

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

*Published under the  
authority of  
The Honourable George Hickes  
Speaker*

**Vol. LVI No. 64 - 1:30 p.m., Wednesday, June 15, 2005**

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

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

**LEGISLATIVE ASSEMBLY OF MANITOBA**

**Wednesday, June 15, 2005**

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

*PRAYERS*

**Introduction of Guests**

**Mr. Speaker:** I would like to draw the attention of honourable members to the public gallery where we have with us today from Victoria-Albert School 49 Grade 5 students under the direction of Mr. Dave Leochko and Mr. Moszynski. This school is located in the constituency of the honourable Member for Point Douglas (Mr. Hickes).

Also in the public gallery we have from Van Walleghem School 33 Grade 4 students under the direction of Ms. Cathy Hughes and Ms. Val Craddock. This school is located in the constituency of the honourable Member for Fort Whyte (Mr. Loewen).

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

As previously agreed, I will now call Orders of the Day.

**ORDERS OF THE DAY**

**GOVERNMENT BUSINESS**

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, would you please call Supply.

**Mr. Speaker:** The House will now resolve into Committee of Supply.

**Point of Order**

**Mr. Speaker:** Order. Before we move into a Committee of Supply, the honourable Official Opposition House Leader, on a point of order.

**Mr. Leonard Derkach (Official Opposition House Leader):** Yes, Mr. Speaker, on a point of order. I am wondering if there is leave to revert back to the House from Supply so that I could table the ministers that we will be requiring for the concurrence session.

**Mr. Speaker:** Is there agreement of the House that we go back into the House? *[Agreed]*

**Mr. Derkach:** Mr. Speaker, I would like to table the list of ministers required to this concurrence session, and basically who I am asking for is the Minister of Agriculture (Ms. Wowchuk) and the Minister of Intergovernmental Affairs (Mr. Smith).

**Mr. Speaker:** Okay, that has been tabled.

\* \* \*

**Mr. Speaker:** Now the House will now resolve into a Committee of Supply.

**COMMITTEE OF SUPPLY**

**Concurrence Motion**

**Mr. Chairperson (Conrad Santos):** Order, please.

The Committee of Supply has before it for our considerations the motion concurring in all Supply resolutions relating to the Estimates of Expenditure for the fiscal year ending March 31, 2006. The floor is now open for questions.

**Mr. Ralph Eichler (Lakeside):** Mr. Chairman, I would just like to talk a little bit about the rain that has come upon the province over the last month and the hardship that has been placed on the farming community and the ranchers that have been hard hit, their hay and that that has been put underwater and pasture that has been flooded. I have had a number of requests for aerial spraying. I would just like to ask the minister if her department has been in touch with the various departments in order to make sure that the farmers will be able to apply Roundup by air and if she would like to comment on that.

**Hon. Rosann Wowchuk (Minister of Agriculture, Food and Rural Initiatives):** Mr. Chairman, this is an issue that has been raised with us, and there are discussions going on with the people that have that responsibility. There are federal regulations that are here as well, and we are looking at how we might be able to at least get some aerial spraying done. So, to

the member's question: Yes, we are aware of the problem and we are working on it.

**Mr. Eichler:** In the essence of time, the House rises tomorrow, Mr. Chair. Could the minister indicate some type of a time line of which a decision might be made in order to get back to the number of calls that have been placed out there?

**Ms. Wowchuk:** Mr. Chairman, we are in discussion with the industry, and I hope that a decision can be made very shortly on it. When that decision is made, I will make an effort to inform the member.

\* (13:40)

**Mr. Eichler:** With respect to the payment per acre, the other day in Question Period I had asked the minister her government's idea as far as reviewing again the payment for unseeded acres of \$50 per acre, and the minister responded that it was reviewed in 2002. However, I am of the opinion, and we on this side of the House feel very strongly that with the input costs of what they are today, in order to maintain that land with the increase in chemicals, the increase in fuel cost, the increase in machinery and tillage equipment, we just feel the \$50 is not enough.

Also, I know this is a bit of a sore spot for the minister, but I did go to the news releases. In June 29 of 1999 Harry Enns, along with Premier Filmon, at the time announced the \$50-per-acre payment on unseeded acres. I do want to give the minister credit; their government did follow through on that commitment made on behalf of the party on this side of the House. On January 5, I believe, the government of today has carried on with that, but we do feel that it is not in time with the cost that really is in effect what we need for this industry at this particular point in time.

We would ask that the minister review that and review it in a timely matter so that the farmers can make the necessary arrangements in order to look after this unseeded land.

**Ms. Wowchuk:** The member asked the other day whether we would consider changing crop insurance, and I told him then, and I will continue to say, that this is a program that has to be reviewed on a regular basis. To make changes within year is not possible. This is a federal-provincial program, and to make adjustments at this time would be very difficult.

I would continue to disagree with the member with regard to the \$50 an acre. He is right. There was a \$50-an-acre payment introduced by the members opposite, but it was not crop insurance. There was a plea from farm organizations asking that the government of the day change crop insurance so that it would be a change to programs so that excess moisture would be a free program so to speak, rather than a purchase program as it was under the previous administration.

The program that the member is talking about, the \$50-an-acre payment, was not a crop insurance payment. It was a payment that was made, some of it was AIDA money and there was money that came from another source. We could agree to disagree on this issue. The members opposite did have an excess moisture insurance program that you had to pay for, then they brought in an ad hoc program of \$50 an acre during the flood of 1999. Our government made it a permanent program that is available for all people who participate in crop insurance.

**Mr. Eichler:** On the excess moisture program, could the minister tell us why young farmers, first-time insured farmers, are being excluded from the \$50-per-acre payment? We have had four phone calls that I know of that have been brought to my attention with respect to the excess moisture. This is definitely a hardship that is being placed upon those young farmers, and they are the ones who probably need it as well, probably more so than the farmers that have been in business for a number of years.

**Ms. Wowchuk:** Mr. Chairman, I would want to review that. It is not my understanding that there is an exclusion of young farmers from this program, but I will check that and I will get back to the member on it.

**Mr. Eichler:** Is the minister of the opinion that she is in favour that these young farmers should be receiving compensation?

**Ms. Wowchuk:** Mr. Chairman, I would like to verify the comments that the member is making indicating that young farmers are excluded. I do not believe that is accurate, but I will get back to him as soon as we are done with this concurrence and get the accurate information for him.

**Mr. Larry Maguire (Arthur-Virden):** Mr. Chairman, we just heard the member from the

Interlake talking from his chair about how this was a program that the government had put in place, taking the advice of the previous Conservative government, and implemented the program into crop insurance. If these are first-time, young farmers nobody needs this assistance more. I never would want to underestimate those who do need it, but these are the future of the industry. It should be an absolute given that they qualify if they have taken out crop insurance for the 2005 year. Can the minister not confirm that right now?

**Ms. Wowchuk:** Mr. Chairman, I had just indicated to the member from Lakeside that I would verify whether that was accurate or not and get back to him as soon as possible. I say to the member opposite I am not aware of the young farmers being excluded from excess moisture insurance, and, as soon as I verify it, I will get back to him.

**Mr. Maguire:** Well, would the minister then confirm that she would agree that they should be included, that there should be no technicality as to why there would not be would there? If she is aware of one could she please advise me?

**Ms. Wowchuk:** As I indicated to the previous question, I am not aware of a technicality that excludes young farmers. If that is part of the program I will certainly verify as to why it is, but I am not aware of that and I will get back to the member as soon as I can.

#### Introduction of Guests

**Mr. Chairperson:** Before we proceed any further, it is my privilege to introduce and draw the attention of all the members to the public gallery where we have with us today Grades 4 and 5 students from Garden Grove School. This school is in the constituency of the honourable Member for Inkster (Mr. Lamoureux).

We welcome you here today.

\* \* \*

**Mr. Eichler:** The minister made a tour last week, a whirlwind tour of the province with respect to the waters of the heavy rains that came. Some of the things that have also been brought to my attention are the relocation of livestock where the waters are so high that the pastures are under water and the

farms and the feedlots are under water, and they are unable to handle the livestock because of the rising water. Is the minister or her department developing a plan to assist the farmers with some sort of compensation in order to relocate these cattle to a higher area where they can be stored until such time as the water levels go down?

**Ms. Wowchuk:** We did talk to one producer who had concerns about moving his livestock, but there is definitely a concern that some of the feedlots, the corrals, are very wet and they need to move them to pasture. If there are these kinds of problems these people would qualify under disaster assistance for some of those costs. I would, and we are encouraging all municipalities, whether they have municipal damage or not, to pass their resolution declaring a disaster. Then people who have these additional costs that they have to incur to move their livestock will qualify for assistance under the disaster assistance program. The municipalities should be passing a motion declaring their area a disaster.

**Mr. Eichler:** Could the minister give us an update on the number of municipalities that have declared disaster areas at this point in time?

**Ms. Wowchuk:** My understanding from the Minister of Intergovernmental Affairs and Trade (Mr. Smith) is that 41 have declared and it could be up to 44 by later today, but when we were talking to municipalities when we were out visiting in various parts of the province, the municipalities were going to be passing resolutions and they still have up to, how many days? They have 30 days to put their resolution in and up to 90 days to make their claims, but I would encourage municipalities to do that as quickly as possible.

\*(13:50)

**Mr. Eichler:** It would have been much easier if the critics would have been involved in this tour as well as the MLA for the area. It might have taken out some of the questions as far as the municipalities that applied and those that have not. So I would encourage both the Minister of Intergovernmental Affairs and the Minister of Agriculture, when they are out and about in the area, if they would involve at least the local MLA in the tours. I think it would save the ministers an awful lot of questions. I know that some of the municipalities that I have been

talking to are very disappointed that the members have not been invited, and we will follow up with these municipalities. However, it does take a lot of time to phone each one of these municipalities and see whether or not they have applied. If they do have a list that could be provided to us, it would be much appreciated. If the ministers, either one of them, would want to comment on it that would be fine.

### **Chairperson's Ruling**

**Mr. Chairperson:** Before we continue, I have a ruling for the committee.

During consideration of the concurrence motion in the Committee of Supply on June 6, 2005, a point of order was raised by the honourable Member for Brandon East (Mr. Caldwell) regarding comments spoken by the honourable Member for Fort Whyte (Mr. Loewen) in addressing questions to the honourable Minister of Finance (Mr. Selinger).

The honourable Member for Brandon East contended that the honourable Member for Fort Whyte said that the honourable Minister of Finance required his hand on the Bible to tell the truth. The honourable Member for Fort Whyte also spoke to the point of order.

I took the matter under advisement in order to peruse the remarks in question in Hansard. On page 3306 of Hansard, the honourable Member for Fort Whyte is recorded as saying, "I will certainly be interested when the minister gets to actually put his hand on a Bible and testify in that forum."

Although the honourable Member for Fort Whyte did make a reference to the Bible and the Minister of Finance, he did not make a direct reference to telling the truth. I would therefore rule that there is no point of order.

\* \* \*

**Ms. Wowchuk:** Mr. Chairman, I am surprised that the member has taken offence to my being out in their area and they thought that we should have invited him. This was really a departmental tour with staff looking at the various areas of the province. It was very much a fact-finding mission and meeting with a few municipalities to look at what their situation was. It was not meant to be offensive to anyone. I am sure the member is well aware that the

department offered a tour to the Leader of the Opposition (Mr. Murray), and the member from Carman went along on that tour.

He asked for a list of municipalities, and I can tell the member that I am not sure what list he is looking for. If he is looking for the list of municipalities that we visited or the list of municipalities that have filed their application, I can tell you that all municipalities where there is a problem are being encouraged to pass a resolution that will say that their area is a disaster, and that makes it a little bit easier for everybody in the whole municipality.

**Mr. Eichler:** The list that I am requesting is the 41 municipalities that have already requested, asked, to be approved as a disaster area is the list that I would like to have.

**Ms. Wowchuk:** I think that list is probably public already. If it is available, I will talk to my colleague the Minister of Intergovernmental Affairs (Mr. Smith), and if it is available, provide it to the member. But I think that it is available.

### **Introduction of Guests**

**Mr. Chairperson:** There is more introduction here.

Mr. Jun Ayson and Dr. Allan Renacia are guests of the Member for The Maples (Mr. Aglugub). They are there in the gallery.

\* \* \*

**Mr. Eichler:** Mr. Chair, we have a number of colleagues that want to ask questions as well, but I just want to ask one closing question before I give time to my colleagues. That is on the infrastructure for Neepawa. My understanding is that Natural Valley meats have been very successful in raising the dollars that are required to move forward with their project. The holdup now is the infrastructure dollars in order to upgrade the treatment plants and also the lagoon, and I was wondering if the minister, either one of the ministers, would like to comment on where that is at.

**Ms. Wowchuk:** Mr. Chairman, the Natural Valley project at Neepawa has been one that people have been working with. I can inform the member that to my knowledge they do not yet have a business plan that has been provided. No work on infrastructure

projects can begin. It is also my understanding that that project is a little ways down the road. They are not ready to move forward with it yet. They do not have their business plan. They are working on the plant in Saskatchewan whom they are partnering with. That plant will go ahead first. Then they will do the plant in Neepawa. So it is a ways down the road, and there is not a business plan for it yet.

**Mr. Eichler:** I just want to come back here just for a second. This is what got us into trouble with Dauphin, Mr. Chair, that we did not have the infrastructure dollars in place. We did not have the business plan in place.

I want to ask the minister to assure this House that she will continue to work with Natural Valley meats in order to make sure that the infrastructure dollars are in place to move this project forward. I cannot stress enough that without a processing plant in the province of Manitoba, we will lose not only the jobs, we will lose the grain, we will lose our cattle. We, as the Province of Manitoba, cannot afford to wait and just say, "Well, they haven't got a business plan in place. They don't have this in place." It is up to us, as government, to show the leadership to ensure those infrastructure dollars are put into place, Mr. Chair.

**Hon. Scott Smith (Minister of Intergovernmental Affairs and Trade):** Mr. Chair, the member asked the question regarding the infrastructure dollars. The infrastructure dollars are considered by a joint panel. We have executive members from AMM and the northern communities association.

The first intake was completed on March 15, and obviously, that one was overprescribed some 4.5 to 1 on the dollars allocated. The secondary intake that they will be bringing out will be for June 15, and I know they are considering a lot of the issues, a lot of the requests that they have for the programs. So that will be done on June 15, and then the final intake will be September 15 for consideration.

So the next series of intakes that are accepted will be June 15, and then there will another one again September 15 that will finalize the dollars for the year. But I am not privy to exactly where they are with their application and whether or not that committee has asked them for more information. I could attempt to get some more information for the

member on that, but just to clarify that the secondary intake will be completed and those will be done on June 15.

**Mr. Glen Cummings (Ste. Rose):** Mr. Chair, just to the same topic about infrastructure projects required to support the slaughterhouse facilities. I think what the Minister of Intergovernmental Affairs had just said could be interpreted as very telling about what is happening and what we, on this side of the House, believe is a weakness on the part of this government. He and the Minister of Agriculture (Ms. Wowchuk), I would have thought would be on top of these projects and pushing to know what the potential budgetary impact would be, what the projected date of completion would be, when they would have their project dollars available.

\*(14:00)

I believe it is fair to say that the town of Neepawa has had the initial studies done. They have a pretty good idea where they are going to be at. I know the ministers can say, "Well, until we see the final numbers, we are not going to make any commitment."

I think what people that I represent and people across the province who are looking for some opportunity in this field want to know is will the government be there if they meet the criteria. One of the things that can be most distressing for a community at a time like this is they have got their engineering people in hand. They know pretty much what the general cost of their construction is going to be, and they do not know whether they are first, last or anywhere on the list of infrastructure projects that need to be done.

I know that there is not a member in this Chamber who would not be looking for infrastructure support in the communities that they represent, but I would like to see this debate go beyond local partisan politics. Certainly, the member from Dauphin and I are on the same side of this issue. These are not only local projects, but they are projects that are important to an industry that is part and parcel of the areas that we represent. So I do not think it is at all unfair to ask the Minister of Intergovernmental Affairs (Mr. Smith) to make a stronger statement about how he sees his government moving forward with these projects.

I would draw the parallel to what happened in his hometown of Brandon when Maple Leaf was

being established. Everyone knew that there would be big infrastructure requirements. The government was pushing to have Maple Leaf establish here. The government was in active negotiations—I cannot emphasize that too much—with the communities of Brandon and with the proponents, in this case being the soon-to-be largest hog processing company in Canada for sure and almost the largest in North America. So I had hoped that the minister might want to put something on the record that would provide a little bit more comfort to these communities that they believe these are important projects and they want to make something happen.

**Mr. Smith:** Mr. Chair, as early as this morning at the AMM June district meeting, I had the opportunity to speak with the mayor from Neepawa. We have had communications regarding this issue back and forth for some time obviously through resources of agriculture and conservation and in my department, many others. We have been assisting with resources any way we can to move this project ahead.

