a university training program in—

**Mr. Speaker:** Order, please.

**Hon. Greg Selinger (Premier):** I do thank the member for the question.

He has correctly pointed out that there are things that we can do to expand training for health-care professionals as well as education professionals in Manitoba, which is why I was very pleased to recently be at the school of nursing, where we have expanded the number of academic positions for training nurses in Manitoba, where we've initiated nurse practitioner training in Manitoba, where we've brought in more registered nursing training in Manitoba, including in French and English, Mr. Speaker.

The specific skill set that the member has identified as being required in Manitoba needs to be linked to the fact that we're the only political party in this House that committed \$24 million in the last

election to training more health-care professionals in the province of Manitoba.

### **Social-Housing Residents Health Concerns**

**Hon. Jon Gerrard (River Heights):** But this government has not got the job done. There's extraordinarily long wait times for those with communication disorders needs.

Mr. Speaker, the Manitoba Centre for Health Policy study of social housing shows that 50 per cent of Manitobans living in social housing are under 20 years of age and that social housing is associated with very crowded living conditions, poor air quality from increased second-hand smoke, and social housing residents have much higher rates of 'respiratory' disorders, including tuberculosis, than those who live elsewhere.

I ask the Minister of Health (Ms. Oswald): What is her immediate plan to improve the health environment for those who live in social housing?

**Hon. Greg Selinger (Premier):** There's been an approach to social housing that has never occurred in Manitoba before. When we rebuilt social housing, we actually trained people that live in the area with the skills to rebuild the housing, and it has made a tremendous difference in places like Gilbert Park and places like Lord Selkirk Park.

We've moved early childhood development programs right into the housing projects themselves. We've built daycare centres in the housing projects themselves. We have congregate meal programs in the housing centres themselves. And our health clinics—Mount Carmel Clinic, NorWest health clinic, QuickCare clinics and nurse practitioners—are all available to work directly with the people in the residential areas where they live, including the social-housing projects.

And I was very pleased last summer to be up at Gilbert Park where we had an employment program where the young people were fixing up the neighbourhood, cleaning up the neighbourhood, providing skills in a labour co-op that helped everybody make that a better community. That's the kind of things we're doing in social-housing projects.

### **Southwest Winnipeg Roadwork Investment**

**Mr. Dave Gaudreau (St. Norbert):** As a parent, I—on—I know on our side of the House that it's all about families. I understand that Budget 2013 will allow

investments in schools, daycares, health-care centres in every region of the province. I also stand—understand that hard infrastructure like roads are going to receive investments, and not just provincial roads, municipal roads as well.

I was at an announcement this morning with the Premier and the member for Fort Garry-Riverview (Mr. Allum) and the Minister for Housing and the Minister for Local Government, and it's all about continuing to build and continuing to move Manitoba forward.

Can the Minister of Local Government inform the House of the examples of how the work that will be happening in southwest Winnipeg will keep people employed and make it easier for people to get around in Winnipeg? Thank you.

**Hon. Ron Lemieux (Minister of Local Government):** I want to thank the member from St. Norbert for the question.

And Budget 2013 doubles the investment in residential streets for Winnipeg and invests \$19 million over 47 residential regional streets.

And so today, as was mentioned, the Premier announced, attended by the MLA for Fort Garry-Riverview, St. Norbert and also for Fort Richmond—and this \$4.7-million investment in 13 projects in southwest Winnipeg is truly an important investment for those families, safer roads and having people either commute to work, go and shop, bring their kids to soccer.

Mr. Speaker, this is just one of the investments that we're moving ahead on in Winnipeg. We're proud to work with the City of Winnipeg, and these MLAs should be very proud of the hard work they've done in southwest Winnipeg to ensure projects like this come to fruition.

#### Point of Order

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

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

I understand that our rules allow for government members to ask questions of themselves. That might seem strange that they don't have those discussions internally, but we still do have rules within this House, Mr. Speaker, and I refer to Beauchesne's section 409(5). It says that matters brought before a question period should be of some urgency, it should

be of present value and seek information—*[interjection]* I understand that members don't appreciate rules. They like to break the law and rules, but we do have rules that govern us in the House. And it says, a question should be matters that aren't necessarily brought forward directly to the minister.

The individual who asked the question already said that he was at an event, he was at an announcement, he had discussions with the minister. So it's clearly out of order for him to bring that question here to question period, Mr. Speaker.

\* (14:30)

**Mr. Speaker:** The honourable Government House Leader, on the same point of order.

**Hon. Jennifer Howard (Government House Leader):** Well, Mr. Speaker, if the member for Steinbach doesn't think the state of our roads is an urgent issue, I'm not sure where he's driving his car.

But clearly, you know, the member for St. Norbert (Mr. Gaudreau) has every right to put a question in this House, as does every member of this House.

I know the members opposite may not be quite ready to move into Supply this afternoon, haven't maybe done their homework on Estimates, so he's looking for a way to delay that. That's what this point of order is. It has nothing to do with any of the rules of deciding, Mr. Speaker.

**Mr. Speaker:** Order, please. Order, please.

On the point of order raised by the Official Opposition House Leader, I'd like to thank all honourable members for their advice on this matter.

And I've been perusing through, with the able assistance of our Clerk, the parliamentary rules and forms that we have that members, I'm sure, are familiar with as well.

And if you look at 409(5), as the honourable member—Official Opposition House Leader referenced, that there ought to be some urgency, I understand what he's indicating here, but if you also look at the House of Commons, O'Brien and Bosc, Procedure and Practice, page 510, the Speaker ensures adherence to the dictates of order and decorum and parliamentary language. The Speaker, though, however, is not responsible for the quality or content of replies to questions or the questions posed.



So, therefore, I must respectfully rule that the Official Opposition House Leader does not have a point of order.

**Mr. Goertzen:** And with respect, Mr. Speaker, I challenge the ruling.

**Mr. Speaker:** The ruling of the Chair having been challenged, the question before the House is: 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 to sustaining the ruling of the Chair, please signify by saying nay.

**Some Honourable Members:** Nay.

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

#### Recorded Vote

**Mr. Goertzen:** Could you summon the members so that all the members could attend for the vote, Mr. Speaker.

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

Order. Order, please. The one-hour allocation for the ringing of the division bells has expired, and I'm instructing that they be turned off.

We'll now proceed to the vote on the question. 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, Allum, Altemeyer, Ashton, Bjornson, Blady, Braun, Caldwell, Chief, Chomiak, Crothers, Dewar, Gaudreau, Howard, Irvin-Ross, Jha, Kostyshyn, Lemieux, Mackintosh, Maloway, Marcelino (Logan), Marcelino (Tyndall Park), Melnick, Nevakshonoff, Oswald, Rondeau, Saran, Selby, Selinger, Struthers, Swan, Wiebe, Wight.*

#### Nays

*Briese, Cullen, Driedger, Eichler, Ewasko, Friesen, Gerrard, Goertzen, Graydon, Helwer, Maguire,*

*Mitchelson, Pallister, Pedersen, Rowat, Schuler, Smook, Stefanson, Wishart.*

**Clerk (Ms. Patricia Chaychuk):** Yeas 33, Nays 19.

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

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**Mr. Speaker:** Now, return to question period. Next question.

#### Flooding Aboriginal Housing Concerns

**Mr. Ralph Eichler (Lakeside):** Mr. Speaker, yesterday the Minister of Aboriginal and Northern Affairs (Mr. Robinson) stated, and I quote, that two years is totally unacceptable for over 2,000 people that are still out of their homes. End quote.

We on this side of the House have well been asking time and time again for action by this government.

Mr. Speaker, I ask the ministry—Minister for Emergency Measures: Why has he not listened to the Minister of Aboriginal and Northern Affairs?

**Hon. Steve Ashton (Minister responsible for Emergency Measures):** Well, Mr. Speaker, I think the member opposite may want to reflect on the fact that we've stated very clearly that when it came to the evacuees, there was a disproportionate number of evacuees who were First Nations and reflects a disproportionate impact the flooding on First Nations communities.

That has historic roots in the establishment of reserves, Mr. Speaker, but more specifically it points to the fact that in many cases, many of those communities do not have the mitigation that's required to protect them, do not have housing that is not only protected against flooding but is in decent condition. And part of the problem over the last couple of years has been the fact that there simply has not been homes for people to go back to.

And I want to commend our minister for—of Aboriginal Affairs for working with the federal government. We've had a significant breakthrough just the last number of weeks, Mr. Speaker. I also met with the AANDC minister along with our minister on Monday, and they are committed to getting those—

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

**Mr. Eichler:** Mr. Speaker, enough is enough. Two years, 2,000 people homeless. This minister of EMO is responsible for assuring families of returning to the homes in a timely manner.

Mr. Speaker, I ask the minister of EMO again: Do you think two years is unacceptable like we on this side of the House and the Minister responsible for Northern Affairs?

**Mr. Ashton:** Mr. Speaker, what is unacceptable is the situation that First Nations communities in this province is—province have found themselves in for decades.

And I want to point out when it came to Lake St. Martin, it was this government that put in place an emergency outlet that brought down the level of that lake by 3 feet and returned it to normal. And it's also this government that is committed to making that outlet permanent.

So we are not only taking action in terms of the immediate situation, working with the federal government to get them back home, we're making sure, Mr. Speaker, with the investments in this budget that we're going to have mitigation and flood protection for those communities in the future.

**Mr. Eichler:** Mr. Speaker, studying is not taking action.

Mr. Speaker, obviously, the Minister responsible for Emergency Measures cannot get it right. Two years, 2,000 people still homeless is totally unacceptable. We get it. The NDP's own Minister of Aboriginal and Northern Affairs gets it.

I ask the First Minister, the member from St. Boniface: Does he agree with his minister, two years is 'unmistakable'? Will this First Minister show some leadership and get these people back to their homes today, Mr. Speaker?

\* (15:40)

**Hon. Greg Selinger (Premier):** We do think that people have been out of their homes too long, which is why we made the \$250-million commitment to build a new outlet out of Lake St. Martin and to make the emergency channel permanent.

And the difference between this side of the House and that side of the House is they talk as if they care about it, but they're not willing to commit the resources to do it. We commit the resources and we follow through. They talk and do nothing. We get the job done. They do nothing, Mr. Speaker.

### Emergency Services (Vita Hospital) Closure

**Mr. Dennis Smook (La Verendrye):** On October 17th, 2012, the emergency room at the Vita hospital closed. At that time, the Minister of Health committed to reopening the emergency room and recruiting another doctor to the area. Mr. Speaker, almost nine months have passed since the minister made her promise and the emergency room remains closed.

Can the Minister of Health tell this House and the people of Vita: When will the emergency room at the Vita hospital reopen?

**Hon. Theresa Oswald (Minister of Health):** As I've said to the member in the past, the regional health authority is working hard to recruit and retain doctors. Certainly, there has been an augmentation in paramedic availability. The STARS helicopter is available.

The regional health authority, of course, is working also with the faculty of medicine in establishing opportunities for doctors to go and train there. It's why we're investing, Mr. Speaker, in more residencies for rural Manitoba. We know that on a journey to recruit more doctors you have to expand medical training. You shouldn't actually cut medical school spaces like the Conservatives do.

### Government Timeline

**Mr. Smook:** The Minister of Health isn't doing enough. The residents of Vita deserve the same access to health care as all Manitobans, and the Minister of Health has made no effort to ensure that.

The Carillon news, in a recent editorial, called on the RHA and the Minister of Health to meet the demands of the region and reopen the Vita emergency room.

Mr. Speaker, can the Minister of Health give us a timeline as to when the emergency room will reopen, or is she just wanting to keep it closed permanently?

**Ms. Oswald:** Again, I would reiterate for the member that the regional health authority is working very hard with the members of the Vita community to recruit and to retain a doctor and, certainly, a number of doctors to reopen the emergency room.

What I can say to the member for the record is the only party in this Legislature that permanently closed emergency rooms were the Conservatives

who permanently closed the Misericordia ER and, indeed, closed all of the Winnipeg community hospitals overnight with a view to save money, Mr. Speaker. They haven't changed a bit. Their view now is the way to manage health care is private, for-profit health care as advocated for by their leader on CJOB on May the 28th of this year.

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

## MEMBERS' STATEMENTS

### Doors Open Winnipeg

**Mr. James Allum (Fort Garry-Riverview):** Mr. Speaker, as a Canadian historian and as a former archivist with the City of Winnipeg, I stand today to congratulate Heritage Winnipeg Corporation on the success of the 10th anniversary of Doors Open Winnipeg. First celebrated in France in 1984, Doors Open days is now a global phenomenon. At no cost, this event promotes heritage and architecture to a wide audience by providing access to unique buildings usually restricted to the public.

Mr. Speaker, Doors Open Winnipeg was held May 25th and 26th with more than 80 buildings and sites featured, each one emphasizing the extraordinary beauty and rich history found in this city. I know Heritage Winnipeg was very pleased with the success of this year's events. Since 2004, Doors Open Winnipeg boasts more than a quarter of a million visits. Each year there are more visitors, volunteers, participating venues and walking tours.

I would like to make special mention of the two venues located in Fort Garry-Riverview, Manitoba Electrical Museum & Education Centre and first-time participant St. John's-Ravenscourt. Both venues are major tourist draws. The museum boasts a replica of Streetcar 356 and interactive children's displays. And SJR, whose royal patron is Her Majesty the Queen, delivers an enriched university preparatory curriculum in a history-rich setting.

Also, Mr. Speaker, Manitoba's Legislative Building is a regular participant in Doors Open. Reputed to be one of the finest public buildings in North America, the Manitoba Legislative Building is one of the province's priceless heritage buildings.

As the culture capital of Canada, I am proud that we, together, celebrate all that Winnipeg has to offer. Without Doors Open, Mr. Speaker, many of the stunning architectural gems found in our amazing provincial capital would likely go unnoticed and underappreciated.

Thank you to Heritage Winnipeg for supporting deeper interest in and understanding our city's past. By bringing the community together you strengthen our collective identity and enrich our lives.

Thank you.

### Miller Family–Farm Family of the Year

**Mrs. Leanne Rowat (Riding Mountain):** It gives me great pleasure to stand in the Legislature today to recognize the Miller family from Binscarth, the owner-operators of the Silver Creek Bison Ranch. They have been named the 2013 Farm Family of the Year by the Red River Exhibition Association.

Lorne and Louise, their children Nolan and Nicole Miller, Jason and Bev Miller, as well as grandchildren Payton, Jayla, Adley Jay Miller, have joined 47 other families who have been honoured with this award since 1966.

Lorne and Louise started the ranch in 1988 and have recently turned the reins over to Nolan, who is responsible for the bison, and Jason, who is responsible for their crops. The Millers have a herd of more than 1,300 bison. In addition, they grow an assortment of crops on their 8,800-acre farm and dedicate 50 acres of the animal-raising cattle.