The member is quite correct. This is an important project. It is something that we would like to see move ahead. When you delineate the process that is in place and the agreements that we have to be followed obviously, that is something that is structured. It is there. We are looking certainly at helping any way we can. They know that. We have been there from day one.

When you have a committee in place that is dealing strictly with the infrastructure programs that are there, it is not something that we take lightly. We do not meddle with that. We have got an excellent group. In fact, it is recognized right across Canada as probably one of the best structures in Canada for distributing in a fair and equitable way across the province, our funding. So Ron Bell and Lorne Boguski and Garry Wasylowski, I think is his name, are from the AMM. I know that three other members that are from the northern communities have assessed, they have looked at it. They need to do their due diligence. That is something that is critically important when these funds are subscribed sometimes five and six times to one on the dollars that are able to be put out there. They are from rural communities. These people know priorities and certainly whether things meet criteria or whether they do not. We refer to them for good decision making and their diligence in accepting everything that comes in.

Obviously, they will be looking for more information on business plans in doing their diligence on that end. We are certainly assisting and helping out in every way through all departments that we can. As the member opposite mentions, this is important, and it is something that we have said we will assist with, we will help with and we will put resources into trying to assist in way that we can.

So, just to be perfectly clear, we do not get to pick and choose every dollar that goes out to these projects. There is a system in place; in fact, a very good system of diligence in assessing these wants and needs that are out there. The government is very supportive of this project, and we will try to assist in any way that we can.

**Mr. Cummings:** Mr. Chairman, it sounds like the minister just said that they have delegated the decision-making process to the group that he described, and I have the highest regard for that group, but then does this mean that I should now be lobbying them?

**Mr. Smith:** I am sure the member lobbies many people a great deal of the time with issues that he feels are important for Manitobans and to his community, so I would recommend that he speak to anyone on this project or any other project that he has on how important he feels it is to Manitobans and his community.

The responsibility and the recommendations that come from this committee are certainly of the highest calibre, and we certainly have full respect for the autonomy that is brought forward by the priorities that they set out. We look to them for advice on all the projects and all the intakes through the infrastructure funding that is going out. I am not sure I would use the terminology "lobby," but any information that the member might want to supply to AMM or people who are involved in the process as with myself, as with the Minister of Agriculture (Ms. Wowchuk) and others. Certainly, we would look for any constructive ways that we can to move important projects ahead. The committee has their job to do. They do a good job at it. So the member can lobby or do whatever he wants.

**Mr. Cummings:** Well, I want to be extremely clear that I am not criticizing the members of the advisory group that the minister has. I think he will get good advice from them, but I am concerned that the



minister and this government are taking a hands-off approach to this decision-making process, and please tell me that that is not the case.

**Ms. Wowchuk:** Mr. Chairman, our government has made a strong commitment that we are interested and we want to see slaughter capacity interested in this province. We have made commitments on doing feasibility studies. We did a pre-feasibility study. We had funds in place for further feasibility studies. We increased the funding and, in fact, a proponent can now take advantage of three different components of feasibility studies.

We are committed to working with people who come forward with a business plan. We have been in discussion with the people involved with Natural Valley, and when they are ready to move forward on this project, our government is committed to working with them. My understanding of it is that they are not ready to move forward on this project, but we do have staff working with them and as they move their project forward we are committed to be there.

We have been very clear that we must increase slaughter capacity in this province and we will work with all proponents. Will everybody that has a proposal be successful? I am not sure. I hope we have a lot of good proposals, and there are some good ones there now, but I want to assure the member this has nothing to do with partisan politics. This is about working with people who have an idea on how we can increase slaughter capacity, but my understanding, as well, is that this group is working on the Saskatchewan facility first and then will be working on the one here in Manitoba at Neepawa.

\*(14:10)

**Mr. Cummings:** Well, sadly, what we see happening is that Saskatchewan has had a large number of applications, and Saskatchewan has got capacity that is growing as a result of Natural Prairie being one. Saskatchewan had the advantage of having the plant at Moose Jaw that is of significant capacity, and I understand they are co-operating as much as they can in all areas of the market, but there are glaring differences between what is happening in Saskatchewan and what is happening here. I am saying to these two ministers that that appears to reflect directly back on them and their governments as to whether or not they are willing to be aggressive in moving forward on this

file, and welcome to give me all sorts of reasons why that is not the case. But I recall asking before: Was there an intergovernmental, for lack of a better term, SWAT team that was prepared to provide leadership and direct assistance? I am not talking about \$10,000 here for a feasibility study and another 10 over there for another feasibility study. I am talking about pulling together expertise to work with the proponents who are anxious to move forward.

Whether Natural Valley is ready to start turning dirt by this fall or not, it is strange that it should come to my attention just today. I was reminded that the lagoon system at Neepawa was, and Springhill Farms were given three months to change their system and clean up their waste problem or they would be put out of business. Now, that is scary news for a community that has in excess of 300 jobs dependent on that plant.

I cannot emphasize too much to these ministers that they have a leadership role. They have been government since 1999. They have known all along that this is a capacity issue if Manitoba is going to come out of this ahead, and so far all the signs are that Manitoba is going to come out dead last. That is worrisome when it appears, as my colleague from Lakeside said yesterday, that Canada is expected to be self-sufficient in capacity next year, and virtually none of that capacity is in Manitoba.

I want to hear this government say that they are prepared to jump in and not just provide opportunities for feasibility studies but that they are prepared to assist. Assistance does not mean they have to cut a cheque tomorrow, but I heard the Minister of Intergovernmental Affairs (Mr. Smith) saying, "Well, you know, they are being vetted against the"—he did not use the word "vet," but it sounds to me like they are being vetted against the criteria that his advisory committee has in place. What I wanted to hear was that he was gung-ho to get this thing going, that he was encouraging the plants in question to meet the criteria so they could start turning dirt. I am not hearing any of that from either one of these ministers. I wonder if they deserve a second chance to answer the question.

**Ms. Wowchuk:** The member began his question by asking whether there was a strategic team that was put together with the work on these projects, and I want to assure the member that in fact that is true. There is a team of people that crosses the various

departments that works with the proponents of each of the projects. With regard to the question, the member started talking specifically about infrastructure. I will let the Minister of Intergovernmental Affairs address that one, but I can assure the member that we have been working very closely.

The member asked about funds. Yes, in particular cases, and the member is well aware that with Rancher's Choice, there have been actual dollars put into the facility. With other proponents, the member says he does not want feasibility studies. Well, feasibility studies are very important if somebody is building a plant. People have appreciated the feasibility study that we did that did the tallying of the inventory here in this province. Proponents also want to look at their marketing. We are working.

So, to the member's question, yes, there is a team that works with each of the proponents, and I can tell you that there are local people working with them and people within the department.

Mr. Speaker, if I could I am going to be a bit off topic from what the member has asked, but the members opposite asked about young farmers being excluded from crop insurance and the answer is no. If somebody has a crop insurance contract they are entitled to excess moisture insurance, so I am not sure who is telling the member that there is a disqualification for young farmers on excess moisture insurance. That is not accurate.

**Mr. Cummings:** I have one short comment on this line of questioning, coupled with a question. Saskatchewan put \$37 million forward for processing in their province, as I understand it, and they have achieved success in attracting and starting construction. What is the difference between what Saskatchewan is doing and what Manitoba is doing? Why are we not achieving the same rate of growth and success as Saskatchewan is?

**Ms. Wowchuk:** Mr. Chairman, unfortunately, we lost all our slaughter capacity in this province in the nineties. We really went down in the amount of slaughter capacity then. In Saskatchewan there are some facilities that they have been able to upgrade and increase their slaughter capacity. I believe that Natural Valley is slaughtering, I believe, at Wolseley, where there is an existing plant, but they are talking about building another plant.

So, Mr. Speaker, if you look across Canada, since BSE hit there have not been green field plants built. The plants that are coming into operation are existing plants that have been upgraded. I wish that we would have more of our facilities moving from provincial to federal standards here in this province. I want to commend the processors though for increasing the capacity in this province, and certainly the programs that we put in place helped some of that. If you look at Saskatchewan, they had some plants that were in existence that have upgraded and are able to increase processing. We do not have. We only have one federally inspected plant, but I want to let the members opposite know that there are several people who have provincially inspected plants who are looking at the options of how they can increase capacity in this province and we are working very closely with them.

**Mr. Maguire:** I appreciate that the minister feels that there has been some expansion. Can she tell me how many applications she has had for expansion? It appears as if she put about 2 or \$3 million on the table to help that expansion in Manitoba. Has she had any applications and could she tell us how many?

**Ms. Wowchuk:** We have had inquiries from I believe four facilities and they are in process of making applications. That program was just announced, but I can tell you that staff are actively working with people to upgrade their facilities. I think that it is four or five.

**Mr. Maguire:** So, just for clarity then, there have been no applications. There are a few inquiries.

**Ms. Wowchuk:** I believe that there have been applications for the feasibility studies. There have been applications there, but people have not moved forward with business plans. I can tell you that there are people that are actively working on this. I listen to the member opposite being so critical of the industry saying that zero of them are doing anything. I remember very clearly when the member opposite said we did not need to increase slaughter capacity in this country, that there was enough slaughter capacity, then he has changed his mind and he is being critical of the people for not moving forward with their expansion. Our government is there to work with them. We have put in place feasibility study money. We have told the industry that we are prepared to take equity positions with them, but it is

up to the individual to decide. It is not this government's responsibility to decide for individuals if they are going to go ahead and improve their slaughter capacity. We can put the supports there. We can encourage them, Mr. Speaker, but we cannot make—[interjection]

\* (14:20)

### Point of Order

**Mr. Chairperson:** Point of order being raised.

**Mr. Jack Penner (Emerson):** Mr. Chairperson, I think it is only reasonable that we, as members of the Legislature, when we ask questions, expect honest answers. The minister is blaming us for being critical of the industry. We are critical of her for not aggressively pursuing the expansion of the slaughter industry in this province, not the industry. She has not even received an application because the criteria that were supposed to be made available by the minister and her government only were made available within a few weeks ago. That is the first time the application forms came out. No wonder there are no applications.

**Mr. Chairperson:** Disputes over the facts are not points of order.

\* \* \*

**Mr. Maguire:** Well, just a couple of quick questions, Mr. Chairman, just in relation to unseeded acreage payments. Can the minister indicate whether her government has considered increasing the unseeded acreage level for excess of moisture from the \$50 level that was put in place and paid out by the previous government in 1999?

**Ms. Wowchuk:** Just to correct the record for the member, the previous administration did not put in place the excess moisture insurance that is available now.

Mr. Speaker, under the previous administration, there was an excess moisture insurance program that the producers had to pay for and there was very low uptake. Although the industry had been asking the previous administration to put in excess moisture insurance, they did not do it, and as a result, they had to do an ad hoc program that did pay out \$50 an acre. When we took office, we introduced excess moisture

insurance that is available to all producers free of charge as long as they are participating in crop insurance.

With regard to the specifics of whether we are going to increase the crop insurance coverage, my department is looking at the various programs to increase the crop insurance. Excess moisture insurance is a federal-provincial shared program. I am concerned about increasing payments midyear. What we are doing is analyzing all of the programs. We have to remember, if producers have not seeded, they qualify for excess moisture insurance. If they have seeded and have lost a crop, they could possibly reseed but that is quite unlikely this year, but then they would qualify for crop insurance on the crop that they have.

So we are reviewing the various programs to see how they will work for individuals and to see where there might be some gaps. There is also some support that will come for producers through the disaster assistance program.

**Mr. Maguire:** Mr. Chairman, I would like to ask the Minister of Intergovernmental Affairs, you know, when he took over in, I believe it was October 12 that he indicated in Estimates that he became the new Minister of Intergovernmental Affairs, can he indicate to us what type of a briefing he received in relation to Bill 40.

**Mr. Smith:** Mr. Chair, when any minister comes into a portfolio, obviously there are a number of issues that are being dealt with by the department. Certainly, there are many, many briefings over a period of months that are dealt with. The briefing in regard to Bill 40 was not something that I needed to have too extensively as we as ministers had followed along with a lot of the legislation, a lot of the different bills that were out there. So I was quite aware of the bill, obviously had met with a number of different community groups, certainly both pro and against, as we all do with all bills and fairly extensive conversations and talks between interdepartmental affairs and many of the other departments regarding the issues of what the member terms as Bill 40.

The Planning Act really, Mr. Speaker, is something that we had a lot of concerns with over a number of years, last extensively revamped back in the period of 1976, some 30 years ago. The overall

revamp now of The Planning Act certainly addressed not only Bill 40 in its entirety, but, certainly, many of the other issues that we were dealing with on The Planning Act and some of the shortfalls that we believe that were in The Planning Act. We certainly heard from the Association of Manitoba Municipalities not only on what was in Bill 40, but for extensive planning throughout the entire province of Manitoba as well. Compounding on that is some of the other modernization of bills that we had that would be affecting, certainly, The Planning Act. So the choice was made not only to incorporate Bill 40, or what was previously Bill 40 under The Planning Act, but also to modernize the new Planning Act and substantially revamp with the recommendations from AMM, a lot of agricultural groups and many people in the community.

**Mr. Penner:** Mr. Chairperson, I would like to ask the Minister of Agriculture whether the \$3-million announcement, that she has now made three times, the first time, I believe, some nine months ago, maybe even a year ago, you made a \$3-million announcement to enhance slaughter capacity in this province. Then about six months ago you made another announcement of \$3 million for infrastructure or for additional support for slaughter capacity in this province. Then about a month or two ago you made another announcement of \$3 million for the enhancement of slaughter capacity in this province. This last one, you actually included in your statement that the application forms were now available. This is the first time, Mr. Chairperson, the minister actually made provisions for the application to the infrastructure program that she has now announced three times.

Is it the intention of this minister and her government to try and leave the impression, the deceptive impression, out there in the general public's eye that she and her government have actually put out \$9 million for infrastructure support?

**Ms. Wowchuk:** Mr. Speaker, the member is wrong again. I can tell the member that we made the announcement at the budget time that we were increasing the funds for feasibility studies. We said at the time, when we made that announcement, that we would be providing details shortly. We worked with the industry. The member opposite might find that a novel concept, but we worked with the processing industry and they indicated to us what programs would work them.

I want to tell the member opposite that, prior to this, we were providing money for feasibility studies through another line in the budget and the industry was taking advantage of those feasibility studies. The industry was also appreciative of the fact that we did a feasibility study through a consultant to collect all of the data for the Province that helped all of them very much.

Mr. Speaker, we have made more than \$9 million available. We have made an investment into Rancher's Choice. We have invested in feasibility studies and we have told the industry, and they are very happy with our announcement, that there will be resources available for them for infrastructure when they have completed their business plans. I would encourage him to talk to people in the industry about this package that has been put forward.

**Mr. Penner:** Therein lies the biggest problem. The minister has been in a deceptive mode all along. I made 28 phone calls to 28 different slaughter facilities and processing facilities in this province of Manitoba, 28 phone calls I made. I got 26 responses. Two people I could not get on the phone, but all 26 of them said that none of them had qualified for any funds at all and they were not aware, at that time, this was about a month and a half ago, roughly, they were not aware of the fact that they could make application yet.

**An Honourable Member:** Wrong, wrong, wrong.

**Mr. Penner:** The minister says I am wrong, wrong, wrong. She is telling me I am wrong, that I made 26 phone calls and all 26 said, "Sorry, we could not apply."

I would like to ask the minister whether she would respond to that. I am dead right and you know it.

\* (14:30)

**Mr. Chairperson:** Is the committee ready for the question?

**An Honourable Member:** Question.

**Mr. Chairperson:** The question before the committee is the motion moved by the Government House Leader that the Committee of Supply concur in all Supply resolutions relating to the Estimates of

Expenditure for the fiscal year ending March 31, 2006, which have been adopted at this session by a section of Committee of Supply or by the full committee. Shall the motion pass?

**Some Honourable Members:** Agreed.

**Some Honourable Members:** No.

#### Voice Vote

**Mr. Chairperson:** All those in favour of the motion, please say yea.

**Some Honourable Members:** Yea.

**Mr. Chairperson:** All those opposed to the motion, please say nay.

**Some Honourable Members:** Nay.

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

**Mr. Leonard Derkach (Official Opposition House Leader):** Do we have it on division on this?

**Mr. Chairperson:** On division. The motion is carried on division.

Committee rise. Call in the Speaker.

#### IN SESSION

#### ROUTINE PROCEEDINGS

#### PETITIONS

##### Ambulance Service

**Mr. Ron Schuler (Springfield):** Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition:

In May 2004, 46-year-old Peter Krahn suffered a heart attack while exercising in East St. Paul and was pronounced dead just under an hour later after being transported to the Concordia Hospital in Winnipeg. Reports show that it took nearly 18 minutes for an ambulance to arrive for Mr. Krahn.