Nominated by the Manitoba Bison Association, the Millers are leaders in preserving the bison's natural food qualities and do not use antibiotics or growth hormones in their feed. The Millers are actively involved on a variety of bison association boards at the provincial, national and international levels.

Mr. Speaker, the Miller family will be officially acknowledged at a reception held in their honour on June 17th, as part of the celebrations surrounding the 2013 river–Red River Ex.

I ask all members to join me in congratulating the Millers on being named the 2013 Farm Family of the Year by the Red River Exhibition Association.

Thank you.

### Dr. Henry Morgentaler

**Ms. Sharon Blady (Kirkfield Park):** Canada is a wonderful country with democracy still governing the rule. Within democratic principles, it is possible in Canada to effect change for better laws and procedures. Mr. Speaker, those words were spoken in 2005 by Dr. Henry Morgentaler. A principled and compassionate defender of a woman's right to choose, Dr. Morgentaler passed away from a heart

attack last Wednesday. As a Holocaust survivor who came to Canada following the Second World War, Dr. Morgentaler worked throughout his life to speak truth to power. He was an advocate of the right to a safe abortion and operated several clinics throughout his life for women to obtain safe procedures.

Dr. Morgentaler was also one of the key players in the Supreme Court of Canada's controversial 1988 ruling that declared the law prohibiting abortion unconstitutional. Under the old system, legal abortions could only be performed after a patient had successfully petitioned a committee of three doctors. The court ruled that forcing women to endure such delays was demeaning, potentially life-threatening and in violation of the Charter guarantee of life, liberty and the security of person.

For almost half a century, Dr. Morgentaler was both despised and revered, lauded and jailed. His Toronto clinic was bombed and he received both an honorary degree and the Order of Canada. His efforts forever altered the Canadian jurisprudence, the landscape of women's rights and the lives of thousands of women. Complications from illegal or unsafe abortions were once the most common reason for women to be hospitalized in Canada, and today, thanks to the progress we've made, those complications that risk women's lives are incredibly rare.

Mr. Speaker, equality includes having control over one's own body. For his efforts to ensure that women everywhere have a choice over what happens to their own bodies, Dr. Morgentaler is a hero to many. This complex person, a doctor, a survivor and a choice advocate, will be remembered across the country for his compassion and for his dedication to effecting change in Canada.

Thank you, Mr. Speaker.

#### **Charlene and Victor Dziedzic**

**Mr. Ralph Eichler (Lakeside):** It gives me great pleasure today to address the Assembly on a matter of great importance to Manitobans and the constituents that I am so privileged to represent—that being charity. More specifically, I'd like to highlight the hard work and success of Charlene and Victor Dziedzic and the volunteers in their commitment to this year's 14th annual charity Ride for Wishes in support of Children's Wish Foundation.

This year's event took place on May the 11th, once again graciously hosted by the Dziedzics on their beautiful VL Ranch in Inwood. The day began

with a pancake breakfast from 8 to 11, followed by a spectacular ride in chuckwagons at noon, with the option of grabbing a lunch in Narcisse. The chuckwagon ride was followed by many activities in the kids tent, along with barbecued pork, turkey dinner at 6. Following this, the wish auction took place, helping raise more money in the line of pledge forms. To conclude the evening's festivities, the BC–BBC band put on a great family-friendly show, where all who took part in the event thoroughly enjoyed.

\* (15:50)

Mr. Speaker, all the money raised will be donated to the Children's Wish Foundation, Manitoba chapter, and has been for the past 14 years. To date, they have raised over half a million dollars and now working towards the million-dollar mark. I had the pleasure of attending the event, and I must say, the event seems to get better and better each and every year. As such, I would ask all honourable members to join me in showing their appreciation for the Dziedzics as gracious volunteers in supporting the Children's Wish Foundation of Manitoba in the future.

Thank you, Mr. Speaker.

#### **PST Increase—Referendum**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, for the last three weeks, I've used my member's statement to highlight the poor fiscal management of this NDP government and their imposition of an increase in the PST from 7 per cent to 8 per cent on July 1 of this year.

Today, I want to speak specifically to the need for a referendum. Manitoba has legislation which requires referenda only in very rare instances, including, as examples, increasing the provincial sales tax or privatizing Manitoba Hydro or Manitoba Public Insurance Corporation.

The issue I speak to is this: Manitoba stands in the decision on this referendum at a fork in the road. We, as Manitobans, can choose to accept that referendums are a legitimate and important part of our democratic process when certain important and critical decisions are made, or we can walk away from having referendums.

A referendum on the PST is not one we should walk away from.

The NDP are breaking a promise made to Manitobans during the last campaign to not raise the

provincial sales tax. The NDP have not demonstrated good fiscal management, nor that they actually need to raise the PST. The NDP claim they will spend all the new money raised by the PST on new additional infrastructure spending, but their own budget documents don't show this.

A referendum is clearly needed in this instance where there are so many questions about the government's actions. A referendum is also needed to reinforce the importance of having referendums on critical measures, like a decision to privatize Manitoba Hydro.

The NDP can't argue for one type of referendum but not for the other. If the NDP don't have a referendum on the PST, it will validate those who want to privatize Manitoba Hydro without a referendum, and it will put at risk the privatization of Manitoba Hydro for those like me who believe Manitoba Hydro should not be privatized.

In the long journey toward democracy, and in the interests of keeping faith with those who fought in World War I and II and in other wars to save democracy, we should embrace the use of a referendum to solicit the will of Manitobans. I argued this point at length in my speech on Bill 20, June the 4th, and will continue as long as I'm—

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

**Some Honourable Members:** Leave.

**Mr. Speaker:** Is there leave for the honourable member to conclude—quickly conclude his member's statement? *[Agreed]*

The honourable member for River Heights, to quickly conclude.

**Mr. Gerrard:** Mr. Speaker, I just wanted to say I argued this point at length in my speech on Bill 20 on June the 4th, and will continue, as long as I'm an MLA and beyond, to fight for democracy in Manitoba. Thank you.

**Mr. Speaker:** Now, we'll move on to—

### GRIEVANCES

**Mr. Speaker:** The honourable member for La Verendrye, on a grievance.

**Mr. Dennis Smook (La Verendrye):** Yes, Mr. Speaker, I rise on the—on a grievance today.

I would like today to grieve about this government's lack of credibility. Many of the things that you may hear in the next 10 minutes mirror a lot of the things that I've said in the last few weeks. But it's a very important subject when a government has no credibility.

In the election campaign of 2011, we saw every single member opposite going door to door in their constituencies and promise not to raise taxes. The Premier (Mr. Selinger) stated, and I quote: Our plan is a five-year plan to ensure that we have future prosperity without any tax increases, and we'll deliver on that. We're ahead of schedule right now.

Mr. Speaker, how could that—the Premier make such a huge mistake, and to be that far away from reality? We're not talking about a few dollars on a budget. Between taxes and fee increases in the budget of 2012, now the sales tax increase and other increases in the budget of 2013, this NDP government will take close to a billion dollars out of the pockets of Manitoba taxpayers in these two years.

Mr. Speaker, this is not some small mistake or oversight. The people of Manitoba have little faith in someone, who on October of 2011 said, ridiculous ideas that we're going to raise the sales tax. That's total nonsense. Everybody knows that.

Well, in the last two budgets this NDP government wants to give hard-working Manitobans two of the biggest tax increase budgets we've seen in a long time. When he said no tax increases, one can only assume that the Premier knew that he was saying in the election of 2011 was untrue.

Did the members opposite know their election promises were untrue? If they truly believed the Premier, that he would not raise taxes, now that he has done that, what are they telling the constituents? What are their constituency—constituents answering back to them when they meet them on the streets, when they meet in the stores? Do the members opposite feel it's okay to be untruthful to their constituents?

Mr. Speaker, this government keeps introducing consumer protection bills to protect Manitobans from unscrupulous businesses. There presently is legislation called the balanced budget, debt repayment and taxpayer protection act to protect Manitobans from unscrupulous governments. It seems very hypocritical that the government feels

they have to protect consumers with new legislation, but are willing to gut existing legislation that protects consumers from them.

Mr. Speaker, one of the key points in the taxpayer protection act is that the government cannot, and I repeat, cannot put in place any major tax increases without a referendum. The referendum lets taxpayers decide if a tax increase is necessary. With Bill 20 the NDP will present legislation and allow them to make major tax increases whenever they want. To make matters worse, the NDP is forging ahead with this PST increase no matter what the people of Manitoba have to say.

Mr. Speaker, is this government going to listen to the taxpayers that come to committee to express their views on Bill 20? Apparently, there's close to 200 signed up now. Are they going to be listened to?

When the Budget 2013 was introduced there was such an urgency to get the budget passed and increase the PST. First, it was the need for flood protection, but you don't start flood protection in the middle of a flood. Why are these projects—why were these projects not done last year when the weather conditions were excellent for them? When asked what projects they would do, they couldn't even come up with projects that were ready to go.

Next, it was the need for more infrastructure, but the infrastructure budget shows only a small increase, Mr. Speaker. This government has come up with excuse after excuse for raising taxes after they promised no tax increases. This NDP government says they need more tax dollars, but they have to come up with a credible plan on how they will spend it. They've had 13 years of governing in this province, and how could they—like, the roads, the bridges, how could they have gotten into the shape they are? I mean, if it's such a critical area that needs to have all kinds of dollars put into it, where have they been the last 13 years? It's another shot at this government's

Mr. Speaker, Manitoba Hydro belongs to the people of Manitoba. Hydro debt also belongs to the people of Manitoba; therefore, it should be accountable to them. Hydro and what Hydro does should be under the watch of the Minister of Innovation, Energy and Mines (Mr. Chomiak).

In the last week we've learned about the non-existent Keeyask community centre where the money has gone and nothing to show for it. The

minister says that this money was advanced to First Nations community to use as the communities see fit. Where is this government's accountability? Where did the \$6 million go?

\*(16:00)

Mr. Speaker, being an MLA and working in this Chamber is a special honour. People elect their MLAs to represent them and make decisions to govern this Province. Taxpayers expect the truth from their MLAs. This government has not been truthful with the taxpayers of Manitoba. They are not following the law. By not calling a referendum on the PST, they've lost their credibility with most of the people of Manitoba.

In the private sector, Mr. Speaker, people work to develop credibility. This takes years upon years to develop this. This government thinks nothing of being untruthful one day and hoping the public will forget what they've done before the next election.

Mr. Speaker, if the government wants to regain its credibility, it needs to stop lying to the people of Manitoba and start doing things that are for their benefit, not for this NDP's spending habits.

Thank you, Mr. Speaker.

**Mr. Speaker:** Are there any further grievances? Seeing none—

## ORDERS OF THE DAY GOVERNMENT BUSINESS

### House Business

**Hon. Jennifer Howard (Government House Leader):** Mr. Speaker, would you resolve the House into Committee of Supply.

**Mr. Speaker:** We'll now resolve into the Committee of Supply.

Mr. Deputy Speaker, will you please take the Chair.

## COMMITTEE OF SUPPLY (Concurrent Sections)

### HEALTH

\*(16:10)

**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 has 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):** Pleased to be back in the Estimates process.

We had a good exchange the last time we met in Estimates, talking about the amalgamations from 11 RHAs into the current five, and we had a chance to gain information about the total number of executive positions that were reduced and the total remaining. I wonder at this point, did the minister have ready information she said she would supply about organizational charts for the new RHAs?

**Hon. Theresa Oswald (Minister of Health):** Yes, I do have some information requested in the last session by the member—last two times we sat, actually, and I'm prepared to provide that information and put it on the record.

I—as discussed at the end of the last session, I would like to make a few clarifications from our earlier discussion about the reduction of RHA executive positions through the merger process.

I have indeed had a chance to review the organizational charts for the 11 former RHAs prior to their merger, which I believe the member opposite had done as well. And certainly what you will see is a wide variation in senior management structures, including the number of senior executive positions, their titles and so on. Some RHA organizational charts went beyond the senior executive positions to, in fact, include other positions that offered advice or reported to the senior management. What you will see in the new organizational charts for the five merged RHAs is a more consistent structure.

Also, I want to take a moment to clarify some of what we discussed the other day concerning what is counted as a senior executive position, as there was a little bit of confusion through the course of our discussion and the two of us looking at different pages at different times.

Medical officers of health are public health doctors. We do not consider these to be senior executive positions, but rather a practising public health doctor. Some RHA organizational charts include the medical officer of health as they often have a reporting relationship with the CEO, which is

appropriate when you consider that they're offering advice and direction about potential public health threats.

Chief medical officers are also called VP medical in some regions. Most, but not all of the 11 former regions, had a chief medical officer or a VP medical. Like all VP positions, this would be considered part of the senior management team.

Now, as the member knows, our commitment was made to eliminate 30 to 35 senior executive positions through the merger process, a target that we've in fact actually exceeded. At the time we announced the mergers, Manitoba Health gathered the current senior executive structures for the 11 former RHAs, including the CEOs and the vice-presidents or positions equivalent to vice-presidents; in some smaller regions, they called their vice-presidents executive directors, for example. That audit found a total of 72 senior executive positions across the 11 former RHAs. Thirty-seven of those executive positions were eliminated through the merger process, more than the 30 to 35, as indicated, and more than half of the total senior executive positions that existed under—existed prior to the mergers. I understand that some of the RHAs have also eliminated other corporate positions at other levels through the merger process, as well, over and above the 37 senior exec positions that have indeed been eliminated.

So, for the Prairie Mountain Health, that is, the former Assiniboine, Brandon and Parkland—as a summary, I would provide that the former RHAs included Assiniboine, Brandon and Parkland and had a total of 18 senior executive positions among them. The new RHA, Prairie Mountain Health, has seven executive positions, which results in a net reduction of 11 senior executive positions. So the former Assiniboine had CEO Penny Gilson; VP Community Health Services Clevett; VP, Programs and Standards, Cockburn; chief human resources officer, communications, Wabert *[phonetic]*; VP, Corporate Services, Takvam; VP, Medical Services, Weiss.

The Brandon had former CEO Schoonbaert; VP, Acute Care Services, Cumming; VP, Quality Planning and Evaluation, Hunter; VP, Community Services and Long-Term Care, Troop; VP, HR and Support Services, Marchand; VP, Financial and Information Services, Wilcox McKay; VP, Medical and Diagnostic, Penner.

And Parkland had CEO McKnight; VP, Facilities, Wood; VP, Planning and Development,

Campbell; VP, Corporate Services and CFO, Le; chief human resources officer, Gattinger.

The new RHA, Prairie Mountain Health, consists of CEO Gilson; senior advisor, Acute Care, Cockburn; VP, Community and Long-Term Care, Troop; VP, quality, planning and innovation and chief patient safety officer, Campbell; VP, Finance, CFO and COO, Schoonbaert; VP, Corporate Services, Wilcox McKay; VP and chief medical officer, Gauthier.

The Northern Regional Health Authority, NOR-MAN and Burntwood RHAs formerly—the former RHAs included Nor-Man and Burntwood and had a total of 15 senior exec positions before the merger. The new Northern RHA has seven executive positions for a net reduction of 18 senior executive positions.

The Burntwood former had six total: CEO King; CFO and COO Thethy; chief human resources officer, Therrien; VP, Aboriginal Health, Beardy; VP, Acute Health Services and chief nursing officer, Ellis; and VP, Medical Services, Azzam.

The NOR-MAN had nine total: CEO Bryant; executive director, Clinical Services, Flin Flon, Mishak Beckman; executive director, Clinical Services, Rook *[phonetic]*; executive director, Finance and Support Services, L. Rourke; executive director, Community and Long-Term Care, Bilquist; executive director, Human Resources, Reader; executive director of Planning, Research and Development had been a vacant position, in fact; executive director of Communications and Public Relations, Patterson; and chief of medical staff was split by three physicians, Drs. Miller, Noel and MacLeod.

So the new RHA for Northern has seven positions: CEO, Bryant; VP and CNO, Mishak Beckman; VP, Planning, Tetlock; VP, chief human resources officer, Reader; VP, Aboriginal Health, Beardy; VP, Corporate Services and CFO, Thethy; VP and CMO, Azzam.

The member asked me to report back on the communications officer in NOR-MAN. I will confirm for the member that in NOR-MAN, which was a smaller region, the executive director of communications and public relations was considered a senior executive position. There were no VP positions in NOR-MAN, instead, there were a

number of executive directors that essentially held the role of a VP position, but a different title.

In the—how am I doing for time? Two minutes, okay. The—I may need to overlap into a next answer, but here we go.

The Southern RHA, formerly Central and southeast RHAs, had a total of 15 senior executive positions prior to the merger.

The new Southern Health RHA has seven executive positions, which is a net reduction of eight senior executive positions.

The former RHA in Central had nine total: CEO, McPhail; VP, Corporate Services, Montanti; VP, Finance, Klassen; VP, Human Resources, Hunter; VP, Medical Services, Fortier; VP planning, Curtis; VP programs in Mid-Central Services, Harrison; VP, programs in North Services, Smith; and VP, programs in South Services, Rothwell.

The former South East: CEO, Stinson; VP, Community and Long-Term Care, McKenzie; VP, Acute Care and Planning was vacant at the time of the merger; CFO, Jansen *[phonetic]*; VP, medical services, Thiessen; manager of human resources, Patton *[phonetic]*. This was included as this position was equivalent to the VP or chief HR officer in the other regions.

The new Southern RHA now holds seven positions: CEO, McPhail; VP, Clinical Standards and chief nursing officer, Gunness; VP, Planning and innovation quality risk and patient safety, Curtis; VP, Finance and Capital, Klassen; VP, Human Resources, Hunter; VP, Corporate Services, Montanti; VP and chief medical officer, Thiessen.

There was from the member an outstanding question about which positions in the old Central RHA org chart were considered senior exec. The VP of medical services was considered part of senior executive management. The communications and French language services positions were not considered as a part of the senior executive management team.

And I have further information, but I think you're going to have to intervene with a question and ask me to continue according to the rules.

**Mr. Friesen:** I thank the minister for the information provided and ask that she continue with her information.



**Ms. Oswald:** The Interlake-Eastern Regional Health Authority, of course, is comprised of the former regional health authorities included in the Interlake and the North Eastman regional health authorities, and had a total of 12 senior executive positions prior to the merger.

The new Interlake-Eastern health-Regional Health Authority has seven executive positions. This is, of course, a net reduction of five senior executive positions.

The former Interlake had CEO, Lock; VP, Planning, Fey; VP, Health Services, Charbonneau; VP, Corporate Services, Ostapyk; VP, Medical Services, Chapnick; Human Resources director, Irwin [*phonetic*].

And the former North Eastman region had six total: CEO, Van Denakker; VP, Finance and Support Services, Demarko [*phonetic*]; VP, Quality and Organizational Development, Frith; VP, Medical Services, Nyhof; VP, Programs and Services, Coleman; director of Human Resources, Magnusson [*phonetic*].

And the new Interlake-Eastern RHA has seven positions: CEO, Stinson; VP, Acute Health Services and chief nursing officer, Coleman; VP, Health Services, MacKenzie; VP, Primary Care and chief administrative officer, West; and key—is that correct? Let me double check.

\* (16:20)

Let me clarify: VP, primary care, and chief administrative officer for the west portion is Fey; VP, Finance and CFO, Ostapyk; VP, Corporate Services, and chief administrative officer for the east, Van Denakker; VP and chief medical officer, Nyhof.

For the Winnipeg Regional Health Authority, formerly the regions included Winnipeg and Churchill RHAs, and had a total of 12 senior executive positions, prior to the merger. The new Winnipeg-Churchill RHA has seven executive positions for a net reduction of five senior executive positions.

The Winnipeg former RHA had CEO Wilgosh; VP, Clinical Services and CMO, Wright; VP and CNO, Lamont; VP, of population and Aboriginal health, Cook; VP, Long-Term Care and Community Area Services, chief operating officer, Cloutier; VP,

chief human resource officer, Verma; vice-president, chief financial officer, Couchon [*phonetic*].

The former Churchill region had CEO Martens; CFO Sigurdson; director of clinical services, MacEwan; director of human resources, Sweeney; director of community services and planning, Hughes.

The new Winnipeg RHA then has seven positions: CEO Wilgosh; VP, Clinical Services, chief medical officer, Wright; VP and CNO, Lamont; VP, of population and Aboriginal health, Cook; VP, long-term care and community area services and chief operating officer, Cloutier; the VP and chief human resources officer is currently vacant; VP, chief financial officer, McLennan.

The Churchill CEO, as I mentioned last time, has been reclassified as a chief operating officer, as I mentioned earlier, similar to how our hospitals have a chief operating officer. And, indeed, I would mention that the WRHA has deleted other senior administrative positions to offset the changes in Churchill, as well, including eliminating the following positions: executive director, planning and corporate services, WRHA, VP and CAO, HSC, chief innovation officer, WRHA, and director of human resources for Churchill.

I do have some answers to a couple of other questions that the member asked but we can continue on this line of questioning if he'd—whichever he chooses.

**Mr. Friesen:** I suggest we continue on this theme and we can come back to other information provided. We'll keep an eye on the clock and maybe see if that can be provided before the end of the day.

So I know that we've been following the numbers and, of course, as the minister says, in the former RHAs we had a total of 72 executive positions and now we retain 35, for a net reduction of 37 positions.

So I guess the next obvious question is: Of the 37 reduced executive positions within the former 11 RHAs, how many of those individuals who held those positions have been reintegrated in some way into the RHAs or the Department of Health?

**Ms. Oswald:** I can say to the member that there were a few scenarios that were a result of the mergers. There were individuals that did indeed leave the regions altogether. There were individuals that were placed into positions in the newly formed regions.

Those positions tended, I believe, almost exclusively, to be more junior positions, you know, save for those that were appointed CEO of the new regions. I—there were no—I wasn't sure if I'm recalling exactly what the member asked. I can tell the member that there weren't any individuals that came to work in the Department of Health. But, in terms of a list of individuals that have found themselves a new job in the newly established regions, I could have my department do some work and come back and let him know who of those 37 came back and got a new position in the existing regions now. So I'd have to go back and have my department—or tabulate a list for us.

**Mr. Friesen:** I would assume that the minister would have that information in front of her and would have it accessible to her. This is a big issue. We have 37 positions that were reduced. I think it's a reasonable question to ask: How many of these individuals, how many of those 37 retained positions?

The minister has said that many of them were placed in new positions in the new RHAs. I would like to know, of that complement of 37 executive reduced positions, how many of those individuals have retained positions in the new RHAs?

The minister referred to the fact that some of these were given more junior roles. I would like to know if the remuneration and the pension and the benefits that flow to these individuals stayed the same, if it stayed static, even though they might have been assigned a different role, whether it was reduced or whether it was increased.

**Ms. Oswald:** Yes, I'm not suggesting to the member that his question is unreasonable. Certainly, we will do a tally of those individuals that left the region altogether and have found employment elsewhere, which is the case for some individuals. And there are others that may have moved from a CEO position and, you know, are now serving in a different position.

I think the member is asking for additional information as opposed to his first question concerning remuneration as well. This is other information that he wants and, again, I will endeavour to provide the member with that information the next time that we meet to let him know who, for example, was formerly a CEO that might be functioning in the role of a CFO right now, who was formerly a VP of something that is gone entirely. Yet, certainly, I can provide the member

with that information in a nice, tight list. I just don't have it appearing on a list for me at my fingertips right at this time.

**Mr. Friesen:** I thank the minister for committing to do that.

I think we—of course, all of these questions proceed from the minister's statement made in the Legislature a few weeks ago that she was happy to report that, although the target was to achieve \$10 million of savings over three years of operation—I think that's correct—that, indeed, they had surpassed that mark and they had realized \$11 million of savings in the first year of operation—or in the first year of this merger.

So that brings up important questions, the most obvious whether we're talking about gross or net. The minister can talk about the savings she's realized, but I think the—of course, the real calculation is whether it's—whether she has incurred new expenses along the way of finding new positions for these people.

So I appreciate the fact that she will provide the information. I think that because we've started with an examination of how the former regions moved into the new ones—we've talked about the total executive positions and then the net reductions. I think it would probably be a good question as well to ask—and I'm hoping the minister will have this information with her—to provide a comparison between the total remuneration package for senior executive for the former regions as opposed now to the current regions. So what we'd like to see is in the total executive of those regions, could we compare? Would the minister have the information to compare the total amount, that package of salaries and benefits from the former regions to this one, and could she supply that information?

\*(16:30)

**Ms. Oswald:** Yes, so, a couple of issues to discuss in the matter that he—the member has raised. Certainly, we made a very clear commitment to Manitobans that we would endeavour to find savings at the corporate level to the tune of \$10 million and we would set ourselves a target—get—set ourselves a target of three years to achieve this. At the same that we made that commitment, we said that we would reduce the corporate and executive positions by some 30 to 35. And, indeed, what we have found through the merger process, through the elimination of actually over a hundred board and executive

positions, through the work that's been done to bring the regions together, we have seen a net savings of \$11 million.

What I can tell the member is, as has been the case for many years, the compensation for these individuals is something that is reported publicly and it's reported annually. I can tell the member that I believe with the exception of Winnipeg, the remaining four regional health authorities' new CEO positions did see an increase in compensation for those positions, as would be appropriate, because they were taking over a much larger geographic space, a much larger entity than they had been looking at prior to that. I don't have the exact numbers of their current remuneration and benefits package at my fingertips, but I will endeavour to get that information for the member but would reiterate to him that all of that information is publicly available.

There were, indeed, individuals that are no longer in the employ of the regional health authority and, as appropriate, according to contracts, you know, duly processed contracts, would be entitled to receive a severance. That, I believe, is also publicly reportable—would be part of the public disclosure document that comes forward.

So we do know that on the entire journey of regional health authorities in Manitoba, we have seen very significant merging of resources coming from the original 13 regional health authorities as created under the Conservatives in the late '90s, including two in Winnipeg. We have seen substantial work having been done to reduce positions in Winnipeg alone, when it was merged into one, and we've seen significant reductions in corporate positions from now moving from the 11 regional health authorities down to five. Again, I can commit to the member to get some exact information about contracts and compensation packages for the current, existing five regional health authority executives and the others, but I certainly can tell the member that the number for compensation for these individuals is—as five regions, is significantly less than we were paying for the 11 regions and their CEOs and senior administration.

But we can say to the member that we'll get some information for him, as requested, concerning—if I'm recalling appropriately, concerning the 37 positions that have been reduced, those individuals that were formally employed by the regions and have now found themselves employment

in the new five regions, and some information concerning compensation for those individuals. I believe he requested formerly and currently. I will ask my department to do some work on that to provide a package for the member as requested.

**Mr. Friesen:** And to clarify, yes, I would be looking for information both about the total envelope for the salaries and benefits of the senior executives for the former regions and this one, but as—in addition to that, I'm seeking information about the number of senior executives who remained in the system because they were reassigned or reclassified and in some way, shape or form reintegrated in the system. I would like to know of that complement how many would have been retained at their current rate—or their former rate of pay and benefits. How many of them would have been—would have actually received new, let's say, less compensation than previous? How many of them would have received more?

As well, a lot of this discussion we're having, I know the minister understands, hinges on definitions. So while it is easy to claim that the total envelope for the senior executives was actually reduced because there are simply less senior executives, I think the other question of course remains how do you measure, then, where do we capture, financial data for individuals who may have previously been called a senior executive and now are called a senior manager in charge of something. In other words, we're—I'm trying to drive at whether the cost savings—what the actual cost savings are after we've measured all of the costs. I mean, certainly, we could assign a ballpark number to 37 executive positions and say we'd reduced by that amount. Even if we said that was a hundred thousand—and we probably both agree that would probably be low—that would result in, you know, \$3.7 million per year, and over three years that would result in a savings. But, of course, we're only going to get to a credible understanding of the actual cost savings by better understanding how many of these people were retained and how many went down the road.

If we can turn our attention, then, right now, because we'll anticipate that by the next time we're in Estimates that information would be there. Perhaps we can just spend a little bit of time—the minister mentioned the fact that they were able to achieve a total of a hundred reductions that included both the boards and chairs and of course the executive positions. Let's turn our attention, for a moment, to the boards of directors for the former RHAs. Am I correct in assuming that by reducing 11 to five, we

would have now reduced six chair positions? And from—we would have then—well, let's just ask that question first. We saw six chair positions reduced from the 11 to five. Have any—is that in fact correct, and have any of those board chairs been reintegrated into the system in another capacity?

**Ms. Oswald:** I would say that the member is correct in that we saw a net reduction of six chairs, because we saw a net reduction of six RHAs. And those individuals that were formerly serving as chairs in the regional health authorities took non-chair board positions in the new RHAs. Some of them serve as vice-chairs in the merged RHAs—a number of them do, in fact. But, again, the total board position elimination—I believe that number is 81.

**Mr. Friesen:** What would have been the stipend per year, annual stipend, that a board chair would have received?

\* (16:40)

**Ms. Oswald:** The stipend was \$9,000 for board chair and up to \$4,000 for board members.

**Mr. Friesen:** So the minister anticipated my next question, was to ask her how much the stipend would have been for board members. Could she just repeat again then how many board member reductions would she have achieved with the amalgamation of the RHAs?