The Interlake Regional Health Authority claims that 21 minutes is an acceptable emergency response

time, whereas the City of Winnipeg uses a benchmark of 4 minutes.

Ambulance coverage for East St. Paul is provided from Selkirk, which is almost 25 kilometres away.

The municipalities of East St. Paul and West St. Paul combined have over 12 000 residents.

We petition the Legislative Assembly of Manitoba as follows:

To request the provincial government to consider providing East St. Paul with local ambulance service which would service both East and West St. Paul.

To request the provincial government to consider improving the way that ambulance service is supplied to all Manitobans by utilizing technologies such as GPS in conjunction with a Medical Transportation Co-ordination Centre (MTCC) which will ensure that patients receive the nearest ambulance in the least amount of time.

To request the provincial government to consider ensuring that appropriate funding is provided to maintain superior response times and sustainable services.

Signed by Elizabeth Pellaers, Jason Pellaers, Stacey Kubara and many, many others.

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

##### Teachers' Pension Plan Pension Adjustment Account

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

The background to this petition is as follows:

After contributing to the Teachers' Pension Plan Pension Adjustment Account (PAA) which funds the Cost of Living Adjustment (COLA) since 1977 until the year of our retirement from the profession of teaching, we find ourselves facing the future with

little hope of a meaningful COLA, and with the resulting severe loss of purchasing power.

We petition the Legislative Assembly of Manitoba as follows:

To request the provincial government to consider funding the PAA to ensure that we receive a reasonable COLA, and that any loss of purchasing power we will face will be minor.

Signed by Doug Ott, Randy Hawryluk, Brenda Masson, Annette Logeet and many others.

#### **Crocus Investment Fund**

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

The background to this petition is as follows:

The Manitoba Government was made aware of serious problems involving the Crocus Fund back in 2001.

As a direct result of the government ignoring the red flags back in 2001, over 33 000 Crocus investors lost over \$60 million.

Manitoba's provincial auditor stated "We believe the department was aware of the red flags at Crocus and failed to follow up on those in a timely fashion."

The relationship between some union leaders, the Premier (Mr. Doer) and the NDP seems to be the primary reason as for why the government ignored the red flags.

We petition the Legislative Assembly of Manitoba as follows:

To request the Legislative Assembly of Manitoba to consider the need to seek clarification on why the government did not act on fixing the Crocus Fund back in 2001.

Signed by V. Salangsang, Violet Napoles and Elisa Muelan.

#### **Wuskwatim Project Development Agreement**

**Mrs. Bonnie Mitchelson (River East):** Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

The background of this petition is as follows:

The Government of Manitoba and Manitoba Hydro have stated publicly that a referendum vote including all NCN band members will be held as part of the approval process for the Wuskwatim Hydro Project.

The Government of Manitoba and Manitoba Hydro have stated that the Wuskwatim Hydro Project and associated hydro transmission lines will not proceed without the support of the majority of NCN band members through the Wuskwatim Project Development Agreement Referendum.

NCN band members were not properly informed and consulted concerning the terms and implication of the Wuskwatim Agreement in Principle.

The partnership agreement to be approved by the Wuskwatim PDA Referendum will largely determine the economic future of NCN First Nation.

We petition the Legislative Assembly of Manitoba as follows:

To request that the Minister responsible for Manitoba Hydro (Mr. Chomiak) and the Government of Manitoba consider ensuring an informed, appropriate and fair Wuskwatim Project Development Agreement Referendum vote, and a vote overseen by an independent qualified third party such as Elections Manitoba.

Signed by Jan Mallett, Chastity Spence, Raymond Hart and many others.

\*\*\*

**Mr. Jack Reimer (Southdale):** I wonder, Mr. Speaker, if there is leave for me to make a presentation on behalf of the Member for Carman (Mr. Rocan).

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

**Some Honourable Members:** Leave.

**Mr. Speaker:** Leave has been granted.

#### **Fort Garry Hotel**

**Mr. Jack Reimer (Southdale):** Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

The background to this petition is as follows:

In 1987 the City of Winnipeg seized the Fort Garry Hotel from its owner, Harvard Investments Limited, a family-owned Manitoba corporation, in what has been characterized as a miscarriage of justice.

Due to deliberate actions of the City of Winnipeg, errors by the Municipal Board of Manitoba and a lack of clarity in provincial legislation, Harvard was denied the due process and natural justice that are fundamental to the property tax assessment and appeal process in Manitoba.

As a result, the company was unfairly burdened with a grossly excessive assessment and tax bill that in turn precipitated a tax sale and mortgage foreclosure, effectively bankrupted the company and caused Harvard's shareholders to be dispossessed of their business and property.

The background to this petition was outlined more fully in a grievance presented to this Assembly by the honourable Member for Carman (Mr. Rocan) on May 18, 2005.

We petition the Legislative Assembly of Manitoba as follows:

To request the Minister of Intergovernmental Affairs and Trade (Mr. Smith) to consider conducting a review of the circumstances outlined and to consider making a recommendation for redress to the Government of Manitoba.

Signed by Solange Munduruca, Dominick Blais, Douglas Daher and others.

#### **Coverage of Insulin Pumps**

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

These are the reasons for this petition:

Insulin pumps cost over \$6,500.

The cost of diabetes to the Manitoba government in 2005 will be approximately \$214.4 million. Each day 16 Manitobans are diagnosed with the disease compared to the national average of 11 new cases daily.

Good blood sugar control reduces or eliminates kidney failure by 50 percent, blindness by 76 percent, nerve damage by 60 percent, cardiac disease by 35 percent and even amputations.

Diabetes is an epidemic in our province and will become an unprecedented drain on our struggling health care system if we fail to take action now.

The benefit of having an insulin pump is it allows the person living with this life-altering disease to obtain good control of their blood sugar and become much healthier, complication-free individuals.

We petition the Legislative Assembly of Manitoba as follows:

To request the Premier (Mr. Doer) of Manitoba to consider covering the cost of insulin pumps that are prescribed by an endocrinologist or a medical doctor under the Manitoba Health Insurance Plan.

Signed by: Kathy Kornelsen, Ashley Kornelsen, Terri-Lee Broesky and many, many others.

\* (14:40)

#### **Committee Report**

**Mr. Conrad Santos (Chairperson):** Mr. Speaker, the Committee of Supply has considered and adopted a motion regarding concurrence of Supply.

I move, seconded by the honourable Member for Transcona (Mr. Reid), that the report of the committee be received.

*Motion agreed to.*

#### **TABLING OF REPORTS**

**Mr. Speaker:** I am pleased to table in the House the reports of members' expenses for the year ended March 31, 2005, in compliance with section 38(1) of the Indemnities, Allowances and Retirement Benefits Regulations.

#### **ORAL QUESTIONS**

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

**Mr. Stuart Murray (Leader of the Official Opposition):** This morning on a radio interview, this Premier said, and I quote, "I am not opposed to

inquiries when it is in the public interest." Well, Mr. Speaker, 34 000 Manitobans have been fleeced by this government and are affected by this scandal. Every Manitoba taxpayer is affected by this Crocus scandal. The future of venture capital is at risk and affected by this Crocus scandal.

Mr. Speaker, if the Premier believes what he said when he said, "I am not opposed to inquiries when it is in the public interest," will he then stand in the House today and ensure that all Manitobans, Crocus unitholders, get access to all the truth by calling for an independent public inquiry? Will he do that today?

**Hon. Gary Doer (Premier):** Mr. Speaker, I am pleased the member used the term "venture capital" because venture capital is, in fact, the legislation that was introduced in the early 1990s. I would quote back to the member opposite from the then-sponsor of the fund, Mr. Clayton Manness, who said that the fund should be privately managed. Let us look at it a different way. Let us take our best business minds and heads within our community and rather than entrust somebody within the civil service and rather than entrust the political interference that sometimes would squirrel around decisions made, let us have some trust in our community leaders, our business leaders to make the right decisions. They are the people who are skilled.

That was the legislation that was put in place back in the early 1990s. It is certainly the philosophy that is contained within the legislation, and we obviously have been accountable for that legislation.

#### **Information Tabling Request**

**Mr. Stuart Murray (Leader of the Official Opposition):** Mr. Speaker, the Auditor General identified two very significant red flags, memos from the officials of Industry in 2001 and the Department of Finance in 2002. Yesterday the Minister of Finance (Mr. Selinger) said that all of the information contained in the memos was fully described on page 145 of the Auditor's report. Well, if that is true, then there is no reason why the minister cannot release the memos with the names of departmental officials blacked out.

I would ask the First Minister this: Will this Premier direct his Minister of Finance to black out

the names and release the contents of that memo, Mr. Speaker?

**Hon. Gary Doer (Premier):** Mr. Speaker, it is an e-mail between officials. It is properly described—

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

**Mr. Speaker:** Order.

**Mr. Doer:** Thank you, Mr. Speaker. It has obviously been in the possession of the Auditor General. The Auditor General quotes quite specifically on page 145 and describes the e-mail on page 185, "An official from the Department of Finance suggested that CIF's continuing requests for legislative amendments may be a sign of management issues and that an independent review of CFI's operations may be in order." That memo has been made available to the Auditor General. It is not a memo rather, I correct myself, that e-mail.

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

**Mr. Speaker:** Order.

**Mr. Doer:** The obvious investigation had that e-mail available to the Auditor General's staff, as they had available to them all the files of the department dealing with the Crocus Investment Fund. That is as it should be. That is why we have 120 recommendations, that is why we have over 200 pages of findings and that is why we are acting on legislation.

There is a new board, there is new staff, there is new legislation and there is a new approach to Crocus based on the recommendations from the independent officer of this Legislature.

**Mr. Murray:** Mr. Speaker, what is becoming increasingly clear to Manitobans is that the only ones who do not want to get to the bottom of this Crocus scandal, to have the truth come out, is this Premier and his government.

Mr. Speaker, the Minister of Finance (Mr. Selinger) has said that the only reason he would not release the memo is because he was concerned about the names of the civil servants. Well, that is what this Premier and that is what this Minister of Finance have said very clearly, very clearly. All this Premier has to do is get that memo, block out the civil servant who, by the way, was doing their job, unlike this



government. Block out that civil servant and release the content of the memo.

This is a critically important document to this Crocus scandal and it needs to be released today. Will he do that, Mr. Speaker?

**Mr. Doer:** Mr. Speaker, the Auditor General speaks to the e-mail between one official and another. He basically, and I would quote again, "An official from the Department of Finance suggested that CIF's continuing request for legislative amendments may be a sign of management issues and that an independent review of CFI's operations may be in order."

Mr. Speaker, the Minister of Finance answered that question yesterday. The e-mail was available to the Auditor General. The e-mail was available and not only was the e-mail available to the Auditor General, the Auditor General quotes the contents of the e-mail in the report on page 145 to this Legislature.

I recall just a couple of months ago, members opposite were accusing the board member that the government had appointed to the Crocus Investment Fund as being a political appointee. I have gone back and the government appointments in the 1990s, whether it was Mr. Bessey or the other two government appointments, were politically donating to the Conservative Party. No one that we appointed to the Crocus board ever donated to any political party, let alone the NDP, because they were independent civil servants.

#### **Crocus Investment Fund Information Tabling Request**

**Mr. John Loewen (Fort Whyte):** Mr. Speaker, the Premier and the Finance Minister continually refer to page 145. I would invite them to turn the page and read 146 where the Auditor General clearly states that there were sufficient red flags raised by government officials that a detailed review of Crocus should have taken place in 2002. A review, the Auditor General goes on to say, would have identified many of the areas that Crocus was operating outside of its legislation.

Today the Minister of Finance still refuses to explain why he chose to ignore those warnings. He should immediately table the memos that were referred to in the Auditor General's report, and there

was more than one, so that Manitobans can draw their own conclusions as to what he was advised to do.

I would ask him once again, table those memos, do the right thing today.

**Hon. Greg Selinger (Minister of Finance):** Mr. Speaker, the members have not in my view completely understood the reason they put their own policy in place. In February of '99, they put a policy in place. It was not intended just to protect individuals who are public servants, civil servants. It was intended to protect free speech, and the policy is very clear in that regard. It says, "are intended to ensure that full and frank discussion of issues takes place among officials, employees and others advising ministers or a public body."

It is about the ability to communicate freely without anybody saying that when they do that their heads should roll. The policy is more important now—

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

**Mr. Speaker:** Order.

**Mr. Selinger:** It is a two-part protection for the individual and for the ability to speak freely, fully and frankly without fear of recrimination or somebody calling for their head. That is why we are doing it. That is why we have a professional public service.

\* (14:50)

**Mr. Loewen:** Mr. Speaker, the minister is stonewalling on the release of the memos. It only serves to confirm the government's culpability in the Crocus scandal. This has nothing, I repeat, this has nothing to do with the careers of the dedicated public servants who had the courage to raise the red flags. This has everything to do with a desperate attempt to protect the career of the Minister of Finance who has shown that he does not have the courage to disclose what he knew and to explain to Manitobans and unitholders why he has refused to act. He should table the memos immediately. It is the right thing to do. It speaks to openness and accountability. Will he do it today?

**Mr. Selinger:** Mr. Speaker, the easy thing to do would be to reveal the memo and to leave people

exposed. That would be the easy thing to do. The members opposite, when they were in government, put a policy in place in February of '99. It is worthwhile to understand why have they abandoned that now. Is it for any reason other than expediency?

This e-mail was on the record, was fully available to the Auditor General. The Auditor General had powers they never had before to investigate labour-sponsored venture capital. The special prosecutor has access to all the files. Anybody in an official capacity with a responsibility for investigating what has gone on here will have full access to all of the information, but what we will not do is violate the policy put in place by members opposite which was intended to protect full, free and frank discussion in the public service.

**Mr. Loewen:** Mr. Speaker, more stonewalling. The public servants did their job. Their political masters are the ones who refuse to follow up. The public servants monitored the fund. The public servants raised the red flags that should have alerted the government to conduct a detailed review of the fund as early as 2002. The Finance Minister should show the same courage. He should have the courage to explain why his government ignored the red flags. He owes all Manitobans an explanation why his government refused to act. If he will not do that, which he has not shown the courage to do, he should at least table the memos so Manitobans can clearly see what monitoring was done by the public servants, what good work they did. Will he table the memos today?

**Mr. Selinger:** Mr. Speaker, the memos fully disclosed the Auditor General. It is fully described on page 145 in his report. The policy put in place in February '99 was obviously a policy that members opposite carefully considered and drafted, put it into their policy manual in February '99. It is the policy that has guided government since then.

If civil servants are to think that the policy only protects them on easy questions but that it will be revealed on tough questions, all full and frank discussion will dry up within the public service. We will not get the kind of dialogue we need. People will not be able to put their opinions on the record, and that is why at a time like this it is even more important to follow through on a promise that civil servants were given. They know what the policy is.

They operated under that policy. To violate it now would be a betrayal of trust to public servants.

### **Crocus Investment Fund Government Inaction**

**Mr. Gerald Hawranik (Lac du Bonnet):** Mr. Speaker, in 2002 this NDP government passed legislation to bring Crocus on side with the law. Crocus had broken the law by investing too much money into one company. On discovering this, this NDP government immediately moved to pass legislation in 2002 so that the Crocus Investment complied with the law.

I ask the Minister of Finance (Mr. Selinger), he obviously knew that Crocus had broken the law and he passed the legislation after the fact so that Crocus could comply. Why did he participate in this? Why did he turn a blind eye to that red flag?

**Hon. Jim Rondeau (Minister of Industry, Economic Development and Mines):** Mr. Speaker, I think the member opposite might be interested in knowing what the 2001 legislation did do. The 2001 legislation strengthened reporting. Before the 2001 legislation there was no formal reporting about pacing, about reserve requirement or liquidity. What the 2001 legislation did was ensure that the investments were made in Manitoba companies. It ensured that there was appropriate pacing of the investment in the 31 months and it ensured that the proper reserve requirement was maintained. That is what the 2001 reserve did. There were repeated requests on more flexibility on liquidity and pacing. We did not accede to those demands. We did what started to become more prudent in 1993. There was no reporting—

**Mr. Speaker:** Order.

**Mr. Hawranik:** Mr. Speaker, Crocus was having cash problems so in 2002 it went to this NDP government and asked for legislation. The government passed Bill 28 in 2002 which helped solve those cash problems. The 2002 legislation encouraged investors to reinvest more cash in Crocus. The Minister of Finance obviously knew about a cash shortage at Crocus in 2002 and he colluded with Crocus to cover this red flag up by passing legislation.

I ask the Minister of Finance this. He knew of this red flag yet he turned a blind eye to that red flag.

Why did he collude with Crocus to deceive 34 000 Crocus unitholders?

**Mr. Selinger:** Mr. Speaker, the member is very creative with the facts. He obviously has not read the report very carefully—

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

**Mr. Speaker:** Order. We are very early into Question Period and I need to be able to hear the questions and the answers and the clock is ticking. We are trying to get as many questions and answers in as we can. I need the co-operation of all members.