**Ms. Oswald:** The number I've just stated for him was 81.

**Mr. Friesen:** And could I ask the minister to indicate what kind of costs that she incurred? She made allusion earlier in the Estimates to the fact that there was transitional work. She—I think she used the term transitional work. And, of course, there would have been transitional work to amalgamate these RHAs, I think some very considerable work. That work would have been undertaken by people within the department, but they would have also, I would have imagined, been done with the assistance of consultants and contracts that they would have entered into agreement with.

Could the minister indicate the total envelope for the transitional work associated with the amalgamation of the RHAs, including contractors and consultants outside of the Department of Health?

**Ms. Oswald:** I can say to the member that the majority of the work to do this transitional process, which I—you know, I would argue, to some extent, is still ongoing. The majority of the work was done by

members of my department, and if I have not made mention of it yet in this dialogue, I would certainly take this opportunity to say it was a phenomenal amount of work that I think was handled with expertise and grace and dignity. In addition to the day-to-day duties, individuals in the senior management really put in plenty of hours to endeavour to have this transition go seamlessly.

There were some costs that were incurred by hiring some individuals on contract to assist with some of the efforts, which I believe was appropriate. The work would have been, I think, practically insurmountable. I don't know the exact number of those costs offhand, but I can endeavour to ask my department to tally up what those costs were.

So there were some; that is in fact true. But I will go back and have a look at what—for what we have been invoiced and costed up to date in the transition, to provide that information clearly to the member.

**Mr. Friesen:** And would the member—would the minister also consent to provide the—a list of the companies and the individual consultants and contractors and other groups that would have provided assistance with that transition?

**Ms. Oswald:** I can tell the member that there is work that's going on in the department right now regarding a question that he previously asked me about contracts outside of the department that have been engaged in, and I do believe that this information is included in that work that's being compiled for him. But, certainly, I can work on peeling that out and sort of answering the questions—the question in two different ways for him.

But, yes, I understand the member's question, as does my CFO, and so we will work to get the member a tally of those costs.

**Mr. Friesen:** I appreciate, Mr. Chair, the minister's consent to provide that information and to, yes, break off that information and isolate it from other costs pertaining to contractors and consultants and other groups that would assist with the—with other work within the Department of Health.

Earlier in our conversation, the minister talked about some of that transitional activity that would have resulted in the RHA CEO, some of them—or taking a new position in the new RHA.

Now, she did mention as well the fact that there would have been severance provided in certain

situations. Question for the minister is, because, in essence, the former RHAs were ceasing to exist as entities and the new ones were formed in almost every case, who would have been eligible to receive severance? I guess where I'm going with this, if I can fast-track these questions, is to say, would CEOs who served in that capacity in the former RHAs but who were reintegrated in the system as the CEOs of the new RHAs, would they have also been eligible for severance for their former RHA, and did they in fact receive severance?

**Ms. Oswald:** Certainly, as part of the answering the question or one of the questions that the member has asked me previously, we can endeavour to capture this in a more clear and concise way to explain remuneration to those individuals. I don't want to find us going down the rabbit hole again, and you looking at one chart and me looking at another.

But what I can say to the—and so we will provide that information for the member. But what I can say generally to the member is that those individuals that moved from the former RHAs into the new RHAs in CEO positions certainly had their contracts organized in such a manner that they did not receive severance and then the next day get a new salary to be the new CEO in the new RHA.

There are some individuals that were formerly CEOs that left the regional health authority and as per the terms and conditions of their contracts, were entitled to severance, and indeed those severances were paid out. For those individuals that were formerly CEOs that took on a new position in the regional health authority that is not a CEO position, there were negotiations that went on in terms of remuneration as it would relate to the severance they would have received. So, as it's being explained to me by my officials now, it's a bit complicated, but in the main I can say that those that came back into a new position didn't receive a full severance in any way. Those that did leave the regional health authorities in their entirety were indeed entitled to that as per their contracts and so they were paid severance. And those CEOs that took on a new CEO role did not receive a severance.

But as I said to the member, we can endeavour to lay this out for him regarding the previous question that he asked about remuneration.

\* (16:50)

**Mr. Friesen:** And just to make sure that we're not leaving any stones unturned then, if the minister

could also expand that to indicate if she would be willing to return information about any CEOs who did not reintegrate in the system and, indeed, any senior executives who didn't reintegrate in this system there but perhaps went to the Department of Health. We keep talking about the RHAs but, of course, we're trying to understand if there were any individuals who could have moved from RHA positions into the department in any way.

**Ms. Oswald:** I can give him that list right now, because there aren't any.

**Mr. Friesen:** Thank you for that response, and I look forward to receiving those pieces of information, because I think they will help us in terms of calculating these numbers to understand where these savings were achieved and what the overall costs of these moves were, in fact.

I want to turn our attention, then, also with respect to RHAs, just to try and understand some of the costs that would have been incurred in the process of that transition to the new RHAs. I'm wondering if the minister—or perhaps we should say, as a result—as a result of the transition to the RHAs, I wonder if the minister is able to produce information at this time that would indicate whether there has been a—an increase because of the RHAs, because we know we've moved from a certain geographic size of region to a much larger one, if there has been a correlation between the amalgamation of the RHAs and an increase with costs associated with transportation for senior executives within these regions.

**Ms. Oswald:** Okay, so again I can say to the member that we are working through the savings that we have managed to realize in one year as a result of the mergers. And I have said publicly that we've reduced the—we've exceeded the number of positions that we said we were going to reduce, and we've also been able to exceed the target that we said that we would have over three years, in one year. And so we can spend more time talking about those particular issues at the member's request.

On the issue of additional costs for, as the member has cited, travel for regional health authorities. As I said to the member, I—the last time we were together, the work on regional health authorities' year-ends is currently in process, and so that is all going to be publicly reported in the regional health authorities' financial statements. So that information, indeed, will be available, but, indeed, is currently being tabulated.

I would hasten to add though that we are talking about fewer people travelling. I know they may need to be going greater distances in some cases, obviously, over a larger geographic area, but, in fact, we will see fewer people making those claims. So it's in that sense one of the ways that we're going to be able to see balance come into the process.

I do again have a couple of answers for the member. If he wants me to put some of those on the record, I will do that, but I'm going to let him ask me the questions.

**Mr. Friesen:** Yes, if the minister does have information available from questions that were posed in the earlier session of Estimates, I would invite her to share the information she now has.

**Ms. Oswald:** Yes, I wanted to follow up a little bit on communications with the WRHA. I thought that was important. I did some research after the member asked a question. The member raised an issue with regard to a FIPPA request that was made related to advertising cost in the Winnipeg health region and the fact that that had been denied. And I need to, in the spirit of fairness, note that I can't know for sure, nor can my staff know individual names or organizations that request information through FIPPA. We are able to receive copies of FIPPA's that are sent so long as identifying information is redacted. So the following information I'm about to put on the record is based on our best guess on the information that you gave us as to which FIPPA you're speaking about. I feel quite confident that it's the right one, but I need to say, fairly, I don't absolutely know that it's the right one.

The information I have is that on August the 10th, 2012, a FIPPA was received by the WRHA asking for total expenses related to advertising and public communications for the fiscal years 2010-11 and 2011-12, and this was later clarified on August 29th, 2012. And on September 19th, 2012, the information was sent to the applicant.

Then, on the 1st of February, 2013, the same request from the same organization was sent to the WRHA and it was denied on the grounds that, according to 13(1): a head of a public body may refuse to give access to a record or part of a record if the request is repetitive or incomprehensible—this man's a teacher, so I'm sure it wasn't—or for information already provided to the applicant or that is publicly available.

So I understand that another request was received by the WRHA on May 27th, 2013, asking for the same info once again by the same organization. So I'm advised that the FIPPA was again denied on those same grounds. However, this time the original FIPPA was attached to the letter and has the following information that was originally requested. And that information is: for the fiscal 2010-11, advertising was \$339,788.79; and, for fiscal '11-12, it was \$359,099.38; and public relations for '10-11 was \$490,727.50; and, 2011-12, it was \$557,336.12.

So—just I hope that that clarifies that there wasn't any malicious intent or any spurious declining on the part of the WRHA. It was just on the view that that information had been provided previously. I know the region does receive a number of FIPPA requests and does endeavour to try to minimize repetitious responses wherever possible.

There was another question the member asked me concerning a FIPPA to the Parkland region, and I am informed that the Parkland region realized that it sent inaccurate advertising numbers in a FIPPA response and the response with the accurate numbers are as follows—and what I understand to be true is that Parkland's correct costs for advertising have indeed subsequently been restated. So actual advertising dollars for Parkland in '09-10, \$190,284. They had said \$2.06 million, which was a gap, admittedly. And 2010-11 the actual advertising dollar was \$124,715. They had mistakenly reported \$1.9 million, but that has been corrected to \$124,715.

There was also a question I think the member had about a NOR-MAN FIPPA response, and they did provide corrected numbers. As I understand, they transposed, I think, travel and advertising numbers, and so corrected the numbers—so for advertising for NOR-MAN for '09-10, \$84,737 with travel at \$1.13 million. And for 2010-11 advertising \$57,474 and for travel \$892,400.

And the RHAs, of course, were purchasing advertising for two basic reasons: advising patients and families about health services, and, of course, lots of work being done to recruit doctors and other medical staff.

There are a couple of other pieces of information I can provide to the member but it would seem that tomorrow or our next meeting would be the appropriate time to do that.

**Mr. Chairperson:** Order. The hour being 5 p.m., committee rise.

### FINANCE

\* (16:10)

**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 Estimates for the Department of Finance. As previously agreed, questioning for this department will proceed in a global manner, and oddly enough, the floor is now open for questions.

**Mr. Reg Helwer (Brandon West):** I'd like to explore a little bit the Mining Community Reserve Fund. I understand there was a payment made to the Town of Lynn Lake recently for operating deficits of the Lynn Lake Airport.

Can the minister explain to me what the reserve is and what the size of it is at this point?

**Hon. Stan Struthers (Minister of Finance):** The—of course, the mining reserve fund is housed within the Department of Innovation, Energy and Mines.

I can tell the member for Brandon West that the fund was put in place to support communities that experience changes in the mining sector. The fund is there to try to help those communities if things go south, if there's opportunities for those communities to move forward in terms of mining. But, if he wants a lot more detail than that, he does need to talk the—to my colleague, the minister responsible for the mining fund—mining reserve fund.

**Mr. Helwer:** We're going to do this again are we? Okay.

Well, it does say in this—the order-in-council, the Minister of Finance is authorized to make a payment of \$30,000 to the Town of Lynn Lake, so one might assume that would be the minister we have present here today. For two months, does the minister anticipate that this payment is going to continue past the months of April and May?

**Mr. Struthers:** Well, again any payments may come from this department, but the rationale, the arguments for-against, the decisions on what we do in—whether it's that fund in that department or any other funds in other departments, while they may in—on the order-in-council be flowed by this department, those decisions are made by those departments. The work is done by those departments. The consideration is given by those departments. So, if he

wants the—a lot of the detail on the dates by which that money will flow, those kind of decisions we take from the departments, and we do our job and that is to flow the money that is brought forward through discussions of Cabinet, led by, in this case, the Minister of Innovation, Energy and Mines (Mr. Chomiak).

**Mr. Helwer:** Well, is this something that would be approved by Treasury Board? And can the minister tell me what is the balance in that fund today?

**Mr. Struthers:** Well, again, that's information that would be readily available through my colleague, the minister responsible for the fund. If the member for Brandon West would like us to find that out on his behalf, we can do that, or he can attend the Estimates of the Minister of Innovation, Energy and Mines and get that information there. One way or another, we want the member for Brandon West to have that information. If you—if he asked a Finance question, we'd be able to get it quicker. If it's a mining question, I would say the mining minister would be able to get that even quicker for the member for Brandon West. But, if he wants, we can find—we can follow up and get that information for him.

**Mr. Helwer:** Well, I'll play tag and we'll go to another Estimates. But the other part of the question was: Is this approved by the Treasury Board?

**Mr. Struthers:** As I indicated in my earlier question, these kinds of decisions are brought forward by the minister responsible for Innovation, Energy and Mines. He would go to Cabinet with the authority to move forward, and Cabinet has given him permission to make these decisions. Cabinet does that, and that's the authority that is required to make sure that the funds in this fund get to the communities that qualify for it.

**Mrs. Myrna Driedger (Charleswood):** I'd just like to ask the minister a question and it's based on an order-in-council of April 24th of this year, and it indicates that the Manitoba Hydro-Electric Board is authorized to extend the maturity Mitigation Bond Series 5A issued to—I'm sorry, I can't pronounce it—Nisichawayasihk Cree Nation on July, value of \$40 million, and it was extended from June 30th of this year to December 31st of 2014. Can the Minister of Finance, as the order-in-council was indicated under his responsibility, can he tell us why they're extending the maturity for an additional year?

**Mr. Struthers:** Well, again, just like the conversation we had on the mining reserve fund, the

Department of Finance would facilitate the transaction that takes place. The rationale for whatever that transaction is, is provided by the Minister responsible for Hydro, in this case, the Minister of Innovation, Energy and Mines (Mr. Chomiak). They would come to Cabinet with their rationale, and Cabinet would—give the authority to do—to follow through on those decisions. This department's responsibility is simply to facilitate that transaction.

**Mrs. Driedger:** But the minister must've asked—and if it was part of the explanation as to why they are extending the maturity for an additional year, is he able to provide that information to us?

**Mr. Struthers:** Well, again, the minister responsible would be able to answer that question very directly. The minister responsible would, if asked in that Estimates procedure, it—which would be following at some point after these, would be able to answer that directly of the member, and I would encourage her to go to the appropriate Estimates table to ask that question.

**Mrs. Driedger:** Can the minister just indicate that when something comes to Treasury Board, then, is he indicating that all of the decisions are already pre-made and established by the departments and that Treasury Board just rubber-stamps all the requests that come in?

**Mr. Struthers:** Well, that would be a mischaracterization of what happens in government. A Treasury Board hears from all departments on all issues having to do with the Province's finances. We either approve or decline or defer; we may send a request back to a department for more information. We—the decisions that we take go on to Cabinet. Cabinet is the table by which we get authority to then move forward on, and it's this department's job to facilitate the transactions, if that's appropriate for us, given the decisions made at Cabinet. But that's the job that we would do. But to characterize it as rubber-stamping would be misleading.

**Mrs. Driedger:** Well, the minister has to appreciate that based on a number of questions we've asked just in Estimates in the last little while, that he is giving that impression based on his inability to answer some of the reasons for, you know, some of these decisions. So I hope he understands that that's the impression he's leaving with us when he doesn't have some of the answers to some of the questions that I would've thought Treasury Board might've had.

\* (16:20)

**Mr. Struthers:** Oh, I understand very well what's happening, and I understand that you're at the wrong table for the—to ask these questions. I understand the political games that are played in this building and the mischaracterizations that members opposite like to do once in a while. We went through this a while ago. The last time we were at this table, I very clearly described a number of things as mischaracterizations from—that the member for Charleswood had come up with, only to hear them repeated the next day in question period, even further off base in question period than what it was at this table.

So, yes, I do understand how opposition works. I—that does not throw me from trying to be helpful for the members opposite. The members opposite obviously need some help in being directed to the proper place to ask questions where they can get fulsome answers to what they bring to the table. I remain committed to making sure that members opposite get pointed in the right direction to make—to ensure that they can have all kinds of information available to them from the appropriate minister. That's my commitment. I'll keep doing that.

**Mrs. Driedger:** Can the minister tell us whether he's given any further thought to holding a referendum about raising the PST?

**Mr. Struthers:** Well, Mr. Chairperson, we've—this is ground that the members have plowed before. They'll get the same answer from me as they did last time. We have been very committed to the people of Manitoba to make improvements to our infrastructure in this province. We have proven that dating back to our very first budget back in '99-2000 right through to the most recent budget of 2013.

Every year we can point directly to improvements that we've made in terms of the revenue that we collect going to infrastructure, whether that be through The Gas Tax Accountability Act, whether that be through the Building and Renewal fund—plan that we've brought forward more recently. Our commitment is been very clear. We understand that there are a lot—there is a lot of work to be done in terms of infrastructure, and that includes schools, hospitals, roads and bridges, recreation centres, daycares. There's a lot of priorities out there of Manitoba families that we are very intent on fulfilling, and you can't do that just by waving a magic wand and hoping it appears.



We know that we have to undertake certain revenue measures that we've announced and—in the budget and we've defended ever since. Our commitment—and we've been through this at Estimates already—it—precisely with members opposite as to how Bill 20 accomplishes our commitment to not just raise the funds, but dedicate those funds into roads and bridges and schools and hospitals and daycares and recreation facilities. We've walked people through that. It's very clear that every nickel that we raise is going towards that infrastructure. We want to do that as quickly as we can. We don't want to lose a construction season this year for a number of reasons, first and foremost, there are some very pressing needs that need to be addressed.

Members opposite know we've already announced our plan to turn the emergency channel into a permanent structure. We've announced another outlet connecting Lake St. Martin so that we can regulate the amount of water at Lake St. Martin and at Lake Manitoba. We know that work has to begin quickly on those. Manitobans know that you can't—that infrastructure just doesn't pop up overnight. The sooner we get started on that, the sooner we provide that protection for Manitoba families.

We've said from—right from day one that part of the reason why we want to move forward on this and do it quickly is because there are infrastructure projects out there, infrastructure—sorry—flood infrastructure projects out there that need attention right away. We—we're not going to wait the course of this summer and into whenever and lose a construction season when there are Manitoba families out there depending on us to put in place flood proofing and flood mitigation projects. And those are expensive, they're necessary and they need to be done sooner rather than later.

So we're being upfront with Manitobans and telling them, here's how we're raising the revenue, here's where that revenue is going, and we're starting right away. Others—I mean, members opposite, can dilly-dally if they like, members opposite can pretend as if there's no problems, pretend there's no challenges. Members opposite may take the view that they're not going to participate in the Building Canada Fund that was announced in the federal government's budget, back in—back earlier this winter.

The—we're not going to take that approach and we're not going to—for certain, we're not going to cut

health care and cut education in order to spend this, in order to achieve this revenue. We're going—we don't think Manitobans should be forced to choose between highways and hospitals. We think that by taking on a reasonable approach to revenue, obtaining that money and dedicating it to infrastructure, that we will accomplish those goals and provide that level of protection for Manitoba families.

So that's the same answer as I've given in the past. It might disappoint members opposite, but sometimes the truth hurts.

**Mrs. Driedger:** The—this government and this minister have said on numerous occasions that they have to increase the PST because of economic uncertainty; in fact, a spokesperson was out there saying, it was because of a sluggish economy.

I just wonder if the minister can explain where the uncertain—where the economic uncertainty is in Manitoba in his view.

**Mr. Struthers:** Well, all the member for Charleswood has to do is turn the TV on, 6 o'clock, 10 o'clock, see the national news; she can read the Free Press; she can read The Globe and Mail; she can talk to people, as I have, who—you know, a friend of mine who would like to retire. His wife was a teacher who has retired. He's—he doesn't have a pension like a teacher or a steady pension. His pension is tied up in the free market; his pension is tied up in mutual funds. Given what's happening around the world—and she would see that on the national news any night of the week—given what's happening in Europe, the slowdown in Asia, given how the American economy isn't turning around as quickly as it—we'd like, this friend of mine, his pension is tied up in market-based tools that are—that have caused him to put off his retirement. I mean, I—we can't help but feel for a guy who's put a lot of time in, he's paid his dues for years and years working, and now, because of a sluggish world economy and because of what's happening in Europe and in the US predominantly, he's had to delay his plans to retire.

And, as I've said, his wife has retired and that's good, because she put a lot of years in teaching for a lot of years, but there's a family—there's a couple who would like to spend a lot more time travelling, would like to spend a lot more time with their grandkids. They can't do that because of the uncertain economic times in which we live, and they are Manitobans.

The—I will say that of any of the jurisdictions in Canada, I think Manitoba has fared the best throughout this time of economic uncertainty, and I provided her with materials from our consultations—prebudget consultations that show in some ways in which Manitoba is doing well. I think we're doing well in Manitoba in the midst of an economic uncertainty because we've been able to keep our employment numbers strong. We've participated—and I give the federal government full marks on this, between them and us and the municipal level, we participated in what I thought was a very good economic stimulus program.

Yes, we borrowed money; so did the federal government. We borrowed money to do projects that were long-lasting and served a very valuable purpose—we put people to work. It's always better if there's a—uncertain economic times to have people working rather than on social assistance. We put people to work, kept our employment numbers strong. We made sure that that kind of stimulus played out, not just in our larger urban centres, but played out around the province—rural, north. We had—part of the—one of the—one part of that economic stimulus program was the Knowledge Infrastructure Program, KIP.

\* (16:30)

And my little community of Dauphin was one of the communities that worked very hard to be a part of that, and, along with the Assiniboine Community College, made some great investments in building onto the site—the Parkland campus in Dauphin, the site that already exists. And we incorporated an early childhood education centre. We upgraded classrooms. We upgraded the industrial arts end of the building. That not only provided a great stimulus right away in our community, put people to work and hired contractors, stimulated our local economy, but now, today, we're able to announce, with—along with ACC, the rotating LPN program to be offered in that facility and offer more training and opportunities for young people to take that nursing program and then get hired back into our community of Dauphin and other communities in our Parkland area.

So I think there are—there very definitely are—signs that there is economic uncertainty. The world is full of this economic uncertainty. It does impact Manitobans; there's no two ways about that. It does impact our budgeting. It does impact our fiscal capacity. But I will say that given all that's happening around the world, because of some the, I

think, very smart decisions we've made as government and the commitment of the private sector in Manitoba and for a lot of other very good reasons, we try to make the best of what we see happening all around the globe.

**Mrs. Driedger:** The minister's comments don't quite match some of his own documents that he gave out in his prebudget consultation meetings. In fact, on page 12, I'm sure the minister is quite familiar with his chart that shows strong economic growth—that's a title—from 2007 to 2011, indicating that Manitoba was second among provinces in average annual growth. I mean, his own title on there is strong economic growth. So it's—he's saying one thing, and his documents are saying another. And then he's talking about economic uncertainty, and yet if I look at page 11 he's predicting in his own charts a stable economic growth being forecasted right into 2014, indicating that Manitoba is forecast to grow in line with the national average.

So he's saying one thing here in—you know, in Estimates, and yet when he was out there talking to the public he was trying to convince everybody that everything was really quite good, and that, you know, since 2007 there was strong economic growth, it's going to be stable into the future; in fact, the predictions look fairly good. You know, forecast 2014 to be a growth of 2.4 per cent—that's actually pretty good.

So where exactly, then, can he be specific? You know, he's saying, you know, that this uncertainty impacts Manitobans and their budgeting process, but his own documents are not supporting what he's trying to get across right now, because it's not pointing to a rocky, you know, uncertainty. So, can he be really specific here? Help me understand, because, you know, it's going into his forecast, too, for well into next year. Where exactly is the uncertainty that has driven him to increase the PST?

**Mr. Struthers:** Well, that's a nice try on the part of the member for Charleswood, but I would refer her to page 4, where a friend of hers said that economic uncertainty is the new norm, her friend being the Prime Minister, Stephen Harper. And you know what? I don't always agree with the Prime Minister of this country. I certainly didn't vote for the guy, but that's okay, others did, and he's the Prime Minister with the majority government.

He said the economic uncertainty is the new norm, and I do actually agree with what he said—

**Mrs. Driedger:** But then why didn't you put it in there?

**Mr. Struthers:** Well, you know, the member for Charleswood can pick and choose whatever pages she wants to look in that document. The fact of the matter is the Canadian economy is part of the world global economy. Europe—she understands, I hope, what's happening in Europe and how that is slowing down the world economy. I think she understands that the American economy went through quite a downturn not too long ago and it's taking quite a while to work its way through.

Maybe, if she doesn't believe me or the Prime Minister on this, she might believe the fellow who, up until recently, was the governor of the Bank of Canada, who, when he presented to Finance ministers was very clear about the economic downturn that this country has faced. He was very clear that this economic downturn is lasting a lot longer than what anybody suspected it would—what—lot longer than anybody predicted it would or forecast that it would. In talking with Mark Carney he understood the Manitoba situation. He knows and he then said quite openly that Manitoba was faring very well in the midst of global economic uncertainty, and not just Manitoba faring well in the global scene, but Manitoba faring very well in the Canadian scene.

You know, we—part of what she would also see if she wasn't intent on just cherry picking one slide or another in there, she'd see that Manitoba has some natural advantages, and one of those is our diversity. I think she's close there by looking across the table at a slide that shows a pie chart that shows Manitoba's GDP, a GDP that's break—broke out into a pie chart with lots of slices of pie on that chart.

I would submit that there is no province—maybe British Columbia—but no other province that has the kind of diversity, the number of pies in that pie chart that Manitoba has. She would notice that the biggest of our—the pies on that pie chart is the—is manufacturing at 10.5 per cent; 10.5 per cent is our biggest sector and that's quite good because that's a strong sector, but it's also one of many sectors in this province. And we have lots of diversity which means that when the global economic downturn takes place and when the Canadian economic situation turns downward, we have more to fall back on.

The example I used—and rural MLAs like the member for Agassiz (Mr. Briese) would understand this—agriculture for two years had a rough go of it in

Manitoba—the member for La Verendrye (Mr. Smook) would know this too—and farmers had a hard time getting their crops in the ground. We went through a lot and communities who depend on that farm income went through a lot as well. So for two years that slice of our economic pie wasn't performing as well as it had in the past. That doesn't mean our whole provincial economy went to hell in a handbasket because we are so diverse and we could—oh, I'm sorry. I will rephrase what I just said. That doesn't mean our economy turned down unnecessarily. What it meant was, where there was many other sectors of that—of our economy that kept our GDP in good stead.

When agriculture had a good year last year and farmers got to seed and got to harvest and prices were fairly good—input costs are always too high but, you know—they had a better year than they had the previous two. We didn't depend on them, the agriculture sector, to pull the whole economy upwards at the same time.

I will say, though, that people always underestimate—and we say manufacturing is the biggest—we always underestimate how much positive impact agriculture has on some of the other pies in that pie chart. And manufacturing wouldn't get to be 10 per cent if it wasn't for farmers buying implements and implement dealers supporting the MacDons of the world and the rest of that.

\* (16:40)

But all this to say that people like Mark Carney understand that the Manitoba diversity and the Manitoba diverse trade strategy tied to this kind of an economic pie chart means that we are a very stable province. And, when investors come in to Manitoba to talk to us or to me as Finance Minister or my colleague in Entrepreneurship, Training and Trade, or others, they talk about our stability and they talk about our predictability. They talked about the kind of good decisions we're making to manage debt and good decisions that we make in terms of, you know, the immigration and the PNP programs, and all of the kind of things that indicates that we have a stable economy, we have an economy that's worth investing in.

We're going to continue to make decisions that encourage that, even though the global economy still hasn't turned around, even though the Canadian economy, which is doing better than most, has some weaknesses, we're going to continue to make sure that we make decisions that build and—build on our

diversity, enhance that diversity, so that we can actually, next year, go forward with the same kind of slides that we did this year, honestly saying to people that the truth about the economic downturn that we are experiencing, but reassuring people that we're going to make good decisions to make sure that Manitoba is buffered as much as we can against that global uncertainty. We're not intent on playing goofy little political games, as I see across the way. We're going to continue to make good, solid economic and fiscal decisions to enhance Manitoba's standing amongst the rest of the Canadian jurisdictions, and certainly amongst other jurisdictions around the world.

**Mrs. Driedger:** Can the minister tell us, are we going to be able to keep MacDon headquarters in Manitoba?

**Mr. Struthers:** The people in MacDon who are making those kind of decisions are very smart people. They understand Manitoba's strengths and that their company fits in perfectly with the kind of strengths and advantages that Manitoba has. They know they've got a stable government that they can work with. They know that they've got a diverse GDP in our province that benefits them. I believe the—that the company provides a—or has a good business and provides a good service for people who depend on that. I see no reason—I see no reason why anything should change on that.

**Mrs. Driedger:** I note that the News Café session that Dan Lett of the Free Press emceed, and I believe the member's colleague was there as part of a panel, and I understand from reading his article that Dan Lett asked for a list of projects that were going to be funded by the 1 per cent PST hike.

Now, I know I've asked the minister for that numerous times and he has refused to provide me with that list. Is it his intent to provide Dan Lett with the list that he requested, which is the same list that I requested?

**Mr. Struthers:** Well, I would suggest the member for Charleswood ask the minister herself.

**Mrs. Driedger:** I believe that Dan Lett was going to be making that request to this minister that is at this table who controls this budget, yes, and he's making it, actually, further to the conversation that they had at that event. And so the request was coming into government, and it's the same request that I've been making here. And this minister has been refusing to provide me with the list. So I'm just wondering if

he's going to be willing to provide that list to Dan Lett.

**Mr. Struthers:** Well, I can't speculate on a hypothetical like that. I haven't been asked by Mr. Lett on that issue. If I were to be asked the question, I would give the same answer that I gave the member for Charleswood, which is, I thought, pretty clear.