**Mr. Selinger:** Thank you, Mr. Speaker. The Auditor General, the officer of this Legislature, made none of the claims the member opposite is making. Really there are two tactics the members opposite are pursuing—

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

**Mr. Speaker:** Order. I ask the co-operation of members, please. We are trying to get as many questions and answers in. I am asking the co-operation of members.

**Mr. Selinger:** The member opposite continues to pursue his specific version of a conspiracy theory which is not supported by the facts. The facts are that we have the strongest legislation in the history of the province for the Auditor General and that is why we have a—

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

**Mr. Speaker:** Order. This is the third time in a row I am on my feet. I am asking the co-operation of members. I need to be able to hear the questions and I need to be able to hear the answers.

**Mr. Selinger:** Thank you, Mr. Speaker, and it was very clear in the report and acknowledged by all that a liquidity issue was brought forward and legislative change was sought to address that, but once again, on pages 183 and 184, the fund itself said they preferred legislation but they had other means they could use to address the problem. They did prefer a legislative approach and that was given consideration.

The changes made in 2001 which allowed the rollovers of the tax credits were to be in conformity

with what the federal government had already allowed so that the tax credits were treated equally at both levels of government. The member opposite knows that. All this other bunk that he is putting out here is simply his conspiracy theory.

**Mr. Hawranik:** Mr. Speaker, the only bunk put out here is by this Minister of Finance.

Mr. Speaker, Crocus wanted to invest in real estate and that was not permitted under the existing legislation so Crocus went to this NDP government and they asked that the legislation be changed. In 2002 the response from this government was to pass Bill 28 which allowed the regulations to be changed to ensure that a real estate investment was then permitted. Another red flag to the Minister of Finance, but again, he chose to ignore it.

I ask the Minister of Finance why did he ignore all these red flags. Was it because he had direction from a higher authority or was it because of advice from his union friends or was it both, Mr. Speaker?

**Mr. Selinger:** Once again, the member recycles the conspiracy theory that he asked in the previous question.

If members really are committed to breaking the link between special interests and legislators, if they want members of this House to operate freely, if they want members of the House to use their judgment when they come here, they would support the legislation to ban corporate and union donations. They have not done that. As a matter of fact, Mr. Speaker, members opposite have said as soon as they return to office they will end that legislation, they will restore the ability of corporations to have influence on members of the Legislature through direct contributions. If they are really concerned about conspiracies, stand up and support that legislation.

\* (15:00)

### **Crocus Investment Fund Proposed Legislation Amendments**

**Mrs. Bonnie Mitchelson (River East):** What a stretch that answer was.

Mr. Speaker, the former Minister of Industry, MaryAnn Mihychuk, knew about monitoring problems at Crocus and was working with her department

and the Department of Finance on legislation to make Crocus more accountable. She was shuffled out of Industry by this Premier (Mr. Doer), and the bill was killed.

Did the Minister of Finance—

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

**Mr. Speaker:** Order.

**Mrs. Mitchelson:** Thank you very much, Mr. Speaker. Did the Minister of Finance have any conversations with MaryAnn Mihychuk regarding the red flags that she knew about, that she was concerned about and that she was prepared to fix?

**Hon. Greg Selinger (Minister of Finance):** The short answer is no. There was an awareness of the liquidity issue which has been well discussed in the report and the recommendations that were sought to address that through legislation, and also the fact that the fund indicated that it had other alternatives.

**Mrs. Mitchelson:** Was the bill not drafted because MaryAnn Mihychuk was told to kill the bill by the Finance Minister who was part of the inner circle of Cabinet? Did the Minister of Finance direct MaryAnn Mihychuk to kill the bill because he was part of the inner circle in Cabinet who met behind closed doors with labour leaders and Crocus officials?

**Mr. Selinger:** Mr. Speaker, the short answer to the question is no. It is part of their conspiracy theory. Unlike members on that side of the House, members on this side of the House operate with their own minds, with their own discretion and use their own judgment. I can tell you the former minister, I am absolutely certain, did not take any direction from me. She would use her own judgment.

#### **Public Inquiry Request**

**Mrs. Bonnie Mitchelson (River East):** Well, obviously, Mr. Speaker, the Minister of Finance's own discretion shows his incompetence on this issue.

Mr. Speaker, I would like to ask who is going to investigate the political involvement, the actions of this Premier, this Minister of Finance, the inner circle of Cabinet, who met regularly behind closed doors with the union leaders who ran Crocus into the

ground. If this government has nothing to hide, it is time for them to stop stonewalling, to clear the air and to call a public inquiry. What are they afraid of?

**Hon. Gary Doer (Premier):** Mr. Speaker, first of all, I recall that when the member was a minister of Cabinet in 1992, the then-former Premier said that no NDP government has ever brought in a labour-sponsored fund, and he had in that bill, five former Cabinet ministers sitting on the other side in the bill, specific labour-sponsored fund sponsorship in dealing with the representation of the so-called labour. So, my goodness, were they behind closed doors drafting this bill in 1992? I do not think so.

Secondly, Mr. Speaker, we have—

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

**Mr. Speaker:** Order.

**Mr. Doer:** Thank you, Mr. Speaker. We have taken responsibility for an e-mail between officials in the various departments, but I would note in the Auditor General's report there is a specific reference to the staff that were in place, Mr. Umlah and other staff that were in place from the time of inception. Five former Cabinet ministers. Are you taking responsibility?

#### **Crocus Investment Fund Liability Insurance**

**Mr. Leonard Derkach (Russell):** Mr. Speaker, the Minister of Finance has mused about the government indemnifying Crocus board members once the insurance coverage of the board members ends at the end of this month.

I would just like to ask the Minister of Finance whether he would indicate to the House and to all Manitobans if, in fact, his government intends to indemnify Crocus board members after the insurance runs out.

**Hon. Greg Selinger (Minister of Finance):** I thank the member for that question. As everybody knows, there is a new board operating the Crocus Fund right now. It is composed of many respected people in the community who have decided to basically take their expertise, their reputations, their time and their energy to help straighten out the affairs over there. As I understand in an interview given by the chair of

the board yesterday on one of the media outlets they are exploring their options for renewing insurance and they are going to find out what the price of that is.

They have requested consideration of that to the implementation committee that we have put in place. The implementation committee is considering their request, but the fund itself has said that their own exploration of options for renewing indemnification insurance has not yet been completed. The implementation committee is considering what advice they might give to government on that.

**Mr. Derkach:** Mr. Speaker, I do not question what the minister has just said except that we are asking about his intention and his government's intention. The minister's mishandling and this government's mishandling of the Crocus Fund, and the incompetence of this government, has cost taxpayers and has cost the unitholders over \$100 million.

I am asking the Minister of Finance is he now going to put more taxpayers' money at risk by committing his government to indemnifying the board members, Mr. Speaker.

**Mr. Selinger:** As I said, we have a respected group of citizens from the community who have essentially volunteered to be the board of the Crocus Fund right now and they are doing a job on behalf of the entire community, not just the shareholders, to ensure that the affairs of that organization are directed properly in terms of the governance of that organization. They are exploring their options and seeking through a broker what indemnification insurance they can acquire, and at what price.

They have asked us to consider what we might do to help them. At this stage of the game, it is still a matter of getting information back from their brokers. Once the details of what insurance they can get and at what price is available, we will consider our options with a recommendation from the implementation committee.

#### **Appointment of a Receiver Manager**

**Mr. Leonard Derkach (Russell):** Mr. Speaker, once the board has gone through the process of looking at the options, and if they cannot find insurance coverage, I want to ask the Minister of Finance and this government whether they will, in fact, not

indemnify the board and will move to ensure that the Securities Commission puts in place a receiver manager who will appropriately manage the affairs of the Crocus wind-down as the unitholders have requested.

**Hon. Greg Selinger (Minister of Finance):** The member knows full well that is a hypothetical question. We will deal with the process as it unfolds.

We will try to find practical ways to respond to the leadership that members of the community are giving in offering to be on the board. They know their responsibilities. They are seeking out all their options, and once that exploration is complete and they have their options the implementation committee will consider what recourse they should take and will make a recommendation to government. We will deal with it at that time in a way that is responsible for taxpayers as well as for all the citizens of Manitoba.

#### **Minister of Finance Resignation Request**

**Mr. John Loewen (Fort Whyte):** That will be the first time this minister deals with anything regarding Crocus in a responsible manner.

Mr. Speaker, our capital markets have become a national spectacle. The Crocus scandal is front page on the business pages of national newspapers across Canada. Capital flow is based on impressions. The impression of Manitoba, thanks to members opposite, is that we have a questionably governed financial system. All this because the Finance Minister chose, or was ordered, to ignore the red flags raised about Crocus.

Mr. Speaker, the minister can do one thing to help restore credibility to our financial markets and that is to remove himself. Will he do that today?

\* (15:10)

**Hon. Greg Selinger (Minister of Finance):** Mr. Speaker, the two tactics the members opposite have used are on one hand, the conspiracy theory, and on the other hand, the personal attack. In neither case do they have any evidence to support the arguments they make, and in neither case do they have any evidence to support the recommendations they make.

What we have done is we have followed all the recommendations in the Auditor's report. We have moved expeditiously to bring forward new legislation. We have moved to refer to a special prosecutor all the criminal allegations which have arisen in the report. We have seen the results of that that have been brought forward to us, and we are going to work with the implementation committee to ensure that all the recommendations are followed through on so that this kind of a thing can never happen again. It is unfortunate when members opposite brought in the legislation they did not put the proper controls in place.

**Mr. Loewen:** Mr. Speaker, what we have is the most scathing report that the Auditor General has ever produced in the history of this province.

The Finance Minister holds a special position in government. He is responsible for \$8 billion of taxpayers' money. As chair of Treasury Board he is supposed to be asking the tough questions at the Cabinet table that will ensure taxpayers' funds are spent wisely. He must be beyond reproach. By refusing to release the memos, and by refusing to answer questions on why he has turned a blind eye to the red flags, his integrity is being brought into question. He must now step aside so that confidence can be restored in our capital markets. Will he step aside today?

**Mr. Selinger:** Mr. Speaker, as I indicated yesterday, since we have come to government our credit rating has been improved twice by independent bond rating agencies. Our credit rating in this province is now higher than it ever was under the members opposite, and members are aware of that. I can tell you the financial markets are aware of that as well. They have given very good reports on all of our budgets. They argue that this Province is financially managed in a prudent fashion. They know that the credit ratings have been improved. They know that the pension liability has been addressed for the first time in over 40 years. They know that there is reinvestment going on in this province that will grow the economy, and they know that our debt-to-GDP ratio is going down.

I can tell you, Mr. Speaker, this province has a very good reputation everywhere, except in the mind of the member opposite.

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

**Mr. John Loewen (Fort Whyte):** Mr. Speaker, and in the mind of the Auditor General who referred to the minister's press releases on the financial position of this province as misleading, misleading from this Finance Minister.

By refusing to table the memos or to answer questions the minister is showing complete disdain for the citizens and the taxpayers of Manitoba. He talks about openness, honesty and integrity, but he refuses to walk the talk. A public inquiry would clear the air. Unitholders and taxpayers would have a better idea if government acted appropriately. For the benefit of future entrepreneurs the air must be cleared quickly before capital markets in Manitoba completely dry up.

The honourable action would be for this minister to step aside until the results of a public inquiry are known. Will he commit to that today?

**Hon. Gary Doer (Premier):** The people of Manitoba can listen to the markets, or they can listen to the member opposite. The markets have improved the credit rating for the Province of Manitoba on two occasions because of the excellent fiscal stewardship of this Minister of Finance. So I am going to go with these markets as opposed to the members opposite, Mr. Speaker.

You know, I just got my property tax bill in the mail, Mr. Speaker, and I noticed that my education tax went down under this Minister of Finance's budget. I know that the taxes for education went up some 68 percent in the nineties; they are now going down. When we came into office there were two taxes on homeowners for education tax. We are now in the process of eliminating one of those taxes. Talk about fleecing people; the two taxes fleeced people. *[interjection]*

**Mr. Speaker:** Order. I would remind all honourable members that exhibits are not allowed in the Chamber, so I ask—*[interjection]*

Order. I ask the co-operation of those members.

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

**Mr. Kevin Lamoureux (Inkster):** Mr. Speaker, to the Premier the issue is not education tax, the issue is

government negligence. That is the issue. This government is hoping to buy time in order to avoid having to go through a public inquiry. I think that is shameful. The government needs to recognize over 33 000 people lost over \$60 million because this government was negligent. That is the issue.

My question put very simply to this Premier is why will the Premier not call a public inquiry. That is what Manitobans have a right to, Mr. Speaker. It is in the public's best interest to see that inquiry called. Why does he not have the courage to do what is right?

**Hon. Gary Doer (Premier):** We had the courage a few years ago to provide additional power to the Auditor General, particularly as it applied to entities in the private sector that were not covered under the former Auditor General Act. We were concerned about Isobord. *[interjection]*

**Mr. Speaker:** Order.

#### Point of Order

**Mr. Speaker:** The honourable Member for Fort Whyte, on a point of order.

**Mr. John Loewen (Fort Whyte):** *Beauchesne* clearly indicates that answers to questions should be to the point, and they should not provoke debate. I would simply remind the Premier and he should know, and if he does not, his ministers should have told him that there has been a memo of understanding within the Crocus Fund for years dating well back to the mid-nineties. It allowed the Auditor General to go into that fund at any time and fully audit what went on there. Why did they not take advantage of it?

**Mr. Speaker:** Order. The honourable First Minister, on the same point of order?

**Mr. Doer:** On the same point of order. We know that a dispute over the facts is not a point of order. The member makes the point that the Auditor General did have the authority when he was an auditor in the early nineties to audit the books, and, secondly, he will know that there was a deficiency in the ability to go after the relationship between the government and private corporations that was enhanced and improved dramatically in the early 2000s because we were concerned about Isobord, we

were concerned about Winnport, and we were concerned about Westsun, Mr. Speaker. That is why we changed The Auditor General Act.

**Mr. Speaker:** Order. On the point of order raised, I want to remind all honourable members that we have—*[interjection]*

Order. If the honourable member was rising on *Beauchesne* 417, we have an agreement in place pertaining to that specific rule. I would ask all honourable members to please honour that.

\*\*\*

**Mr. Speaker:** The honourable First Minister had the floor.

**Mr. Doer:** Thank you, Mr. Speaker. I point out today, David Dodge just finished saying that a person appointed by the Liberal government to be the governor of the Bank of Canada stated that the broadening of Manitoba's economic base has provided stability to the economy and kept the province's unemployment rate low, well below the national average. Manitoba has also been helped by continued financial prudence. That is what the stewardship of this Minister of Finance is all about.

**Mr. Lamoureux:** Mr. Speaker, I ask the Premier to be focussed on this issue. He shafted 33 000-plus Manitobans on the Crocus Fund—

**Mr. Speaker:** Order. Our rules are very clear about personalizing questions and debates.

\*(15:20)

**Mr. Lamoureux:** Yes, I will withdraw that comment and make reference to it as being this government. Mr. Speaker, 33 000-plus Manitobans are out over \$60 million because of this government's neglect. We are asking for a public inquiry. I do not want the bafflegab coming from the government. I want a public inquiry. Manitobans want a public inquiry. Public inquiry, how many times do we have to say it?

The House is going to recess before you know it and we are not going to be inside this Chamber. Will the Premier do the honourable thing and allow for a public inquiry? Do not try to sit out the Legislature. Have the political courage to do what is right, what

Manitobans deserve. They want the public inquiry. I challenge the Premier to do what is right. Do what is right for a change and call it today.

**Mr. Doer:** As the member raises his voice, he should be aware that the greatest recipient of political donations via the Crocus Fund over its existence, 10 times higher than the NDP or the Conservatives, was to the Liberal Party of Canada, Mr. Speaker.

**Mr. Lamoureux:** Mr. Speaker, again one asks the question, you know we were asking for a public inquiry, he is talking about a donation. Well, I will match my donations to your donations any time. You want to talk about political involvement, I will match your union participation and your union elite that supports your political party and the Premier's campaign compared to my grassroots involvement any day.

The question is not about that. The question, Mr. Speaker, is about the Crocus Fund. Focus, Mr. Premier. Can this Premier not acknowledge that there is a public need for a public inquiry? Why will he not do what is right and call for that public inquiry? That is what Manitobans want. That is what they deserve. They want an answer from this Premier, not some bogus, whatever you want to call it. Focus.