I referred her to page 17 in the budget documents for Budget 2013. We've got \$622 million dedicated to roads and highways—that includes the preservation of highways and maintenance with—and also with winter roads; \$228 million to universities, colleges and public schools; \$350 million to health facilities; \$48 million to the Manitoba floodway and water-related infrastructure; \$333 million for housing; and \$123 million in assistance to third parties; \$71 million to public service buildings; and \$24 million dedicated towards parks and camping infrastructure.

That indicates our commitment to infrastructure in this province. That tells Manitoba families that they can count on us to ensure, through Bill 20, that every nickel that we raise in the 1-cent-on-the-dollar increase of the PST goes into those examples of infrastructure.

The—I—we've been totally upfront with that. I will make the point again that the people of Manitoba will know that and so will members opposite. When the Finance Minister stands and reports back, as Bill 20 says we will—reports back to the Legislature on where every nickel of that 1-cent-on-the-dollar increase has gone, and people will see very clearly that it's gone towards schools and roads and hospitals, and daycares and parks and recreation facilities—that will be clear.

**Mrs. Driedger:** And will it be clear that it came from the 1 per cent—or the extra point in PST? Because he's indicating that he's going to provide a list after the fact. We do know that all that money's going into general revenue. We do know that he's debt-financing all of this. So how do we know—and I know the minister refused to provide that information before. He says, well, trust me; believe me. At the end of this process, we will tell you where all that money went.

Unfortunately, that is not, as he said, open—what were his words—open, transparent, accountable. It's not that way at all, because at the end of the year he can decide what are the best political bangs for his buck and list all kinds of wonderful projects out there

that he will say, oh, this is where your \$277 million went to.

He should be able to provide that up front, and I don't understand why this government can't seem to want to do that. It—you know, I mean, he's saying one thing out of one side of his mouth and quite another out of the other side of his mouth, just like he just talked about economic growth. He's pointing to doom and gloom and therefore we need to—everything's uncertain and we need to raise the PST, and then on the other hand, all his documents show a stable economic growth into the future, which actually negates his argument.

So, I mean, he's trying to have it both ways right now and it's just not going to work. Today, for instance, there was a—an announcement on—let me get it here—okay. Here's a road in Winnipeg—provincial funding of \$4.7 million for southwest Winnipeg roadwork this year. So—oh, I have to back up a little bit. Manitoba Building and Renewal Plan—okay. So my question to him, then, is this \$4.7 million. Is this \$4.7 million, then, part of the \$277 million that is coming from the new PST hike, or is part of this just regular infrastructure funding that's been in the works?

And I guess if he's going to start talking about it, did Winnipeg have any say, because I see that is a cost shared somewhere in here. But if the government is cost-sharing it, who gets a say which roads will be done? Is there some consultation with the City? And then it goes on to also talking about \$19 million in the budget to do more residential and regional streets.

\* (16:50)

But who know—like, which of these is part of, then, the Building Manitoba Fund? Which of these is just part of regular infrastructure spending?

The minister's trying to say, oh, you know, trust us; it's all going to be clear. Well it's not clear. It's all very muddy and it gets even muddier when we look at the budget because the budget itself only shows \$48 million for flood projects and only \$30 million in the Building Manitoba fund, and it only comes up to \$78 million.

We notice that infrastructure is \$112 million less than it was last year, but he's saying, well, it's in pockets all over the place in the budget. Well, that doesn't help make it clear where the \$277 million is going to go and what it's going to buy. And the minister doesn't want to tell us upfront. He's saying,

well, wait a year, trust us. Well, nobody trusts this government anymore so why would we trust him, because everything is totally muddy as to what's funding what.

**Mr. Struthers:** You know, Mr. Chairperson, I really do feel quite bad that I'm not be able—that I'm not going to be able to give a whole lot of information that fits into her precast notion, her storyline that she came in here with that, obviously, she came in with the last time we met. She came in with a storyline that she wanted to tell on the way out. She's looking to get some information to back up her storyline. I keep giving her what is actually in the legislation and what's in the budget, and it doesn't fit in to her storyline. So she doesn't want to use it, I guess.

Well, Mr. Chairperson, my job here isn't to actually do the homework of the member opposite. My job is to give her the facts, and then she can do what she wants with it. So in the spirit of that, I do want to say that the \$277 million, as she remembers from the last time we met in Estimates, she won't find 277 just in—on a line because that is the annualized amount that we will get to. We won't get to that amount this year, that's next year's number, \$277 million. What we have said we would do is we are increasing by 1 cent on the dollar which, when it's annualized, will get us the \$277 million. What we have said is that that goes directly into infrastructure: roads, schools, bridges, daycares, parks, those sorts of things. We also have said that that's in addition to the cent that we had—the equivalent of a cent that we have dedicated before. So the equivalency of 2 cents every year will go towards the—this infrastructure. When it annualizes up it'll be \$512 million, which is what we've gone over in the last time we met here for Committee of Supply. We have indicated that that money will go directly towards infrastructure in Manitoba. We've indicated that.

She can find out all that information in the—in Bill 20. We have modelled this—the same kind of a model as The Gas Tax Accountability Act, which has for a number of years taken money and directly put it into roads in this province. It's the same kind of a model that we used there.

We have—our roads—if she wants to get into a comparison of roads, we can certainly do that, and we will certainly put up the amount of money we put into roads every single year that we've been in government against the amount of money that was there or lack of money that was there in the 1990s, where we have quadrupled the amount of money

every year going into roads and bridges in this province. I'll have that debate with the member for Charleswood any day of the week.

We are enhancing the record levels of money that we've been putting into infrastructure in this province. That's what this cent on the dollar does, it enhances the categories that are there already—that are there already. We're already spending money on things such as roads and schools and bridges and hospitals. We are enhancing those categories with the money that we're obtaining through the cent increase on the PST. We have guaranteed that money through law, through Bill 20. We'll go exactly to where we said it's going to go, and I've outlined on page 17 of the budget where that is and she has that available to her.

We have said that we will stand up and we will report back to Manitobans where every nickel of that dollar has gone to. Manitobans who have every opportunity to tell me and the Premier and my colleagues in Cabinet and caucus what their priorities are. She's referenced the prebudget consultations where Manitobans can come and talk to me about what highways they want the money to go in and what bridge they want it to go in—go into fixing. They can tell us what we need to be doing in terms of becoming more flood-ready for the next time we're threatened by a flood, which seems to be, like, every second year, but we need to be ready for that.

We're going to tell Manitobans exactly where that money has gone. We will incorporate Manitobans' views into decisions that we make, as we always do, and, Mr. Chairperson, that is open, that is transparent, that is accountable, that whether she likes it or not, whether it fits into her political narrative or not, that's the way we're going to do it. And that is a commitment on this government's behalf to make sure that we address the infrastructure needs of Manitoba families.

**Mr. Dennis Smook (La Verendrye):** I have a question in regards to the PST for the minister. There's a lot of companies who tender with the provincial government and in those tenders provincial sales tax is usually in—contracts with the provincial government—the provincial PST is included in these contracts. Now, what happens with a company, say, for instance, that had a million dollar—was awarded a million-dollar tender—they're a quarter of the way through the project but they won't be finishing it until next December—what happens to the extra 1 per cent of sales tax? Does the contractor

charge the provincial government? Do they add that to their invoice that they submit to the government or does the government tell them to eat it?

**Mr. Struthers:** I'll try to be quick. We send out bulletins from the Department of Finance making sure that there's no misconception about what the rules are. And we understand that there's going to be—since we've picked a date, there's going to be—have to be a transition period. If the—make sure I get this right—if the tender and everything is put in place prior to July 1st, then the 1 cent would apply—*[interjection]* No, oh, sorry, right, of course—before July 1st, the 1 cent would not apply. If the work begins after July 1st, then it would not—sorry, then—I got that—first I say I want to make it clear, and then I got it backwards.

That was not the way to end this session, was it?

**Mr. Chairperson:** Irony aside, it is 5 o'clock, and being 5 o'clock, committee rise.

#### EXECUTIVE COUNCIL

\* (16:10)

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

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

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

**Mr. Brian Pallister (Leader of the Official Opposition):** Just a couple of further questions in respect of the Wuskwatim project—*[interjection]* Oh, I'm sorry.

**An Honourable Member:** I just wanted to—

**Mr. Chairperson:** Order. The honourable First Minister.

**Hon. Greg Selinger (Premier):** Yes, I was asked for a copy of the bipole transmission routing study, and I'd like to table it, if I could, for the Leader of the Opposition.

**Mr. Chairperson:** Okay.

**An Honourable Member:** Thank you.

**Mr. Chairperson:** Okay, the honourable Leader of the Official Opposition.

**Mr. Pallister:** Just in respect of the 200-megawatt Wuskwatim station which came online, I believe, July of last year, and the concerns about it—just a couple things for clarification.

Mr. Chairperson, I understand that—and I apologize to the nation, if I mispronounce—but Nisichawayasihk, I think?—[interjection] Sorry? Nisichawayasihk? [interjection] Okay, thank you—Cree Nation, I'll refer in future. In the interests of time I'll refer to it as NCN in future. But it was a partnership, a joint partnership between Manitoba Hydro and the NCN to develop electrical power in Nelson River. I understand that these negotiations began back a few years ago, '97, perhaps. There was an agreement signed in 2001 that provided an option for NCN to purchase up to 33 per cent equity stake in the project. And, I guess, I was just curious, where did the money come from—assuming NCN did this, where did the funds come from? How did they go about paying for their piece of the—of that project?

**Mr. Selinger:** I'll get an update for the member on that specific point and find out what the status of it is at this time.

**Mr. Pallister:** Okay, well, that'd be good.

I'm just—I guess I'd like to know if the funds came from some form of a—of loan or if it was previous funds that the nation had, you know, just where do the funds originate from? Where were they—what was the source of the funds, if they were funds the band had prior or if they were funds advanced by way of loan? That'd be very helpful to understand better.

But is it the understanding of the Premier that the—that agreement did proceed? I think it was ratified in June of 2006, by my information, but I'd just like to have verification that there was an agreement signed that did ratify the fact that there was a share ownership in the case of Wuskwatim.

**Mr. Selinger:** Yes, I do believe an agreement was signed and what I will get for the member is the status of whether that—how—at what stage that is, in terms of putting the final details in place.

**Mr. Pallister:** Mr. Chairman, in respect of the agreement again, I understand it's a project development agreement ratified, again, we'll get verification from the Premier, but that this included contracting with Hydro to operate the dam, market the power on a fixed-price basis, et cetera, and profit sharing.

On this agreement, has—is the Premier aware: Have there been any profits yet declared? Is there some distributions of profits that's occurred at this—up to this point in time?

**Mr. Selinger:** Again, I will get the information for the member on that.

**Mr. Pallister:** Mr. Chairman, in respect of the agreement, so it must also provide for loss sharing. I'm assuming it would. Can I also get a—there'd be a contract available of some kind. Could I also get an undertaking from the Premier to see a copy of the contract, if that is possible?

**Mr. Selinger:** Subject to confirming whether it is possible in terms of its commercial interest, I will see what I can do for the member.

**Mr. Pallister:** Good. Thank the Premier for that.

Now, in terms of the market, the—obviously, the market has slid quite a bit since this agreement was signed. And I'm—I guess I'm venturing out there, not having seen the contract, but I'm assuming if there were losses that occurred and that might have been likely, there would be some necessity for the bands to come up with additional capital or the band involved here to come up with additional capital to satisfy their end of the agreement. Does—can the Premier also undertake, if it's not available today, to forward any information necessary to help me understand if there were losses, to what degree is the band also responsible for sharing those losses with Manitoba Hydro?

**Mr. Selinger:** As I said earlier, I'll try to get the information for the member of what the status of that agreement is, what stage of implementation it's at and the related questions.

**Mr. Pallister:** Okay, well, I believe it's public information that the—there is some negotiation under way to change the agreement or to amend the agreement that was there. This is what I'm reading into it, that there was probably some—there was probably a desire on the part of somebody here at least to change the nature of the agreement and that those negotiations have been under way since December of 2012.

Can the Premier verify that's correct?

**Mr. Selinger:** Again, I said I would try to get the information to update the member about what the status of all of these arrangements are, and I, again, said I will try to get him that information.

**Mr. Pallister:** Okay, so there's no verification. There's—the Premier can't verify there's a negotiation under way. Is that—just to be clear.

**Mr. Selinger:** Again, that negotiation would be between the First Nation and Manitoba Hydro and I'll have to ascertain by asking Manitoba Hydro through the minister what the status of those arrangements are.

**Mr. Pallister:** Well, just to be clear, is the Premier saying he's not aware that there are negotiations under way?

**Mr. Selinger:** I'm saying I will find the information out for the member.

**Mr. Pallister:** Is the Premier aware that there's a negotiation under way?

**Mr. Selinger:** I can find out that information for the member.

**Mr. Pallister:** Well, with all due respect, I mean, I'm just asking if the Premier's aware. He's either aware or he's not aware, so I'll just ask again. Is the Premier aware that there's a negotiation under way?

I appreciate that he's already undertaken to get information pertaining to the contract, and in that respect, I appreciate his help. But in respect to the question, it's a pretty straightforward question: Is the Premier aware that there is a negotiation, in fact, under way between NCN and Manitoba Hydro at this time to amend the profit sharing arrangements in the project development agreement? Yes or no?

**Mr. Selinger:** Again, I've said to the member I will find out that status of where that agreement is at, including the negotiations, and I will endeavour to find that information and provide it to the member.

**Mr. Pallister:** It's just for purposes of clarification. Then, just to be clear, is the Premier saying that he's not aware of the nature of the negotiations at this time?

**Mr. Selinger:** I'm saying to the member, I'd like to have accurate information from the two people that are discussing this agreement, which would be the First Nation and Manitoba Hydro, and when I have accurate information, I will endeavour to provide it to the member.

**Mr. Pallister:** Well, again, then I'd like accurate information too. That, I understood, was the purpose of this exercise.

So, again, is the Premier saying then that he is aware there is a negotiation under way currently?

**Mr. Selinger:** I'm saying the prudent thing to do is to get accurate information and then report it to the member before I declare how the status of those negotiations. It would be useful to have an update from the two people involved.

**Mr. Pallister:** Yes, well, the prudent thing to do would be to answer a straightforward question with a straightforward answer, I think.

So I'm just asking again. I can get an update on a negotiation. I'm not asking about that. I'd appreciate that, however. I'm just simply asking: Is the Premier aware that there is a negotiation taking place? That's the question.

**Mr. Selinger:** I've answered this question, Mr. Speaker.

**Mr. Pallister:** We'll have to agree and it's on the record that the Premier has not answered the question.

Now, on the negotiation, which the Premier knows full well is under way, the purpose of which is to limit the exposure of MCN to the current losses of the Wuskwatim project because of low export prices.