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

**Mr. Speaker:** Order.

**Mr. Doer:** Mr. Speaker, I do not think having an independent—*[interjection]*

**Mr. Speaker:** Order.

**Mr. Doer:** Thank you, Mr. Speaker. I do not believe having an independent prosecutor who has now passed on some of the issues raised in the Auditor General's report is bogus. I do not believe that referring matters to the Manitoba Securities Commission, an independent body that has the powers—

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

**Mr. Speaker:** Order.

**Mr. Doer:** I do not believe sending a matter to the Manitoba Securities Commission with the power of

the Court of Queen's Bench is bogus, nor do I find a 200-page report with some 120 recommendations from an independent officer of this Legislature to be bogus. The question is bogus. The investigations have not been.

**Mr. Speaker:** Order.

Time for Oral Questions has expired.

### Speaker's Rulings

**Mr. Speaker:** I have a ruling for the House.

Following Oral Questions on Tuesday, June 7, 2005, the honourable Member for Emerson (Mr. Penner) raised a matter of privilege concerning comments made by the honourable First Minister (Mr. Doer) during Question Period. The honourable Member for Emerson contended that the honourable First Minister had given responses regarding an announcement of a disaster assistance program that would not, in fact, be in place unless a state of emergency is declared and that the information given was not factual.

He concluded his remarks by moving "THAT the Legislative Assembly ask the Premier to clarify his statements to the Legislature dealing with the matter of declaring a disaster area versus a state of emergency and which declaration constitute evacuation and which declaration would require the Province and the federal government to assist in paying for and through disaster assistance."

The honourable Government House Leader (Mr. Mackintosh) and the Official Opposition House Leader (Mr. Derkach) also offered advice to the Chair on the matter. I took the matter under advisement in order to consult the procedural authorities. I thank all members for their advice to the Chair on this matter.

There are two conditions that must be satisfied in order for the matter raised to be ruled in order as a prima facie case of privilege. First, was the issue raised at the earliest opportunity; and second, has sufficient evidence been provided to demonstrate that the privileges of the House have been breached in order to warrant putting the matter to the House.

Concerning the first condition of timeliness, the honourable Member for Emerson asserted that he did



raise the matter at the earliest opportunity, and I accept the word of the honourable member.

Regarding the second condition, it appears that the honourable Member for Emerson is stating that the facts put on the record by the Premier are incorrect. *Beauchesne* Citation 31(1) advises that a dispute arising between two members as to allegations of facts does not fulfil the conditions of parliamentary privilege. Joseph Maingot, on page 223 of the second edition of *Parliamentary Privilege in Canada* states, "A dispute between two members about questions of facts said in debate does not constitute a valid question of privilege because it is a matter of debate."

Turning to Manitoba practice, in 1980, Speaker Graham ruled that a dispute between two members as to allegations of facts did not constitute a breach of privilege. This finding is supported by two rulings from Speaker Walding, by three rulings from Speaker Phillips, by eight rulings from Speaker Rocan, by two rulings from Speaker Dacquay and by two rulings from the current Speaker.

I would therefore rule with the greatest of respect that there is no prima facie case of privilege.

\* \* \*

**Mr. Speaker:** Order. I have one more ruling for the House.

\* (15:30)

Prior to Oral Questions on Tuesday, June 9, 2005, the honourable Member for Inkster (Mr. Lamoureux) rose on a matter of privilege complaining about an action he alleged had taken place earlier in the sitting day.

The honourable Member for Inkster asserted that after he had requested a quorum count during the morning sitting, the honourable Minister of Aboriginal and Northern Affairs (Mr. Lathlin) had gestured at him using the middle finger of his hand. The honourable Member for Inkster pointed out that he had raised the issue at the time as a point of order, and when that point of order had been ruled out of order, the honourable Member for Inkster raised a subsequent point of order to extend the honourable minister the opportunity to issue an apology. The honourable Member for Inkster concluded his remarks by moving "THAT this matter be sent to a standing committee of this House."

The honourable Member for Carman (Mr. Rocan) and the honourable Government House Leader (Mr. Mackintosh) also offered advice to the Chair. I took the matter under advisement in order to consult the procedural authorities. I thank all members for their advice to the Chair on this matter.

There are two conditions that must be satisfied in order for the matter raised to be ruled in order as a prima facie case of privilege. First, was the issue raised at the earliest opportunity; and second, has sufficient evidence been provided to demonstrate that the privileges of the House have been breached in order to warrant putting the matter to the House.

Concerning the first condition, the honourable Member for Inkster asserted that he was raising the matter at the earliest opportunity. However, I have difficulty accepting this assertion as by the admission of the honourable Member for Inkster he had raised the issue earlier in the day as a point of order. Therefore the matter could have been raised earlier, and I do not accept that the matter of privilege was raised at the earliest opportunity.

Regarding the second condition, whether there is sufficient evidence that the privileges of the House have been breached, it is important to determine whether parliamentary privilege has been breached in the actions complained.

As I had advised the honourable Member for Inkster when he initially raised the issue as a point of order, the Speaker did not see the action that he is complaining of. Additionally, there is no way for a gesture to be captured as part of the record of the House through Hansard or through Votes and Proceedings.

In addition, I would like to advise the House that when a virtually identical matter of privilege was raised in the Canadian House of Commons where the member for Simcoe-Grey complained that his abilities as a parliamentarian were obstructed and threatened due to another MP flashing a certain finger in his direction, Speaker Parent ruled on February 10, 1998, that it would be difficult for the Speaker to check Hansard because such a gesture would not be recorded. Speaker Parent ruled that there was no question of privilege but encouraged all honourable members to treat each other with courtesy.

I would also like to note for the House that the honourable Member for Inkster had already raised

the issue twice, earlier in the sitting day, as points of order, and I had ruled that there was no point of order.

Accordingly, I would rule that there is no prima facie case of privilege.

## MEMBERS' STATEMENTS

### Disaster Assistance for Farmers

**Mr. Jack Penner (Emerson):** Mr. Speaker, I rise today to want to make a few comments about the severe difficulty that many farmers are facing in Manitoba today because of the huge amounts of rain that has fallen in many parts of the province.

I note that the Minister of Intergovernmental Affairs (Mr. Smith) has put out another press release saying that there will be an additional \$2.6 million added to the already-announced \$4 million that the Province had announced before for disaster assistance.

I want to say that the municipalities are the ones that will benefit by these announcements that have been made. Very little has been said about the effect that these rainfalls have had on the farmers and people in rural Manitoba that have experienced huge losses over the last number of weeks. I think it is imperative that the government of Manitoba recognize that the programs that are currently available under such programs as crop insurance and the CAIS programs are simply inadequate to cover, but those areas that last year had no crops cannot add those to their margins under CAIS, those that had previous years crop losses. If you have three years in a row crop losses, the CAIS program is virtually ineffectual. Similarly, the crop insurance coverages drop every year that you have a crop failure.

I believe it is imperative that the Province of Manitoba recognize the difficulty that many of these people will face this fall and will not simply be able to continue unless the Province intervenes with some meaningful support and additional monies to help these farmers. I believe those people that have experienced the BSE situation and the closed borders are going to have a financial impact. There will be a double whammy, and the Province of Manitoba needs to recognize and support those farmers.

### Coleen Rajotte

**Mr. Rob Altemeyer (Wolseley):** I rise today to pay tribute to one of Manitoba's most well-known and world-famous film production experts, Ms. Coleen Rajotte. Coleen is the founder of Winnipeg-based Rajotte Productions, a 100% Aboriginal owned-and-operated film production company. She is also the co-founder and artistic director of the Winnipeg Aboriginal Film and Video Festival which I have had the pleasure of attending. It is a highly successful event which is now entering its fourth year in 2005.

Coleen uses her films to explore difficult social issues that are relevant to the Aboriginal community. Her films are emotionally powerful, and while addressing tragic situations, they still contain inspirational messages about hope for the future. Her feature-length documentaries *Jaynelle: It's Never Easy to Escape the Past* and *Back to Picangikum* are both critically acclaimed award-winning films that have screened at many renowned film festivals around the world. In fact, I have been informed that Ms. Rajotte has just returned from Paris, France, where her work was showcased at the United Nations arts and cultural centre. Rajotte Productions recently also completed a three-part mini-series about Aboriginal adoption experiences during the 1960s and 1970s, and this will air this fall on the Aboriginal People's Television Network and the Saskatchewan Communications Network. Coleen is also working on a sequel to her *Jaynelle* documentary which will be released for broadcast in the spring of 2006.

Mr. Speaker, the value of Coleen's work cannot be overstated. It makes a vital contribution to our society's understanding of Aboriginal issues and demonstrates that Aboriginal people, through the inspiration of their own culture, have the ability to take action against problems that are facing their communities. Ms. Rajotte takes pride in sharing these stories with a growing international audience.

On behalf of our government, I would like to congratulate Coleen on her recent success and commend her for exploring such important issues. It is also important for all of us to remember that there are many other talented Aboriginal filmmakers right here in Winnipeg and Manitoba, something all of us should take great pride in. I strongly encourage all members of this House to support Winnipeg's Aboriginal filmmakers by attending this year's

Winnipeg Aboriginal Film and Video Festival coming this November. Thank you.

### **Bryce Pallister**

**Mr. David Faurichou (Portage la Prairie):** Mr. Speaker, in my years serving the constituency of Portage la Prairie, I have been privileged to meet and learn about many talented young people with a variety of gifts. Among this exceptional group of young Manitobans is Bryce Pallister, a gifted vocalist. After performing at the Portage la Prairie Music and Arts Festival, Bryce was recommended by the adjudicator to perform at Manitoba's provincial music festival, where I am very pleased to say he placed first among the contenders in the junior level vocal category.

Bryce is currently a Grade 11 student at the Portage Collegiate Institute and has plans to attend the University of Manitoba after he graduates. Beyond his academic studies, Bryce has diligently trained in music. For numerous years, he received his instruction in Portage la Prairie, but for the last three years, Bryce has travelled to Winnipeg to train at the University of Manitoba's School of Music. Classically trained, Bryce exhibits a profound love for music and discipline in this field.

I know that his parents, Jim and Colleen, as well as his siblings, Tess, William and Claire, along with the whole Pallister family, are most proud of this young man. Indeed, Mr. Speaker, the whole community of Portage la Prairie as well as the province of Manitoba can surely show great pride in this young man's accomplishments.

I would like, on behalf of all honourable members of this Assembly, to offer congratulations to this young man, Mr. Bryce Pallister, for his success shown at the Portage la Prairie Music and Arts Festival as well as placing first at the Manitoba provincial music festival and to wish him well this summer as he performs at the Dauphin Country Music Festival during the Canada Day weekend. Thank you, Mr. Speaker.

\* (15:40)

### **Ellice Street Festival**

**Mr. Andrew Swan (Minto):** Mr. Speaker, the spirit of the West End took to the street last Saturday, June

11, for the 6th Ellice Street Festival. Ellice Avenue, closed to traffic from Sherbrook Street to Langside Street, came alive with music, art, sports, food and fun.

Artists from Art City and the Graffiti Gallery showcased their talents by working with local children.

The live stage showcased local performers including Paradise, Gum Shoe Strut and John M. King students working with children's entertainer, Mr. Mark. There was even a fashion show featuring district models and businesses.

The University of Winnipeg Wesmen men's basketball team played street basketball with local students.

My colleague, the MLA for Wolseley (Mr. Altemeyer), and I each captained a team of young people in a raucus street hockey game. The first annual Minto-Wolseley Ellice Street cup was won in overtime by the Wolseley team.

The Ellice Street Festival is a great neighbourhood event that fosters interaction and good connections among residents, community groups and businesses. It brings us together in fun and sharing, creating a more positive community image. The stage provides a forum for local talent.

I congratulate local organizations for supporting the Ellice Street Festival: the Spence Neighbourhood Association, University of Winnipeg Students Association, CKUW (campus radio), West Central Community Program, Winnipeg Child and Family Services, the John Howard Society, the West End Cultural Centre and the West End BIZ.

Residents in the West End are proud of their homes, their schools and their community, and I am proud of the impact Neighbourhoods Alive! has had on this area. I am very happy Neighbourhoods Alive! supports this festival, and I am pleased to be part of a government that just last week announced the extension of the Neighbourhoods Alive! zone from Sherbrook Street west to Ingersoll Street. Thank you, Mr. Speaker.

### **Matters of Concern**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, I have two matters to address. First, I want to speak to

the outrageous comments of Pat Martin. There are certainly times when we are angry and upset with people in the United States, but Mr. Pat Martin's use of the "b" word to describe our friends and neighbours to the south of us is totally unacceptable and inappropriate. Mr. Pat Martin has served as a Member of Parliament for some time and he should know better.

Today I call on the Premier of Manitoba (Mr. Doer) to ask Mr. Martin to publicly apologize or, failing this, to revoke the membership of Mr. Pat Martin in the provincial NDP party. The Premier is, as is well known, a very close associate of Mr. Pat Martin, and the words of Mr. Martin reflect very badly on the province of Manitoba and the provincial NDP party. There is a responsible action for the Premier to take under these circumstances to show his strong disagreement with Mr. Pat Martin, and that is to revoke his membership in the provincial NDP party.

Failing this action, the Premier, we will all know that he tacitly accepts Mr. Pat Martin's approach to calling our southern friends and neighbours "bastards."

Second, I want to comment briefly on the—

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

**Mr. Speaker:** Order. Unparliamentary language is not accepted in this House, whether it is quoting from articles or from other third-party members. I ask the honourable member to withdraw that word he just used.

**Mr. Gerrard:** Mr. Speaker, I withdraw that word.

Second, I want to comment briefly on the almost unbelievable level of incompetence in the present NDP government. The NDP have been incompetent in their oversight of the Crocus Investment Fund, and they are now trying to cover up their blunders.

The NDP have been incompetent in dealing with Hydra House, in dealing with Aiyawin, in announcing \$40 million for the MDC without a clear plan.

Even in areas where one might expect better performance in environmental matters, the NDP have amply demonstrated their incompetence. More than a

year ago, they signed a solemn memorandum of understanding, MOU, to have consultations with communities around the Lowlands National Park completed by May 30 of this year. Mr. Speaker, they are so incompetent that consultations have not even started. We have not had a State of the Environment Report for the province since 1997. The Sustainable Development Round Table rarely meets. The Sustainable Development Awards have not been given for years. On issue after issue, the NDP are dropping the ball.

## GRIEVANCES

**Mr. Speaker:** The honourable Member for Fort Whyte, on a grievance?

**Mr. John Loewen (Fort Whyte):** Yes, Mr. Speaker, on a grievance.

This is indeed a dark day for Manitoba. The Premier's lifetime wish to be on the front page of the national newspapers regarding his acumen in the business community has finally been reached today when *The Report on Business* and the *Financial Post* are both, on the front pages of their business sections, reporting on the serious, serious scandal involving the Crocus Fund. This says a great deal about this government and about its ineffectiveness in dealing with this issue.

We first learned on December 10, the day after the legislative short session in the fall came to a halt, that the principals of the Crocus Investment Fund had made a visit over to the Securities Commission and asked permission of the Securities Commission to halt trading and to halt redemptions in shares because of serious problems with valuations within the fund.

*Mr. Conrad Santos, Deputy Speaker, in the Chair*

This was undertaken, in particular by two brave individuals, whom I want to recognize in this House and give credit, two individuals who were hired by Crocus in early 2004, Mr. John Pelton and Mr. Laurie Goldberg, two investment professionals who, very quickly and very early on after their hiring, took a look at the books and said, "This does not make sense. These valuations bear no resemblance to the truth." They held firm, and they kept up with that fight to the point, when the board had asked them to change the valuations, they

refused. When the board had asked them to sign financial statements indicating the valuations that the board had approved were accurate, they said "No, our reputations are at stake. We are investment professionals. We do not believe these values reflect the true value of the companies in the portfolio, and we are taking this to the Securities Commission. We are not signing a prospectus. We are not signing a financial statement." Grave steps in the face of a lot of pressure. We heard that particularly with regard to the pressure inflicted on those two individuals by the then-chair of the investment committee, Mr. Wally Fox-Decent, who actually had the gall to make a personal phone call to ask them if they would somehow change their mind and move the value on the investment portfolio up. To their credit, they withstood the pressure. They had the strength and the courage to stand up and do the right thing.

Unfortunately, at that particular time, when this side of the House called for the Auditor General to conduct an investigation, we had the Minister of Finance (Mr. Selinger) and we had the Minister of Industry (Mr. Rondeau) both say, "We do not need the Auditor General to step in and look at this. There is an investigation, though, that will be undertaken by the Securities Commission. That is enough."

Well, and the Minister of Industry is shaking his head. I would invite him to go back and read his comments that he made on the record to the media and this community that indicate that he did not believe at that time that it was necessary for the Auditor General to go in. That is a fact. That is something he and his Minister of Finance will have to live with.

Very quickly, Mr. Deputy Speaker, we were informed, and we found out that the valuations placed by the board bore no resemblance whatsoever to the actual value of the companies involved in the portfolios. The Auditor General went in out of his own accord. He had to invoke, for the first time in the history of the province, his right to go in and investigate a company that was involved in selling a product that contained tax credits from the Province of Manitoba. He knew at that time that it was precedent-breaking. He indicated, in a meeting to me, that, in fact, he was a little bit concerned because he ran the risk of having this taken to the Court of Queen's Bench to test his authority.