Is the Premier aware of the nature in the change of export markets since this agreement was signed to current export prices? And could he share those numbers with us today?

**Mr. Selinger:** I did answer the previous question. The member can interpret it any way he wishes, but I did answer the previous question. And I said to him that the prudent thing to do would be to get accurate information before I reported that.

We agreed early on in this discussion that we would have a global discussion. I made it very clear to the member that the Standing Committee on Crown Corporations has the ability to bring forward the senior officials from Manitoba Hydro to answer questions in detail, and the Minister of Hydro can also be available as well. If he wants this kind of detailed information, he should give me more heads up about it and then I could endeavour to get it for him.

**Mr. Pallister:** Just to be clear again, the question I asked, it's not detailed information; it's whether there's a negotiation that he's aware of. And I have yet to get an answer on that question. I don't think it's significant detail I'm asking for at this point.



I may later, but right now I simply want the Premier to admit that he's aware that there's a negotiation under way. That's all I'm asking; it's not significant detail at all.

I'll go further here than on the export prices. I just asked the Premier about export prices for hydro. In 2007, we have a chart here in front of me, which I can table if the Premier would like, which has the data in respect of weighted average of contracts since 2007 up to 2012, and, of course, this would be pertinent to any agreement that Hydro has with any band, and I'm sure the bands would be interested and are aware of the declining export prices. I see a 22 per cent decrease in export price on a weighted-average basis here. Does that correspond approximately with the Premier's understanding of the decrease in export prices over that period of time?

**Mr. Selinger:** I appreciate the member's offer to table the document. I'd love to see it and then see what the document tells us, and then we can more accurately respond to the points he's bringing forward.

And, again, I'm saying to the member that if he wants to know the status of a negotiation between two other parties, that it's a prudent thing to do to actually find out what the status is before we report on it.

\* (16:20)

**Mr. Pallister:** Okay. So, from the PUB report which we tabled earlier, I believe the Premier has a copy of it, and this from the April 26, 2013 PUB release, on page 26, it references—and just to put it on the record that, because of low export prices—I'm reading from the first paragraph: Manitoba Hydro's now forecasting losses for the first 10 years of operations at Wuskwatim. Those losses are projected to total \$341 million. As Manitoba Hydro forecasts, the project will not be profitable until 2023. The current agreement also requires the partners to invest more money to cover operating losses.

Is that the Premier's understanding of the current contract between Manitoba Hydro and NCN that, in fact, with losses occurring as they have been, that NCN would, in fact, be required, under the original contract, to invest more money to cover operating losses?

**Mr. Selinger:** Again, I would have to get information from the two parties involved as to the

specifics of the relationship on the issue of potential losses.

**Mr. Pallister:** Well, again, I'm not asking about the current negotiations. I'm asking about an agreement that was signed, I believe, back in 2006, which I am sure, because the Premier was the minister in charge of Manitoba Hydro, he's quite aware of. I'm simply asking if he is aware of the stipulation in the original contract which was signed at the time he was the minister in charge of Manitoba Hydro, if he's aware of the clause requiring the partners to invest more money to cover operating losses or not.

**Mr. Selinger:** And as I said to the member earlier, I'll have to get the information on what the details in the contract were and how they apply in the current situation.

**Mr. Pallister:** The question wasn't about the current situation or how the contract applies in the current situation. The Premier's already undertaken that he'll provide that update.

The question is: Is he aware of the contracts containing a stipulation originally, back in 2006 when he was the minister, which required the partners to invest more money to cover operating costs? Operating losses—I'm sorry.

**Mr. Selinger:** And I believe I've answered this question. I said I would like to verify the information by having the information presented to me and understanding what that means, not only for the past, but for the present. And that is the prudent thing to do, is to actually get the accurate information.

**Mr. Pallister:** Yes, well, we'll keep going with this then. As for the current PUB report, and I'll move to the next page and ask the Premier this then, and that would be page 27 in the PUB Board Findings. In the last paragraph, it says, quote: As for the cost consequences of Wuskwatim on Manitoba Hydro, the current rate increase requests are required to meet the operating losses from Wuskwatim.

Can the Premier verify that he understands that to be the case?

**Mr. Selinger:** Again, I'm trying to get this document back into the room here, Mr. Speaker, so I can follow what the speaker—member is asking across the room, and when I get the document I'll be able to turn to that page and identify the paragraph that he's referring to and then try to give him an accurate answer then. We've sent out a note to get the document in the room.

**Mr. Pallister:** Yes. I'm sorry. I was—understood the Premier had the document, so that's fine. I can just wait on that piece of questioning until we know the document's here. Great.

On the bipole transmission routing study, which the Premier just tabled, just a couple of issues there. And I can't refer to Hansard or previous discussion, and I don't want to paraphrase inaccurately what the Premier had said the other day when we were discussing this issue, so I'll just cite a clause in here, but I was kind of under the impression that, from what the Premier had said the other day, that the east-side communities were unanimously opposed to having the hydro line go up the east side. And then in reading this document the Premier just tabled, it says, on page 18: There is a perception—now, that doesn't mean reality, but there's a perception that some east-side communities are willing to discuss an east-side route in the context of economic opportunities. A recent example—this is right at the bottom of page 18—a recent example found in the printed media, east side is right side, letter to the editor, Winnipeg Free Press, July 28, 2007.

So just wondering if that is accurate, or could the Premier verify again that there's unanimity among east-side communities as to their objections around an east side, and this document obviously refers to the bipole route, you know, the east-side bipole route was a bad idea or is there—could he admit that there is a—there are differences opinion within the communities and among the communities on the east side as to the relative merits of the east-side route for the bipole line.

**Mr. Selinger:** I'm just—I'm reading this paragraph, and if the member would follow me on to the top of the next page, on page 19, it says the issue's complicated by statements from the provincial government ruling out an east-side location in part because of opposition from First Nations.

In a ministerial tour of east-side communities in 2004, First Nation communities voiced consistent and uniform opposition to an east-side route. In early 2007, statements were made by government ministers to the effect that an east-side location was being protected from hydro development.

So yes, there are some—I do believe there are some First Nation leaders on the east side that have consistently said that they're not—they're open to the discussion of a bipole subject to the economic benefits they might gain from it, but the

preponderance of opinion was opposed to it during the consultations that were done.

**Mr. Pallister:** I thank the Premier for that. Is he aware of any changes in the viewpoint? I know we talked about this a little bit the other day, but certainly a number of First Nations communities have leadership changes over time. Is there a change in the view of new leadership in any of the communities in respect of their previously held objections to the line in his knowledge?

**Mr. Selinger:** Not to my knowledge. To the extent that these five communities that are participating, First Nations communities that are participating in the UNESCO application have worked on land use plans and have tabled them, and those land use plans do not have provision for a bipole going through their traditional territory.

**Mr. Pallister:** And, just to be clear, these land use plans do have provision for roads though in most of the communities such as the east-side road proposal. Obviously, they're roads but I'm referring to the expanded network of roads through the east-side projects.

**Mr. Selinger:** It is my understanding that there has been widespread support for an east-side road on that side of the Lake Winnipeg because of the shortening season that allow for winter roads over there and the belief that an all-weather road would provide them access to goods and services that other Manitobans take for granted but have not previously been available to those communities.

**Mr. Pallister:** Now I believe the Premier had expressed some concern—not, concern's the wrong word, doubts the other day about the economic advantages of the line being put down—no, the cost advantages—economic is too broad a term—the cost advantages of putting the road down the east side versus the west, and I had asked him about that and if I recall, he had expressed some doubt as to whether that was in fact going to be a more economical approach.

However, the report references in various places that it is a more economical approach. I see on page 4, section 221, east corridor, and it says routing the Bipole III line along the east corridor offers the most attractive technical solution for improvement to the security of the existing HVDC north-south transmission system. It is the shortest route, consequently minimizing exposure to line failure and making it the most economical to build. Would the

Premier take exception to that comment by the report's authors?

**Mr. Selinger:** No, I would not. I mean, we've—there has been widespread acknowledgement that on strict technical terms, the east side is the shorter route and offers the potential to build it less expensively if there is not massive resistance to it and an unwillingness on the part of both the people in the area and people on the customer end of the area and in other markets saying that they don't prefer that route. So we've—this is the whole point of this report was to canvass the wide array of public policy issues that goes beyond the technical considerations of where a route should be for the bipole, and that was the whole purpose of the report.

So you will see, later on in the report, that they discuss some of the realities of an east-side route, making it a very high profile issue that could generate significant domestic as well as international resistance, that could in fact stop it from ever being built at all.

\*(16:30)

I do—would like to call the member's attention back to page 19, where we were discussing the—whether or not there was support on the east side. And the paragraph just on top of 4.7, the paragraph says: There is uncertainty and risk regarding support or opposition by First Nations for potential routings on the east side, although the debate has been more specific and longer term on the east side. It is clear that there is some First Nations support for an east-side route but that support is not unanimous. Also, the support that exists is conditional on financial incentives and opportunities that are beyond what Hydro has proposed for its transmission development fund. For a west-side routing there is opportunity from existing partnerships within NCN and TCN, and recent transmission lines have been successfully routed, but this does not guarantee that opposition will not occur and nor be significant and demand the same financial incentives or opportunities. First Nations have not been directly contacted for this report.

So the point they're making is, is that the east-side support was contingent upon the types of incentives that Hydro did not have available to them through their development transmission fund.

**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 mines 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.

But I just wanted to be clear on the expense aspect. And I understand what the Premier said about the other aspects, you know, which I'll get to in a minute.

But, just to be clear, because I probably misunderstood his comments the other day and I think I wanted to be clear that my understanding at least on the surface by the analysis I had seen, was that certainly a bipole line routed down the east side was considerably less costly. Apart from these uncertain factors the Premier alluded to the court-incentive programs and various potential additional costs that certainly the line was going to be a lot cheaper to construct on the east side.

In fact, I go to 4.7, just immediately after the Premier's quote he just referred to and it says clearly that planning for a new transmission line includes elements that are beyond Manitoba Hydro's mandate. Amongst those interviewed there's a common opinion that the Province should take a lead role in the initial planning and decision making.

And I understand that we discussed the other day, if not without dispute, the degree to which the Province involved itself in that planning and decision making and we had—I wouldn't call it heated, but we had an exchange in respect of a letter that the Premier, then the minister in charge, wrote to the head of Manitoba Hydro at that time. And it communicated the Province's opinion with great clarity in respect of where the line should run.

But it does say in the first bullet, the expense, the rationale for the government's position involve—for this includes the expense involved, the cost for the Bipole III line down either corridor will run into the hundreds of millions of dollars, with a west-side routing costing significantly more. The choice of east—to finish that bullet—the choice of east versus west will affect the provincial debt and the ability of Manitoba Hydro to pay a future dividend.

I just want some clarification on that, because I understood—like provincial debt, this is Hydro's

money that they would be borrowing. Correct? This isn't provincial government money, per se?

**Mr. Selinger:** That is correct. I think what I would like to say here, for the member is, is that from a technical perspective there was an acknowledgement in this report that an east-side line would be shorter and potentially more cost-effective if you could build it at all, which is an open question.

If you could not build it at all, or it was delayed for a significant period of time, for other reasons, such as we've just discussed. Such as people thinking it was an environmentally bad choice. Such as people thinking it would have a very negative impact on the reputation of the Crown corporation, in this case Manitoba Hydro; then the cost comparison could change quite dramatically. Delay would increase costs; a reputational hit on the Crown corporation might reduce the value of the product in the export market or to other customers.

So that's the point that I've been trying to make: That an east-side route could have a very significant negative impact on Manitoba Hydro's ability to deliver that bipole route on time, and in a way that's needed, and a timely fashion. And also on whether the product still would attract the same level of customer interest, and the willingness to pay the price that Manitoba Hydro can charge for long-term firm power.

**Mr. Pallister:** Well, accepting the possibilities of other variables as—I can do that, and certainly, I accept the premise that it would be somewhat challenging to define exactly what those are in a hypothetical sense.

I think it could be also asserted that there is boreal forest on the other side of the lake. And it could also be asserted that there are migratory birds that use that area more—with greater frequency, I understand, than the area on the east side. And that there are First Nations communities that would have to be negotiated with on the west side and the east side.

So could I have the Premier admit that there are some variables yet to be determined on the west side as well?

**Mr. Selinger:** The report did comment on that, and I think I read into the record paragraphs last time, where the report made it clear that the west side was more developed and had more transportation corridors, more hydro lines, more industrial activity, more human settlement, and wasn't an intact boreal

forest like on the east side, and that is one of the fundamental differences.

I think this is a case where we have to not just think about it in terms of how many individual trees are on each side of the lake, but in—as an ecosystem. And I think it's well understood by the people that have put forward the application, that the ecosystem for the boreal forest on the east side, is a much more integral intact ecosystem that is rare, in other places in the world. Whereas the west side, yes, it has a lot of trees, but they're more divided up and there isn't the same intact boreal forest ecosystem, particularly, a southern boreal forest intact ecosystem.

So that is a major difference in the application and the decision making around UNESCO World Heritage and ecosystems that need protected, on a global basis, but, in particular, in North America.

**Mr. Pallister:** Yes, I think we discussed this a bit the other day.

But the UNESCO—I think he's the past chair of the UNESCO committee, had written an op-ed—I'm sorry, I don't have it here, Mr. Premier—but saying this was a red herring or something to that effect, and that the bid would not be adversely affected by the presence of a hydro line in the area. That it was 'infinitesimally' small or something. And I don't like paraphrasing; I wish I had the article with me.

But, in any case, there seems to be even disagreement in respect of how damaging a hydro line would be for our UNESCO—the chances of success for our UNESCO bid. And, of course, there are mixed opinion on whether, in fact, the road expansion would adversely affect that bid as well. And we've heard from people on both sides of that.

Maybe the Premier would like to comment on.

**Mr. Selinger:** I'm aware of the article the member has mentioned by a person that had experience with UNESCO.

I guess what I would say about that is, is that, these are matters of judgment and conjecture. The more current participation through UNESCO processes for designation have suggested, certainly in other cases, that hydro lines going through UNESCO World Heritage sites, would damage the ability to maintain it as a UNESCO World Heritage site.

That was part of the experience that happened with the Gros Morne UNESCO site, in Newfoundland. And the original idea of the

government of the day to put a transmission line through there was changed after they got the feedback from everybody involved, and they decided to route the hydro line around that.

There has been experience in Alberta as well in terms of hydro transmission line siting, and the impact on places like Banff and other world-class, you know, environmental and heritage sites.