\* (15:50)

The Minister of Industry and the Minister of Finance could have solved this problem on December 11 had they merely done the right thing and asked the Auditor General and given the Auditor General the powers, which they subsequently gave to him after he asked for them on or about the middle of February, to go in and do a full investigation and a full audit of the Crocus Fund. From day one, this government has been trying to hide the facts from public knowledge. That day one was not on December 11. That day one was in 2001, when this government was first warned by internal sources, people within the Department of Industry, that there was a serious liquidity problem, a serious cash crunch staring the Crocus Fund right in the face. This government turned a blind eye.

The Minister of Finance's own officials in his department were concerned. The Auditor General has noted that in 2002, they raised concerns. His own officials raised concerns. There was no denial from the Minister of Finance that that had taken place until more than four weeks after he first had the opportunity to read the report, and even then he was forced to go in the hall at 5:40 on a Friday afternoon, 5:40 at night. He finally had the gumption or was forced by his Premier to go in the hall and try to involve himself in this cover-up of the scandal at Crocus.

*Mr. Speaker in the Chair*

Can you imagine that? Having a report for four weeks on your desk that says an official in your department wrote a memo indicating there were serious concerns at the Crocus Fund and not even asking if that memo existed, what form it was or what it contained. Four weeks later, he walks into the hall after 5:30 and says, "I never knew that memo existed. I just saw it for the first time the other day." I mean, if that is not an indication of a cover-up of this scandal and the incompetence of this Minister of Finance, I do not what is.

The Auditor General indicates clearly in his report that by late in 2002, and I want to quote directly from the report. I would invite the minister and the Premier (Mr. Doer), they keep wanting to quote page 145. I appreciate that because that is probably as far as they read, but I would invite them to read page 146, the conclusion, and I quote from

the Auditor General's report: "We concur IEDM is not responsible for CIF's performance. However, there were sufficient 'red flags' to justify a detailed review in the latter part of 2002. While such a review may not have identified problems with CIF's valuations and investment performance, it is our view that such a review would have highlighted the gaps between CIF's management and investment practices and the legislative rules. The findings of such a review would have provided IEDM with the support to put CIF on notice that it needed to manage its operations in a manner consistent with the legislation."

Clearly, the fund was acting contrary to the legislation that governed it. Clearly, this government was warned about it. Clearly, they knew about it, and, clearly, they decided to participate in a cover-up. So they must answer the question at some point, why? Why would they prefer to stand up for the Manitoba Federation of Labour as opposed to the 34 000 investees and the million people in Manitoba who were investing in this fund by way of tax credits? That is a question that should weigh heavily on everybody on the benches opposite, but in particular on the Minister of Finance (Mr. Selinger), on the member from Brandon West and on the Premier of this province, who are totally culpable in this cover-up of the problems at Crocus Fund.

This cover-up has resulted in hardworking Manitobans who were coerced, I would say, into investing in this fund by the mere fact that the government said they stood behind it. The government, at every turn, said it was a good idea. In at least two budget addresses, the Minister of Finance stood in this House after 2002 and indicated how much faith he had in the Crocus Fund. By way of continuing to grant tax credits to everybody who invested in the fund, this government was saying, "We have faith, we believe." This is after saying in 2001 that they understood clearly that it was their responsibility, and the Minister of Industry (Mr. Rondeau) said that in this House, Mr. Speaker, that it was the responsibility of government to monitor the fund and see that it complied, ensure that it complied with the Crocus Act.

They did nothing. They went so far as to have officials within the Department of Industry fill out the forms for Crocus. They went so far as to not bother to follow up on warnings from the department that indicated clearly that Crocus was offside, but

they went one step further and this, Mr. Speaker, is just totally despicable.

When it was brought to their attention, and I would refer the minister and the Minister of Finance to page 100 of the Auditor General's report, when it was brought to their attention that there was an investment that had been made by the Crocus Fund that was over the 10% limit that had been set as a maximum investment for any one company, instead of raising the alarm bells, instead of indicating to this House, instead of responding to individuals who were raising warnings outside of government, instead of responding to officials within government they simply cratered. They simply said, "Okay, well, if that is a problem, we will change the legislation. We will just write a new piece of legislation," which, with the stroke of the pen and in the dark of night, had the effect of making this legislation, of making this investment onside with the rules of the fund.

Even worse than that, Mr. Speaker, when an individual from outside of this Chamber, from outside of government, one Mr. Bernie Bellan, who was watching this fund closely, wrote to the Minister of Industry to question whether, in fact, the investment in this company was onside with the act, the minister had the gall to write back and inform him that there was nothing wrong with the investment, that she had looked into it and that everything was fine. Nowhere in her correspondence did she ever indicate, "Yes, the company was offside. The investment was offside, but we changed the legislation, and now it is onside."

The Auditor General has also noted that in the financial statements produced by the Crocus Fund there was no mention of the fact that the legislation passed by this government had changed the method by which the calculation on a maximum investment had been done. The Auditor General notes that. So, to the outside observer, to those following the fund, it would not appear as if anything had been done to change that legislative framework. Nowhere in the comments from the Minister of Industry, nowhere in the description of the bill, was it identified that this change had been made.

It was raised as a question by members on this side of the House. This government refused to respond. They simply turned a blind eye to those individuals in Manitoba who had, on good faith, taken the advice of this government and invested

their money in the Crocus Fund on the belief that they were doing something to further this province, that they were helping to better the province by investing in a fund that supposedly, and according to this government, according to the Minister of Industry's (Mr. Rondeau) own comments in his address to the budget, was creating jobs and creating opportunity in Manitoba.

All this fund managed to do, Mr. Speaker, was to devastate individuals in this province and to take away their hope of a better future. There was crass manipulation within this fund. The Auditor General has pointed to issues that reflect extremely poorly on the management of this fund. I do not want to get into that in too much detail because the courts will deal with that, the RCMP probe will deal with that, and those individuals will have to be accountable for their actions. But it is also important for the people of Manitoba that this government, that members opposite, particularly the Minister of Finance and the Premier, also be accountable for their inaction.

We have heard from the former Minister of Industry, Ms. Mihychuk, that she heard the warnings, that she saw the red flags that were raised by people within her department. As a result, she was working on legislation that would make it tougher and more stringent requirements on the Crocus Fund to comply with the legislation. She has also indicated that she does not know what happened to that legislation. It was in the works when she left the department but the minister from Brandon West, who was appointed to take over this department, claims he knew nothing.

It draws only one of two possible conclusions. Either he has not been forthright in his comments or, before he took over the department someone in a higher authority, the Premier, the Finance Minister, they will have to answer to that, went in and ordered the department to stop working on that piece of legislation and the question that needs to be answered is why.

\* (16:00)

Mr. Speaker, this is an issue that can only be resolved by a public inquiry. The government has shown that it cannot investigate itself. The Minister of Finance does not have the courage. In fact, I would suggest that it is time for him to resign and let somebody else take over that portfolio. The Securities Commission has indicated, has shown

quite clearly, that they cannot investigate themselves. They have three outstanding issues that they did not follow up on. We need to know whether they informed government. We need to know why those issues were not followed up on.

The Auditor General's report has indicated, and he has indicated quite clearly to Manitobans and to this House, that there are many questions left unanswered. There is only one avenue left to get at this truth. It is an avenue that requires courage, that would require members opposite to live up to the words that they have said in this House over and over again, that they are here to be open, honest and accountable. I would, in particular, ask the Minister of Finance (Mr. Selinger) and ask the Premier (Mr. Doer) of this province to follow up on that and call a public inquiry.

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

#### ORDERS OF THE DAY

(Continued)

#### GOVERNMENT BUSINESS

(Continued)

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, I move, seconded by the Minister of Finance (Mr. Selinger), that this House concur in the report of the Committee of Supply respecting concurrence in all Supply resolutions relating to the Estimates of Expenditure for the fiscal year ending March 31, 2006.

*Motion presented.*

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

**Some Honourable Members:** Agreed.

**Some Honourable Members:** No.

#### Voice Vote

**Mr. Speaker:** All those in favour of the motion, say yea.

**Some Honourable Members:** Yea.

**Mr. Speaker:** All those opposed to the motion, say nay.

**Some Honourable Members:** Nay.

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

#### Formal Vote

**Mr. Leonard Derkach (Official Opposition House Leader):** Yeas and Nays, Mr. Speaker.

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

\* (16:10)

Order. The question before the House is that this House concur in a report of the Committee of Supply respecting concurrence in all Supply resolutions relating to the Estimates of Expenditure for the fiscal year ending March 31, 2006.

#### Division

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

#### Yeas

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

#### Nays

*Cullen, Cummings, Derkach, Driedger, Dyck, Eichler, Faurschou, Gerrard, Goertzen, Hawranik, Lamoureux, Loewen, Maguire, Mitchelson, Murray, Penner, Reimer, Rocan, Rowat, Schuler, Stefanson.*

**Madam Deputy Clerk (Bev Bosiak):** Yeas, 33. Nays, 21.

**Mr. Speaker:** The motion has been carried.

\* \* \*

**Hon. Greg Selinger (Minister of Finance):** Mr. Speaker. I move, seconded by the Minister of Justice (Mr. Mackintosh), that there be granted out of the Consolidated Fund for Capital purposes the sum of

\$823,342,000 for the fiscal year ending March 31, 2006.

**Mr. Speaker:** It has been moved by the honourable Minister of Finance, seconded by the honourable Attorney General, that there be granted, out of the Consolidated Fund for Capital purposes, the sum of \$823,342,000 for the fiscal year ending March 31, 2006.

Is it the pleasure of the House to adopt the motion? Agreed? *[Agreed]*

\* \* \*

**Mr. Selinger:** Mr. Speaker, I move, seconded by the Minister of Justice (Mr. Mackintosh), that there be granted to Her Majesty for the public service of the Province for the fiscal year ending the 31st day of March '06, out of the Consolidated Fund the sum of \$7,848,928,600 as set out in Part A, Operating Expenditure, and \$226,132,900 as set out in Part B, Capital Investment of the Estimates.

**Mr. Speaker:** It has been moved by the honourable Minister of Finance, seconded by the honourable Attorney General, that there be granted to Her Majesty for the public service of the Province for the fiscal year ending the 31st day of March, 2006, out of the Consolidated Fund, the sum of \$7,848,928,600, and \$226,132,900 as set out in Part B, Capital Investment of the Estimates.

Is it the pleasure of the House to adopt the motion? Agreed? *[Agreed]*

#### INTRODUCTION OF BILLS

#### Bill 45—The Appropriation Act, 2005

**Hon. Greg Selinger (Minister of Finance):** I move, seconded by the Minister of Justice (Mr. Mackintosh), that Bill 45, The Appropriation Act, 2005; Loi de 2005 portant affectation de crédits, be now read a first time and be ordered for a second reading immediately.

**Mr. Speaker:** It has been moved by the honourable Minister of Finance, seconded by the honourable Attorney General, that Bill 45, The Appropriation Act, 2005, be now read a first time and be ordered for a second reading immediately.



Is it the pleasure of the House to adopt the motion? Agreed? *[Agreed]*

\* (16:20)

## SECOND READINGS

### Bill 45—The Appropriation Act, 2005

**Hon. Greg Selinger (Minister of Finance):** Mr. Speaker, I move, by leave, seconded by the Minister of Justice (Mr. Mackintosh), that Bill 45, The Appropriation Act, 2005; Loi de 2005 portant affectation de crédits, be now read a second time and be referred to Committee of the Whole.

**Mr. Speaker:** It has been moved by the honourable Minister of Finance, seconded by the honourable Minister of Justice, that Bill 45, The Appropriation Act, be now read a second time and be referred to Committee of the Whole.

**Mrs. Heather Stefanson (Tuxedo):** Mr. Speaker, I am pleased to rise in the House today to put a few words on the record with respect to this bill, and I think I would be remiss at this point to speak about this bill without touching perhaps on the credibility of the minister who has introduced this bill. Before I do that, I think we need to look at the somewhat dismal financial track record of this government over the last number of years and certainly, over the last year. There are a number of things that I believe need to be pointed out when discussing the lack of management skills and lack of fiscal responsibility when it comes to the NDP management and the management of the \$8-billion budget now by this Minister of Finance. So I would like to put a few words on the record with respect to that.

*Mr. Conrad Santos, Deputy Speaker, in the Chair*

There has been a \$524-million increase in revenues to this Province over last year. It is somewhat unprecedented, Mr. Speaker, and yet, I think we have to ask what has happened to this money. That is enough money that could have gone back into the pockets of Manitobans that could have actually eliminated the special levy off of residential property and farmland and, in fact, removed all education taxes in Manitoba off of residential property and farmland. But what did the NDP choose to do here? What they did is they chose instead to spend it. They spent, of this \$524 million, they spent \$506 million. They increased the

expenditures in this Province. So, again, rather than giving money back to hardworking taxpayers of Manitoba, they chose not to. They chose to spend this money instead, and I think that that is somewhat unfortunate.

I think it is worth noting that in the last election campaign, we ran in the election campaign on eliminating the education taxes from residential property and farmland. Mr. Speaker, the NDP, at the time, essentially laughed at us saying that it is not something that we could do, not something that could be done in Manitoba. Obviously, it was something that could have been done. Unfortunately, the NDP government had the choice as to whether or not they would put that money back in the hands of Manitobans, and they chose not to. We believe that Manitobans have suffered as a result of the actions of this government, something that we believe is extremely unfortunate.

The \$506-million increase in expenditures is an increase in expenditures in one year. That represents a \$6.6-million increase in spending over last year in just one year, Mr. Speaker. You know, again, I think that that is unfortunate. The GDP growth was 2.8 percent and inflation was 1.7 percent, and here we are looking at a 6.6% increase in spending. It is irresponsible management to have that kind of an increase in expenditures in one year in our Province. It is not sustainable. What is going to happen in a down year in our economy? What will happen to Manitobans then? This government's mismanagement will have very, very serious consequences to taxpayers of Manitoba. We believe that that is extremely unfortunate.

The ratio of new spending to tax cuts in the budget this year, Mr. Speaker, was six to one. That is \$506 million versus the \$84.5 million in tax cuts. Again, that kind of a ratio is irresponsible. We believe on this side of the House that hardworking Manitobans deserve to have more money in their pockets to be able to choose to spend it the way that they know because we believe that Manitobans know best how to spend their money, not members opposite in this House but, obviously, that is the NDP way. They choose to tax and spend the hardworking citizens of our province and we believe that is very, very unfortunate.

Mr. Speaker, now, they did do a slight increase in the basic personal exemption rate, but rather

than increasing it significantly more than that, that is money back in the hands of hardworking Manitobans, and indeed, low-income Manitobans, why not just raise that personal exemption rate rather than looking at raising something like the minimum wage? All they do, it is the NDP way, they raise the minimum wage, but then all they do is tax it away. Why do they not just raise the personal exemption and not take the money away in the first place? The reason that they choose not to do that is because they are the government of tax and spend. They tax and spend hardworking, low-income Manitobans, low-income, high-income, all-income Manitobans, and they hurt the most vulnerable people in our society. I think that that is extremely unfortunate.

I think we need to look at a number of factors facing hardworking Manitobans. We cannot talk about the fiscal irresponsibility of this government without talking about where we stand relative to other provinces across Canada with respect to taxation. We continue to be the highest income-taxed province west of New Brunswick. That is not something that we should be proud of. We continue to drive people out of Manitoba because we are not creating a competitive economy, a competitive environment, to keep those people and those businesses right here at home. We are continuing to drive people out of our province. If they would just be fiscally responsible, manage the budget appropriately, they can create an economy in Manitoba that is conducive to keeping people here. Instead, again, it is the NDP way of tax and spend, and people will leave. It is very, very unfortunate. Only Nova Scotia, Newfoundland and P.E.I. have a smaller basic personal exemption rate than Manitoba. This has a profound impact on low-income Manitobans, which I have already alluded to.

Raising the basic personal exemption to at least the federal amount would be a tremendous benefit on low-income Manitobans. Every Manitoban would have around \$300 more in their pockets every year. That is very significant for a very large number of people in our province. Again, if the NDP had the ability to manage this \$8 billion budget appropriately they would consider these options but because of their inability to manage, they refuse to look at these alternatives.

Mr. Speaker, the debt in our province has increased almost \$3.5 billion under the NDP's watch. The per-capita debt has grown by almost

\$2,500 under this NDP government. Not only does Manitoba have the largest per-capita debt in western Canada, we have one of the largest total debts in western Canada. Again, is that something to be proud of? I do not believe so.

\* (16:30)

Mr. Speaker, at the end of this year, our total debt will be more than \$20 billion. The per-capita debt is \$17,000 and still growing. Overall, the debt in our province increases. Is that any way to manage a province? This Minister of Finance (Mr. Selinger) stands up time and time again and says he is tackling the debt. How is he tackling the debt if it is increasing by \$1.5 million a day? Again, the mismanagement of this government is unbelievable.

Mr. Speaker, the members on this side of the House are very concerned that, despite a growing economy and record provincial revenues, our debt continues to spiral out of control. The NDP government continues to spend with reckless abandon. The NDP increased spending by half a billion dollars this year alone and will spend more than \$8 billion in 2005-2006. Yet what will happen when our economy slows down and revenues decline? What will happen then?

This government has absolutely no plan for reducing the debt and will not give Manitobans the straight goods about how big this problem really is. They are mortgaging our children's future, and that is no way to run our province. They are responsible for increasing the debt by almost \$3.5 billion since they were elected, Mr. Speaker. Again, something that is extremely unfortunate.

I think, again, Mr. Speaker, that I would be remiss to talk about this bill that was introduced by the Minister of Finance without talking about the credibility of this minister which has come into question as a result of recent findings in the Crocus Investment Fund, in the recent report that came out from the Auditor General.

Mr. Speaker, I think it is very difficult to sit here and try and pass bills through this House now, knowing that the Minister of Finance chose not to recognize red flags that were brought, very serious issues and allegations that came forward about the Crocus Investment Fund by senior staff members of

his. I think that his credibility is definitely in tow. As we pass legislation through this Legislature that is introduced by the Minister of Finance, I think we have to consider the credibility of this minister when considering whether or not to vote in favour or against the legislation that we are debating. That is why I think I would be remiss to discuss this bill without bringing into light the various findings with respect to the Crocus Investment Fund.

The Minister of Finance has repeated inside and out of this House that the government did not know that there were problems in the Crocus Investment Fund. But we know that that is not true. We know that, while officials in his department were doing their jobs, the minister was not doing his.

I think we need to look at the Crocus time line. In January of 2001, a senior accountant in the Department of Industry, Economic Development and Mines found that Crocus was facing a serious cash crunch. Back in 2001, the department knew that Crocus was running out of money and in danger of violating its own act. But the NDP did nothing. This government did nothing. Why? The question is why.

In January 2002, a Department of Finance official suggested an independent review of Crocus's operations may be in order. But, again, this Minister of Finance and this NDP government chose to do nothing. I think the question is why, Mr. Deputy Speaker. Crocus repeatedly refused to provide Industry, Economic Development and Mines with a copy of its business plan. Surely, this should have been of great consideration to the minister. Again, the minister did nothing, and again, the question is why.

So, Mr. Speaker, it goes on and on and on about the various things that went on, the red flags that were brought about with respect to the Crocus Investment Fund. Yet this Minister of Finance did nothing about it. I think he has proven time and time again about his inability to manage the money that he gets from taxpayers in our province, manage the budget of our Province. His credibility has come into consideration.

I believe that, with those words, I will leave it at that. But there are so many things that Manitobans rely on a Minister of Finance to do, and certainly one of them is not to mismanage the money, the hard-earned money, that they spend in this province, the

tax dollars that this minister gets, the tax money that this Minister of Finance spends. It is unfortunate, the misspending that has taken place and the red flags that have come out with the Crocus Investment Fund and all sorts of things. I think that I will just leave it at that. Thanks, Mr. Speaker.

*Mr. Speaker in the Chair*

**Mr. John Loewen (Fort Whyte):** Mr. Speaker, I do want to put some words on the record regarding this appropriation bill. You know, it is interesting that we get this bill before us with these numbers in it, and I can only think back to approximately the same time last year when we had another appropriation bill put before us. In good faith, we had, on this side of the House, debated the budget. We had gone through Estimates. We had gone through concurrence. We had asked ministers questions. We had asked them to be forthright, honest, accountable to the people of Manitoba. Although we did not agree with their budget, we truly believed that they had been, as they said they were, honest, forthright, accountable, open and honest to the people of Manitoba.

Then we found out some time later that, of course, that was not the case at all. The Minister of Health (Mr. Sale) said on December 24, I believe, just before the Christmas break, that the Province had purposely underfunded its Health budget this year. Then he went on, in his view, to try and justify why it was okay for the government, for the members across the way, to have presented a budget to this House that was wilfully presented in a fashion that they knew did not accurately reflect the spending that was going to take place.

I am sure while the former Minister of Health, the Minister of Energy, Science and Technology (Mr. Chomiak) had found himself in similar situations throughout his tenure as a Minister of Health, I honestly believe that, when he came to this House and presented us with a budget for the Health department, he, in fact, misguided as he may have been, thought that he could live within that budget. I mean, he never did, and year after year after year he overspent the budget by, you know, \$200 million or \$300 million. Now he came back to the House trying to explain why the health system was still in disrepair, while people were still waiting for knee, hip and other life-altering surgeries that they had a right to expect in a timely fashion, came back and explained to this House how it could be that a

number of deaths had occurred in the cardiac program that he was responsible for. Although we did not agree with his logic and his reasoning and what he was telling us, we at least believed in his integrity. We at least at that time thought that as a long-serving member of this House, that he would be bringing true, factual and honest information before us. Now, I am not going to question his integrity because I believe he was doing that.

But for the Health Minister, the new Health Minister, the member from Fort Rouge, to come to this House with a budget and then some months later indicate that he knew all along, and in fact, that the Finance Minister knew all along that they had purposely underfunded the health care budget, that speaks to the integrity of this government. That speaks to the lack of accountability, the lack of openness and the lack of honesty, not only with the members of this side of the House but with each and every Manitoban that resides in our province.

There are some issues that as legislators we must deal with and we must deal with in a fashion that sometimes is not very pretty and not very pleasant, but always and under your instructions, Mr. Speaker, we are instructed to believe that every member in this House is honourable and is speaking the truth at all times. So we do that although we have questions and we have doubts. We do not, again by rules of this House, question their motives. We just believe that there are some fundamental belief differences between members opposite and ourselves. But, then, for the Minister of Health (Mr. Sale) to come to this House and say, "Well, you know, I cooked the books with the Minister of Finance. We really didn't believe we could meet that budget, but you know, we had to put some numbers before the House, and these ones looked as good as any, so, you know, we did that, and we thought, well, sometime later on we'll just tell everybody that, you know, we're going to spend more because we're hoping that the federal government fills in the hole."

\*(16:40)

Why could they not give us the original figure? I think the issue is evident to every Manitoban that the reason they could not give us the original figure, the figure they knew they were going to spend, is because if they did that, their budget would have shown that the rainy day fund would have been completely depleted. There would have been nothing

left, and the only thing they would have had to count on was the good grace of the federal government, which they had not had confirmed yet, to come along with extra money. This is just not right. This is showing complete disregard and disrespect, not only for members of this House, but for all Manitobans.

We wonder, and I wonder aloud, what numbers are we going to find out in December are not accurate in the bill that is before this House today. What numbers are we going to find out the government has no intention of meeting? What departments are going to overspend? What revenue numbers are not accurate? What numbers do not match what we see here? As a result of the actions of this Minister of Finance, we just do not know anymore. We do not know if we can trust him to bring accurate, honest and truthful information before this House. We have seen that in a number of areas, but no more obvious than in the Finance Minister's handling of the Crocus file.

I know that I stated my case in a grievance today against the government, particularly against the Minister of Finance (Mr. Selinger), and I do not want to cover those points again, but I just want to indicate, once again, that the Minister of Finance, in my view, and I think in the view of virtually every member of this House, the role of the Minister of Finance carries a very special relationship with the people of Manitoba and with members in this House. The Minister of Finance is the chair of Treasury Board. He is the one the people of Manitoba expect to stand up for them in tough times, to ask the tough questions and to ensure that his ministers are bringing forward accurate, honest and truthful information.

We can see through our discoveries in the Auditor General's report on the Crocus Fund that this Minister of Finance does not take that role very seriously. We see that the departmental officials have raised their red flags the Minister of Finance, along with other ministers of the Crown, for some reason chose to ignore. We can only speculate that the reason they ignored those red flags is because they were heading into an election in 2003. They knew that, and they would do anything they could to ensure they carried on with a strong and friendly relation with the leaders of the labour movement. They showed that they did not care about how their lack of action would affect 34 000 Manitobans who had put money in the fund in good faith on the basis

that it would help them build a nest egg for their retirement.

The member from Minto, and I know he is new to this House, and yesterday he went on about how caring his side of the House is and how much they care about individuals. I believe, honestly, that as with other members in his House, he was making an honest and truthful statement about his beliefs, as with the member from Fort Garry and other members, but if, in fact, they were truly caring individuals, how could they stand by and allow three ministers, the former Minister of Industry, the member from Brandon West, the Finance Minister (Mr. Selinger) and the Premier (Mr. Doer) of this province to go so terribly wrong? How could they allow them to manipulate information that they had regarding the Crocus file, go out in public and say, "Everything is fine. We have faith in this fund. Manitobans, keep investing your money?"

That, Mr. Speaker, is the tragedy of this government's handling of this whole file. They had an opportunity in 2001 to show that they cared. They had an opportunity in 2002 to stand up for the principles of their party, which are to look out for those less fortunate in our society. We, on this side of the House, would argue that sometimes they go a little overboard and, in fact, in attempting to reach that goal, they are putting at risk the sound financial management of this Province, as well as putting aside the interests of the many other Manitobans that are not in the same boat.

We can have that debate and I would, anytime, encourage debate in this House amongst members on those public policy issues, but for this government to allow three of its Cabinet ministers, and particularly the Premier of the province, to be front men for a fund that was in such desperate trouble that they had to borrow \$10 million at 10% interest with a penalty clause rising to 20 percent, so they could put, as some might call it, a pretty face on this pig, this pig known as the Crocus Fund.

They ought to all be thoroughly embarrassed. They have to be looking at themselves in the mirror every day and asking themselves, "How could we have sunk this low? How could the Minister of Finance, how could the Premier, how could the member from Brandon West have sullied us so badly? How could they have dragged us down, mired

us in this mud pit that has cost Manitobans over a hundred million dollars?"

It would be interesting to be a fly on the wall at one of their caucus meetings to see if anybody, any members opposite, has the courage to raise the issues in that forum with the Premier, with the Minister of Finance, or the former Minister of Industry. They should be challenging every day what has taken place under the reins of their government, and yet they do not. We see day after day they stand up and they ask, you know, the most artificial questions from the back benches of their ministers that basically could be relayed in a press release. *[interjection]*

Well, and the member from Minto wants to talk about the inner city. Well, we would be pleased to talk about the inner city. As a matter of fact, I just heard a news report this morning by an individual who has a business on Selkirk Avenue, complaining that, since the mid-nineties, Selkirk Avenue has deteriorated because of actions taken by this government. Instead of encouraging business, instead of encouraging revitalization of Selkirk Avenue by providing incentives, economic incentives for business to grow and relocate and come back to Selkirk Avenue, they think that the answer is to penalize business and put social service agencies on the front streets.

I am not complaining about social service agencies working in the North End. We need those agencies. But they are not, and should never be, the primary occupants of buildings designed to be storefronts and to have business locations. They can be on the upper floors. They can be off the main street. They can operate very well outside of commercial districts, and the government needs to take heed to the people on Selkirk Avenue who are saying, "You are doing the wrong things. You have got the wrong focus. Help us grow, provide the incentives, provide the structure, so that industry and business can be competitive, can grow, and create the type of employments and the type of job opportunities that those less fortunate in our society can use as their stepping ladder to success."

That will be the true test of any government, and that is one that it will likely take a—well, I am sure it will take a Conservative government to build on that.

Nobody knows more how important it is to help members of our society that need help than members

on this side of the House. And, again, we see in this bill the thrust of the government in terms of economic development: Aboriginal casinos, more VLTs, longer operating for VLTs, more money for government from VLTs, more money stolen out of the pockets of individual citizens in Manitoba and given to government through VLTs. That seems to be the only economic driver that this government understands. And again I would particularly refer the members on the back bench across the way to question their Cabinet members and question government as to the advisability of that policy.

\* (16:50)

I think it was about three weeks ago we saw a very large article in the *Winnipeg Free Press* covering the front page and a number of other pages identifying clearly the problems that individuals have had with gambling addiction as a result of the preponderance of VLTs and the extra operating hours. Manitobans are taking their lives, and I would ask the ministers and I would ask all members opposite to stop and think and ask themselves every day how much is a life worth. Is one life worth taking another \$20 million in revenue out of VLTs? If they cannot see the answer to that, if they do not understand how obvious it is, how plain it is, as it should be as the nose on your face, that it is not a policy that their government should be endorsing or should be following, then we are in rough shape in this province.

You know it takes courage to tackle some of these tough decisions. It takes courage for the backbenchers on the opposite side to raise them with their Cabinet colleagues. I am sure there are members on the back benches that have that courage, and I would hope that they would be forceful in their pursuit of these issues.

We are here to make Manitoba a better place. We are here to help those that are less fortunate in our society take a step up, to better themselves, to build their confidence so that they can take a step forward and help us build a better province. We do not do that by driving them down, by driving them into the addictions of VLTs, by putting out false information from government on its financial statements, by putting out misleading information on investments in the Crocus Fund. That accomplishes nothing. It just makes the public more cynical about what takes place in this House, and it is unfortunate,

Mr. Speaker, that that is where we have arrived at today.

We have a very cynical public when it comes to their views on Manitobans—on politicians, excuse me. They show that by the fact that they do not come to the polls. Fewer and fewer Manitobans even make the effort to vote and that just shows the cynicism that is out there. We have a job at hand. Our job would be partially to restore public confidence in the profession that we have chosen to take up. To do that, we must be open; we must be honest; we must be accountable.

It is six years later, almost six years later, and this government still refuses to follow the Auditor General's recommendation that it adopt Generally Accepted Accounting Principles. Instead, it cherry picks, takes a little bit here, takes a little bit there, cherry picks the rules that help government present financial statements that make it look better. They show no concern whether those financial statements reflect accurately the true finances of the Province. In fact it took the Auditor General, this year out of sheer frustration, took him to the point where he felt he had no other choice but to indicate on the financial statements in his opinion that the Finance Minister had been misleading by omission in his presentation of those statements, that he had in fact run up a \$604-million deficit as opposed to the \$13 million surplus that the Minister of Finance picked out of the air to report to Manitobans.

Today, Mr. Speaker, I ask for the Minister of Finance to resign. I think that would be the honourable thing for him to do. Given the comments from the Auditor General, given the fact that he and his Premier colluded with the leaders of the labour movement to put a false front on events at the Crocus Fund, given that he knew in 2001 and 2002 when concerns were raised outside of this House by individuals about the Crocus Fund, he had the gall to stand with other members of his Cabinet and say, "No, no, everything is fine. Those fears are completely unfounded." He knew. He had been warned, and yet he did not have the courage to take his job seriously enough to stand up to the public and say there may be something there. People from outside government are telling us, people from inside government are telling us, Crocus Fund is telling us: everything is fine—but we have enough people telling us there might be problems that we should review it. We should investigate.

It was obvious to the Auditor General. He did a four-month study, one of the most in-depth studies done by the Auditor General's office in such a short time in the history of this province. He produced probably the most scathing report that we have seen in the history of this province.

The Minister of Finance (Mr. Selinger) had four years, four years to come clean with what he knew. The Premier (Mr. Doer) had four years to come clean with what he knew. The former Minister of Industry, the member from Brandon West, had an opportunity to come clean with what he knew. They chose not to.

Instead, where problems were raised we saw them sweeping them under the carpet. They went to the extent of replacing board members, replacing government-appointed board members. The Premier, to have the gall to stand up today and indicate that Mr. Ron Waugh was not a political appointment, given that every member in this House knows the connection between the Premier and Mr. Waugh's brother, the chairman of the Bank of Nova Scotia, the friendship that exists there. For him to have put a relatively new member of the public service on the board of Crocus at a time when he already knew there were problems was not only an extreme disservice to Mr. Waugh; it was a disservice to every unitholder and every taxpayer in the province of Manitoba.

If this government had the courage to come before this House with the expenditures that they actually believe they are going to spend during the coming year, then they would have the courage to call a public inquiry and clear the air.

We have a situation where Manitoba capital pools are being sullied, being ridiculed on the front pages of the financial papers across this country. It is national news. It is in *The Globe and Mail*, it is in the *National Post*, it is in the *Report on Business*, everywhere you turn, nationally and internationally. People understand that we have serious problems with governance of financial markets in the province of Manitoba. That needs to be corrected. It needs to be corrected quickly.

We have another generation of entrepreneurs that are soon going to graduate from university, graduate from high school, choose to start a business in Manitoba with the hopes of growing a business in Manitoba and making it a better place for

their families. As a result of the inaction of this government, as a result of the deception of this government, they are going to face a much tougher road. Venture capital is going to be very hard to attract to this province as a result of the scandal at the Crocus Fund. People inside Manitoba are going to think twice, people outside Manitoba are going to think twice. They may not invest in Manitoba at all. Capital in these days is very mobile. It will go where it thinks it has the best opportunity to grow and, obviously, that is not in Manitoba.