And so there has to be some—the road also creates potential questions. But the difference is, is that there was very strong support from the First Nations involved on the east side for an all-weather road because of, as I explained earlier, the winter roads were, until, perhaps, this year, only being able to service those communities for a shorter period of time, which resulted in some emergency air lifts of essential supplies—fuel, food, drugs, et cetera—into those communities.

So the communities on the east side were supportive of a road following as closely as possible the existing winter road structure, but not going over lakes anymore, so that you could have it open all year round, whereas there was significantly more disagreement with putting a transmission line down the east side.

\* (16:40)

And there's another point that the member made that I've heard in the past as well, that the amount of space that the line would take up would be very small, and I think the word that the Leader of the Opposition used was 'infinitesimal'. Again I think this goes back to the fundamental concept here. One of the values of the site on the east side is that it is an integral ecosystem and so you're trying to reduce the amount of intrusion on that integral ecosystem by various forms of infrastructure. You may be able to handle a road over the existing footprint of winter roads but I think there was a view that a transmission corridor for—industrial transmission corridor through the east side would add additional pressure which may threaten the integrity of that ecosystem of the southern boreal forest on that side of Lake Winnipeg.

**Mr. Pallister:** Well, I'll just venture in with a thought that the transmission line in and of itself isn't a recipe for additional traffic and a road tends to be, and certainly from the people who know about woodland caribou I've talked to they seem to think a road is far more intrusive and dangerous for that population than is a hydro line. That's, I know, a subset of what we're talking about today, but it is an

important one. In any case, I guess my point was just that it's not a *fait accompli* on the west side either. There's going to be some other issues very likely when the report alludes to the support beyond what Hydro is proposing via financial incentives and opportunities. I wonder if the Premier could outline what does the report mean by that, or could he help clarify what does that mean, financial incentives and opportunities? It says that's in the middle of—sorry—that's in the middle of page 19 there, it says the support that exists—this is again it says is conditional on financial incentives and opportunities beyond what Hydro's proposed for its transmission line, and it says that in relation to the support for the east side not the west. But I'm just—my question is: What does that mean, like what financial incentives?

**Mr. Selinger:** I don't know if the member is aware of this but this report was done after the '07 election. During the '07 election the Progressive Conservative offered—held out and dangled the possibility of ownership of that transmission line on the east side in a bid to attract support for their view that the transmission line to go down the east side. After the election, the Progressive Conservative opposition reversed themselves on that position and said they did not believe there should be ownership of the transmission line wherever it went in Manitoba. But in the election run-up that was being dangled and there was some interest on that on the part of east-side nations, and that was an unfortunate part of that election scenario.

**Mr. Pallister:** I'm not aware of that history, but that's—thanks for bringing it to my attention.

How does that differ in principle from giving ownership of 30 per cent of the production of Wuskwatim to a band in advance of the election? How would those things be radically different? Isn't one a financial incentive and the other a financial incentive?

**Mr. Selinger:** First of all, the differences between transmission and generating facilities in a traditional territory, the transmission lines are for everybody's benefit. The dams are in their traditional territory which are trying to generate a public benefit but also ensure that some benefit is retained in the traditional territory, and there have been relationships that allow for partial ownership of generation facilities in their traditional territory because of the impact on the environment et cetera. But, in the case of transmission lines, that has been a different discussion and there has been no willingness to

extend ownership over transmission lines to other parties particularly if that could impair the ability to move the energy to markets.

**Mr. Pallister:** So it's okay to offer an inducement of a share of ownership of the production of the hydro but not the transmission of the hydro. Is that what the Premier is saying?

**Mr. Selinger:** I think it's—I think what we're saying is it's close but not quite what I think Hydro has offered. Hydro has suggested that they're willing to enter into partnerships with First Nations in the area where hydroelectricity is generated from but they believe strongly that they should retain ownership of the transmission network to ensure that it meets all the needs of the customers.

**Mr. Pallister:** Okay. Well, I think probably both the production and transmission are kind of interrelated. But in any case, regardless of the earlier reference to inducements, my question remains: What are these financial incentives and opportunities beyond what we've already discussed? I mean, we've discussed the ownership of—a shared ownership agreement which, we understand, we'll get information on how that's being renegotiated here in a bit on Wuskwatim. But, beyond the shared ownership of the hydroelectric production and subsequent profit sharing or loss sharing, depending on how the negotiations go, what other financial incentives or opportunities do you think this report is referencing?

**Mr. Selinger:** I think I've outlined what I believe they were alluding to in the report by trying to identify the types of things that were being offered during the election window.

**Mr. Pallister:** So, just, apart from those mentioned, there's no other category one could think up? No? Okay. So, just, possible financial incentives in respect of shared ownership, the proposal the PC party advanced was for some shared ownership of transmission lines. The Premier feels that Hydro doesn't like that approach. The current arrangement is for owner-shared ownership of production facilities, and that has been negotiated with Wuskwatim. Is that also the plan for Keeyask as well? Some type of, I believe I read something about shared ownership of, I think it's 25 per cent, perhaps, with—is it four bands, Elliot [*phonetic*]? I think it's four bands involved. Is that—does the Premier understand that to be the case as well? [*interjection*]

Thank you.

**Mr. Selinger:** Yes. Again, back to the east-side offer, I don't think it was an inducement for partial ownership; I think the offer was that they would own the transmission line. And that was considered not to be appropriate by Manitoba Hydro, that they would lose control of their transmission assets, and I think that's what the allusion to is, here.

And, with respect to Keeyask, I think there are options being considered, including up to a 25 per cent equity stake, and I think that is one of the very significant options being considered, but not necessarily the only one.

**An Honourable Member:** So, there's—

**Mr. Chairperson:** The honourable Leader of the Official Opposition.

**Mr. Pallister:** I'm sorry, Mr. Chairman. I'll get better at this; I assure you.

This is a negotiation which is currently under way? At the—no? Again, not sure? Can find out, perhaps?

**Mr. Selinger:** When the member asks me about the current status of negotiations, he may be reading into the role of the government more than the government actually believes is their responsibility. We don't actually do a day-by-day check on whether negotiations are going on. I will find out for the member if he wishes to know what the current status of negotiations are on Keeyask with respect to the equity ownership or other options that are being considered, but I'd have to canvass and find out exactly the status of those negotiations, as I said I would with the previous arrangements.

**Mr. Pallister:** Oh, yes, I appreciate the undertaking. And also, if we could have an update on the Conawapa negotiation, as well; I may as well get all three of those in the same bundle if we would—if we could. And I think the Premier can appreciate that, given the zeal with which his government is advancing these proposals, I just naturally assumed he was up on the current status of the negotiations around, you know, the ownership shares that might be negotiated with other partners on these projects.

**Mr. Selinger:** Again, we do support building Manitoba Hydro because we're—we know that there is the possibility we could be short of domestic supply by 2022, and so our desire to proceed with Manitoba Hydro, in contrast to the member's desire to stop it in its tracks while he reviews it, is based on what we think is best for the economy in Manitoba.

Does that mean that we know the day-by-day activities of negotiations between Manitoba Hydro and First Nations? No, it doesn't. And would it be appropriate for us to know on a day-by-day basis? Probably not, because things change, and there's different cycles within a negotiation process and a long-term relationship process. So, I don't think the member should, on the one hand, be asking us to micromanage day-to-day negotiations, and on the other hand, accuse us of interfering in the mandate of Manitoba Hydro. Really, I'd—I would hope the Leader of the Opposition wasn't trying to have it both ways.

\* (16:50)

**Mr. Pallister:** Well, the Premier alludes to things changing, yet the proposal and the position of the government remains unchanged since seven, eight years in the past. And a lot of things have changed, in fact. And, yes, in respect of knowing what's going on with regard to a negotiation where, apparently, the proposal may be to give away 25 per cent of any profits resulting from the agreement, I would think any minister of the Crown would want to be aware of those negotiations and understand the rationale for them. Yet I have not got an answer on the rationale for them today, and I do appreciate getting further elaboration from the government on why, in fact, and how and the details around the negotiations on giving away 25 per cent of any future profits from a 20-plus-billion-dollar investment by Manitoba Hydro ratepayers. I think it's a pretty legitimate line of questioning and I'll persist on it.

Now, in respect of the issue—the Metis court settlement recently in Ottawa—without getting into incredible detail, I'll just give the Premier the opportunity to share if he has any concerns, because I understand there's some pretty significant land holdings—Metis traditional lands on the west side—and that may impact or intersect with the transmission line on the west side. Is there any concern in respect of that at this point in time, or any speculation on the part of the government as to how that may impact in terms of the cost or construction schedules that the government wants to advance on west-side bipole construction?

**Mr. Selinger:** Yes, I thank the member for the question, and I think it's completely legitimate that the member pursue a line—any line of questioning he wishes with respect to Manitoba Hydro and its relationship with First Nations communities.

I do think he might be disclosing a bias on his part by suggesting that Hydro's trying to give something away in terms of equity. I think there might be a different view on that in terms of the traditional territory on which the resource is being developed and the relationship with First Nations being a respectful one, based on the history of this country and how it was formed and the fact that the indigenous peoples were the original peoples of this country and that we're occupying their traditional territories. So I would ask him to think about the language he was using there in terms of giveaways and whether that's the appropriate language at this point in our history.

I would say also that, with respect to his question with respect to the Metis, the Supreme Court did make a finding that the Metis people had not been the beneficiaries of sufficient due diligence by the federal government of the day with respect to settling their claims and their negotiations in terms of entry into the Confederation by the Metis people in the postage stamp that was at that time the Red River settlement, which was the original province of Manitoba. And so that was a very interesting finding on the part of the Supreme Court that when you enter into arrangements, you're supposed to carry them out with due diligence.

As to whether there's implications out of that Supreme Court judgment for the specific siting of Hydro transmission lines in areas that Metis settlement may be occurring, I think that would be something that would have to be examined with regard to the specifics.

But, regardless of the Supreme Court settlement, it has always been the case that since section 35 was put into the constitution act of 1982 and the evolving jurisprudence of the Supreme Court that have clarified that the Crown and agents of the Crown have a duty to appropriately consult and identify whether there are negative impacts by development in the traditional territories of Aboriginal peoples including Metis peoples, and then to reasonably accommodate them as part of the process of looking at the development in that area, I don't know that those responsibilities have changed. They may be clarified by some things in the Supreme Court judgment, but regardless of that, I do think that there is a duty to consult and recognize if there are any specific negative impacts in the areas—traditional territory areas of the Metis people.

**Mr. Pallister:** Yes, I think, constitutionally, that that duty to consult is pretty clearly and well-established and increasingly needs to be defined, I suppose, with greater clarity.

But, of course, my question pertained to the details which I do not have and which the Premier attests that he will get me in respect of how it is that we can better understand the nature of the distribution of the potential profits or losses that result from these agreements. That's what I'm after and that's what I'll continue to pursue.

Back to this report just for a second, again the Bipole III transmission routing study I'm referring to that the Premier had just tabled, there was a section here and I guess, just to—not to beat a dead horse, but I think just to go back to the point that there are problems on either side and I want to try to have—develop a better understanding of where those problems may be and how we can best work to remedy those. It says near the top of this page, there is—

**An Honourable Member:** What page?

**Mr. Pallister:** I'm sorry, page 25. Yes. Essentially it says there's problems either way—second paragraph down, section 6, Mr. Premier—or through you, Mr. Chairman, I'm sorry. There it says: There is no credible theory of action to guide decision making in this area. While having unanimous support from First Nations along either routing option is clearly beneficial, it is far from certain that any course of action will produce a predictable overall result and change the magnitude and nature of potential opposition by environmental organizations to either an eastern or a western route. A firm decision and pushing ahead without consensus could produce a range of results, and it goes into further detail in respect of some of those.

But, essentially, I guess, what is this theory of action? When they reference a theory of action I'm not clear on what that means. Does it—can the Premier clarify what that actually means?

**Mr. Selinger:** Well, I'm not the author of this report done by the consultants and I'm not absolutely clear what they mean by a theory of action. I can only speculate by reading the paragraphs along with the member and I think what the theory of action is suggesting, I think what the authors are trying to say, that there's no absolutely guaranteed set of actions that will follow one upon the other. That there's a certain element of—that lacks predictability, no matter

which course of action is chosen by the proponents of a project and then they outline some of the possibilities that could flow from taking action. It could be found, for example, they say in the first bullet, it could be found that after the fact that some of the concerns and issues raised by either side prove to be bogeymen. That's one potential outcome, by taking action.

Another potential outcome, they suggest, is alternatively, environmental groups could coalesce around this issue and make it into an international cause célèbre, damaging the reputation of the Crown, causing a local political crisis and threatening energy exports to the United States. And I can only say parenthetically that that second point seems to be the case with some other major energy projects in North America right now, XL pipeline, being one of them.

A third potential outcome of taking action could be, they suggest in the third bullet, that since the outcome is unpredictable it argues for taking extraordinary measures for achieving consensus before moving ahead. At some point, however, the economic price of avoiding conflict may simply be too great and the corporation and the Province will have to risk a conflict situation. There are significant economic concerns that have to be balanced against uncertain outcomes in the environmental arena.

So they're just trying to suggest, I believe, and again I don't purport to speak for the authors of the report, that any course of action has some risks attached to it and some of the outcomes may not be entirely predictable but there are risks and some of those risks will be larger depending on how people react to the specific parts of action taken.

**Mr. Pallister:** Just for clarity, the Premier was the minister who asked for this report at the time.

**Mr. Selinger:** Very supportive of getting a broader report on this regard. The Hydro organization commissioned this report.

**Mr. Pallister:** So, just for clarification, the Hydro commissioned this report, the Premier was at the time the minister in charge of Manitoba Hydro.

**Mr. Selinger:** Right.

**Mr. Pallister:** Right. And these range of results they refer to in this section I would want to be clear here do refer to problems that could ensue either route, either way so bogeymen, environmental groups, cause célèbre, the need to consult, avoiding conflict, but action has to be taken. Each of these points are



referring to either course of action, any course of action, so I wouldn't want, and though we have had some representation as to, you know, sides here, I wouldn't want it, the record to show, mistakenly, that these concerns were only expressed in this report around one side or the other. In fact, they are concerns that were addressing either decision, I think and that—does the Premier agree that's the gist of the—of that piece of the report?

**Mr. Selinger:** Actually I don't agree, I think the report if the member follows along on pages 26 and 27, says—provides some additional information and it suggests, for example on page 26, if an east-side

route location develops into a confrontation, First Nations and environmental groups versus Hydro, it will draw in national and likely international environmental groups. This creates a risk to the—

**Mr. Chairperson:** Order.

The hour being 5 p.m., committee rise.

Call in the Speaker.

#### IN SESSION

**Mr. Speaker:** The hour being past 5 p.m., this House is adjourned and stands adjourned until 10 a.m. tomorrow morning.

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, June 5, 2013

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