There is one other issue with regard to this fund that has not really been dealt with, which is going to be a severe hamper to businesses hoping to grow in this province. That is, as a result of this scandal at Crocus, members of our business community are going to find it much more difficult to agree to sit on boards of some of these start-up companies. We know for a fact that the board members, and some of them good people, who sat on the Crocus Fund are going to be sued. In some cases insurance may not cover their losses. Their personal finances might be at risk. I mean, the Minister of Finance's house might be at risk as a result of this lawsuit. We do not know. We will find out, but he should take that issue seriously. Because of the inaction of this government, because of the deception of this government, there is a whole group of entrepreneurs coming up who are going to find it difficult to find people to sit on their boards to give them the advice that they need to build their businesses in Manitoba, and who can blame them.

I mean, in the case of the Crocus Fund, the Premier, the Minister of Finance were so determined to continue their good relationships with the leaders of the labour movement that the Premier appointed to his Economic Advisory Council, these are people that have never run a business. These are people who will have never had to meet a payroll, and yet the Premier in his desperate attempt to maintain the loyalty of the labour movement to help them in the '03 election, decided he had to make these moves.

\* (17:00)

He put the former chair, Sherman Kreiner, of the Crocus Fund on as vice-chair of his Economic Advisory committee. I was told in Estimates by the Minister of Industry (Mr. Rondeau) that Mr. Kreiner in May of this year was still on the Premier's Economic Advisory Committee. How much sense

does that make? This is a man that left in disgrace. This is a man that has questions to answer. This is a man that has been responsible for \$100 million in losses, the CEO, and yet the Premier still thinks that this individual is appropriate to sit on his Economic Advisory Council. This Premier, this minister, this government, understands nothing about conflict of interest, nothing about the perception of fairness. That is why we have such difficulty with the numbers that are presented to us in Bill 45 today.

I know there are other members who want to put some words on the record, Mr. Speaker, and I will see to them but, again, I just want to express how disappointed I am in the actions of this Premier and this government that have led this province to the humiliation it faces today on the front page of the business pages of national newspapers. Thank you.

**Mr. Kevin Lamoureux (Inkster):** Mr. Speaker, I am going to be relatively brief on this bill in terms of my comments. I did want to take this opportunity just to express and reinforce what I believe is a very important point, and that is that the government of the day does appear to have a very serious spending problem. If you take a look at the amount of dollars that we are spending, the amount of dollars that this bill deals with is a phenomenal amount, especially if you compare it to six years ago when they had first taken office.

Mr. Speaker, I wanted to rise just to emphasize how critically important it is for the ministers of this government to behave in a responsible manner and to look at the tax dollars as not just money that comes into government, that there is a consequence. They should be treating that money as if it was money of their own in the sense that if you had a hundred dollars in your pocket and it was your own money, how would you spend that money? I do not believe that the government has really given respect to the tax dollars and the dollars that have been coming in. I say that because of the way in which they have increased overall government expenditures over the last six years.

If there is a problem that arises, the answer is not necessarily throw more money at it. The best area that I can come up with right offhand, Mr. Speaker, is in the area of health care. We have seen decisions in government that surprise us, that go against what we believe is smart spending, yet the

health care budget has grown significantly since the government has taken office.

The specific example that I would give for this session is the Victoria Hospital, the obstetrics, Mr. Speaker. Providing obstetrics in south Winnipeg is a very important community service that was being provided, and this government saw fit to take that away from those residents. When you see it is an area of the city that continues to grow, the need is there. What I find is that, unfortunately, the government of the day, through whatever rationale that they want to use, has made the decision which works to the detriment of community hospitals and community facilities. I believe that the government, over the next 18 months to 24 months, would be best advised to revisit that decision.

So you look at a service that should be there that has been taken away and you look at the amount of additional dollars the government is spending in health care, you have got to ask, "Well, where are they spending that money?" What I have seen, on the one hand, a very important community service being taken away. On the other hand, the bureaucracy of health care has grown by tens of millions of dollars, Mr. Speaker, through this particular administration. You have got to start wondering well, where are their priorities, because it would not appear to be having to make the difficult, at times, decisions that are necessary, that are going to, in fact, make a real difference, that ultimately, in the long run, will provide better services to Manitobans.

I can recall, Mr. Speaker, when we had some issues in regards to the Seven Oaks Hospital and Misericordia Hospital and I had met with board members of at least three different hospital facilities. It was interesting how board members were really wanting to talk off the record. They would indicate to me, and this would be, again, in the late nineties, ideas on what they believed should be acted upon that would really make a huge difference. Those ideas, I suspect, in good part could be acted on.

I wonder to what degree the current administration, in particular, you know, I would say, the Minister of Health (Mr. Sale), enters into some of these discussions. Mr. Speaker, I believe that ultimately you are provided and afforded the opportunity to govern and make a difference in our province. If you are not talking to those professionals, those individuals that are on the front



lines, if you will, you are really missing an opportunity to be able to make a real, tangible difference. I suspect that that has not been happening, that the government has not been on the front lines and dealing with the issues that would really make a positive difference.

I say that, Mr. Speaker, because, at the end of the day, I think you would have a difficult time convincing Manitobans that health care is better today than it was back in 1999. Yet, if you take a look at the amount of additional health care dollars that has been spent, you have got to wonder where is the money going. That is why, you know, I try to draw upon the comparison of how much money is being spent, what has happened at a community hospital.

Mr. Speaker, overall government expenditure, the red flag that I would put up the mast is indicating to the government that when you spend as much additional monies as you have spent over the last six years there might come a point in time when those revenues will not be of the same magnitude and you are going to have to start making some difficult decisions. I suspect this is when, I would ultimately argue, you should really be paying more attention as to how you are spending the money today so that in the future you can minimize any negative impact that the government might have because of cutbacks or, in some cases, the increasing of a deficit.

I, for one, Mr. Speaker, had opportunity to take some economic courses at university. I believe in Keynesian theory in the sense that, when the economy is doing relatively well, that is when the government needs to be aggressive on how it is spending money, where it might be able to save some stuff, where it can actually build upon a Fiscal Stabilization Fund in a very real and tangible way, where you have other opportunities, like dealing with the property tax issues, the shifting of taxes and issues of that nature. That is the real opportunity.

The reason why you do it in that period of time, Mr. Speaker, is because most economists, I believe, will tell you, at some point in time the economy might not be doing as well. So you want to get yourself into a position that when that does occur, you have more levers in order to try to influence the economy, minimize the damage that could come as a result. In essence, you know, kind of to minimize any sort of a bust in an economic cycle.

So the purpose of me standing today, Mr. Speaker, on this particular bill, is just to highlight the amount of additional dollars that this government is spending and, really, call each and every provincial minister into account in terms of how they are spending that additional revenue, because I do believe that there is a spending problem on that side and that does need to be addressed and the sooner the better. Thank you, Mr. Speaker.

\* (17:10)

**Mr. Gerald Hawranik (Lac du Bonnet):** I am very happy and pleased to put a few comments on the record with respect to Bill 45 on behalf of our caucus and, of course, on behalf of the people of Lac du Bonnet constituency. I opened the bill directly to Schedule A. The numbers there really serve as a very clear reminder about how this government spends money and the spending and how it is out of control. I look at the bottom line, being over \$8.1 billion of taxpayers' money is going to be spent this year. It is a total increase in spending of more than 6.6 percent year over year. In the meantime, we have only had a real gross domestic product increase of about 2.8 percent in that year projected, and as well we have inflation projected to increase at less than 2 percent.

I ask the Minister of Finance (Mr. Selinger), when I look at the 6.6% increase in spending, how he could possibly justify a 6.6% increase in spending when in fact inflation and GDP is so low and in fact when our population in Manitoba is only increasing by about .1 percent a year. It certainly has not got anything to do with more services being provided to more people in Manitoba. It has a lot to do, I believe, with the spending policies of this government and the fact that spending is totally out of control in this province.

Now, Mr. Speaker, I understand in some ways why this government is increasing spending by more than 6.6 percent this year over the previous year. I believe that that has a lot to do with the fact that the Finance Minister, just prior to this budget year, received a substantial windfall from the Government of Canada. He looked at that windfall and he salivated at that windfall, and he thought to himself, "What am I going to do with that money?" It is obvious what he is doing with the money. He is going to spend every nickel of it and then some. He is trying to spread the word among all Manitobans that in fact he balanced the budget this year and

previous years. How is that possible, I say, when the debt in fact has increased? I think that is the story of this government. Spend, spend, spend, tax first, spend later, and if there are windfalls coming from the federal government, obviously they are going to spend it. They spend themselves silly.

I look at, again on Schedule A, and I look at the public debt expenditure by this government for this year, projected to be over \$268 million this year, almost \$269 million. I look at that number and I say to myself, well, what if interest rates were higher? If interest rates were 2 percent or 3 percent higher, we would have probably \$100 million to \$150 million more in interest expenditure just to service the debt, and that is not healthy for Manitoba.

At this point in time, we should be talking about and doing something about decreasing the overall debt of this province to ensure that our children and our grandchildren are not taxed because of that, almost \$269 million going to service the public debt of this province. I look at the budget for Agriculture at only \$174 million when we have the BSE crisis in this province. We have grain farmers, oilseed farmers who are suffering because of the rain that is out in rural Manitoba. We have the cattle farmers suffering as well, not only because of BSE but also because of the rain that has really devastated their pastures for their cattle, and we have \$269 million toward interest on the debt.

In my view, if we could get control of the debt, which I have asked the minister to do and obviously he is either ignoring my advice or refusing to act, if he had followed some of the advice that came from this side of the House, we would not have to spend almost \$269 million on interest. That does not help services. That money should go directly, I believe, to the taxpayers of Manitoba, to the residents of Manitoba to make sure that we have a better place to live, to work and to raise a family.

I look at the budget for Advanced Education and Training at \$556 million. We have heard over the last number of weeks, the last couple of months, that the universities are suffering because this government is underfunding universities, Mr. Speaker.

Mr. Speaker, they have gone to the point where they cannot increase tuition fees. This government is not allowing them to do that, to raise extra money to deliver services and programming to our students.

What they are forced to do is to increase taxes through the backdoor, just as this minister has done in the past. The universities are taking, obviously, a page out of this minister's book and what they are doing is they are increasing service fees to all students. Make no mistake about it, those service fees are increases in tuition, in spite of what the government says. The students have to pay it if they are attending university the same way as they do tuition fees and that is a direct tuition fee increase in spite of all the rhetoric from this government that they have not increased tuition fees.

I look at Justice. The amount that we are paying for the public debt, to service the public debt, \$269 million, is almost the same amount as we pay for the entire Department of Justice at \$284 million and yet we have one of the highest crime rates in Canada. We are the murder capital of Canada. In fact, today, we heard that there was a 10th murder in Winnipeg today and, in fact, we are again on track to becoming, very quickly, the murder capital of Canada once again under this Justice Minister.

We need more police on the streets. We do not need to tie funding of police to lottery revenue, as we have seen this Justice Minister and this Minister of Finance (Mr. Selinger) do. We need to provide real funding for our police to ensure that our crime rate does not go up in this city, and in this Province and we need to do more with respect to that. Decreasing the debt has a lot to do with it because if we decrease the debt, obviously the cost of servicing that debt would not be as high and we can use that to front line services, to services to Manitobans, and have a more effective use of our tax dollars.

Mr. Speaker, I look at Transportation and Government Services. Their budget is almost \$389 million, and yet we have seen the roads deteriorating right across this province. Obviously, either they put it in the budget and they lapse the funding for new construction and maintenance or they are not spending their money properly. I can tell you that that \$269 million that we pay toward servicing our debt would go a long way toward improving our roads and our highways within our constituencies.

I can tell you that the rains that we have experienced over the last few weeks in this province have made a substantial difference to the roads in my constituency. I have several provincial roads that are gravel surfaced, and I can tell you that they are in terrible shape. Some of that money that, of course,

goes towards servicing the public debt, I believe, should be used toward the roads and the highways in our constituency.

This Appropriation Act, I think what we have to do is look at it very, very carefully, the numbers on Schedule A, in particular, and the numbers that the Finance Minister has proposed in his budget, because who can believe the Finance Minister anymore. I know that on this side of the House, we have called for the Finance Minister's resignation, and so he should because he has lost credibility. He has lost the credibility of his own caucus and he has lost credibility within our caucus.

I can tell you that the Finance Minister is a very special ministry within government. He has to be trustworthy, he has to be credible, he has to have integrity. I can tell you, Mr. Speaker, that over the last few months, we have seen that this Finance Minister, in fact, lacks credibility not only on this side of the House, but on the opposite side of the House.

\* (17:20)

Let me start at the beginning with the 2003-2004 budget and the financial statements and the words of the Auditor General about the 2003-2004 financial statements, where he said that the Finance Minister has misled Manitobans by omission. That has never happened before. It has absolutely never happened before in the history of this province that an Auditor General would state that the Finance Minister is misleading Manitobans by omission in his financial statements.

As a second example, in terms of the 2003-2004 budget and financial statements, those numbers in those financial statements were misstated. Those numbers in that budget were misstated by this Finance Minister.

The Minister of Health (Mr. Sale) reduced the Health budget to levels that were impossible to attain, and he said that in the *Free Press*. That was quoted in the *Free Press* of the Minister of Health that he reduced the Health budget to levels that were impossible to attain, which means, Mr. Speaker, that if he did that, obviously, he did that in Cabinet. The Minister of Finance (Mr. Selinger) was in Cabinet, and the Minister of Finance heard those statements,

and he knew that the Minister of Health was reducing his budget unnecessarily. He knew that the budget level should have been higher, and he put those reduced numbers within that budget. So how can we believe anything that this Finance Minister says? We cannot.

We have to rely on this side of the House, on those numbers in the Budget. We have to rely on the numbers that are in this legislation, Bill 45, and really I do not understand how we can do that when, in those two examples, where the Auditor General himself has stated that the Finance Minister has been misleading Manitobans by omission in the 2003-2004 financial statements and, in fact, he probably misstated the budget for '03-04 just to ensure that the budget was balanced. That goes directly to credibility of this minister and, as a result of that, I do not believe that we can believe anything in any budget that he ever presents to this House in the future or in fact any numbers that are in this bill, Bill 45. Thank you.

**Mr. Speaker:** Any other speakers?

Is the House ready for the question?

**Some Honourable Members:** Question.

**Mr. Speaker:** The question before the House is Appropriation Act, 2005.

Is it the pleasure of the House to adopt the motion? *[Agreed]*

## INTRODUCTION OF BILLS

### Bill 46—The Loan Act, 2005

**Hon. Greg Selinger (Minister of Finance):** Mr. Speaker, I move, seconded by the Minister of Water Stewardship (Mr. Ashton), that Bill 46, The Loan Act of 2005; Loi d'emprunt de 2005, be now read a first time and be ordered for a second reading immediately.

**Mr. Speaker:** It has been moved by the honourable Minister of Finance, seconded by the honourable Minister of Water Stewardship, that Bill 46, The Loan Act of 2005, be now read a first time and be ordered for a second reading immediately.

Is it the pleasure of the House to adopt the motion? *[Agreed]*

**SECOND READINGS****Bill 46—The Loan Act, 2005**

**Hon. Greg Selinger (Minister of Finance):** Mr. Speaker, I move, seconded by the Minister of Agriculture (Ms. Wowchuk), that Bill 46, The Loan Act of 2005; Loi d'emprunt de 2005, be now read a second time and be referred to the Committee of the Whole. Thank you.

**Mr. Speaker:** It has been moved by the honourable Minister of Finance, seconded by the honourable Minister of Agriculture and Food, that Bill 46, The Loan Act of 2005, be now read a second time and be referred to the Committee of the Whole.

Is it the pleasure of the House to adopt the motion? *[Agreed]*

**DEBATE ON SECOND READINGS****Bill 44—The Budget Implementation and Tax Statutes Amendment Act, 2005**

**Mr. Speaker:** In order for us to move into Committee of the Whole, we have to deal with Bill 44. We will resume debate on second reading of Bill 44, The Budget Implementation and Tax Statutes Amendment Act, standing in the name in the honourable Member for Turtle Mountain (Mr. Cullen), who has 19 minutes remaining.

What is the will of the House? Stand?

**An Honourable Member:** No.

**Mr. Speaker:** No? It has been denied.

**Mr. Larry Maguire (Arthur-Virden):** Mr. Speaker, it is my pleasure to be able to bring forward some concerns from the constituents that I have in Arthur-Virden, in regard to the government and its, I was going to say progress, but I think lack of accountability would be better terminology. I know that we are dealing with the appropriations, The Loan Act, a number of these bills today, but this is a government that in many of the persons' estimates in the area of Manitoba that I come from have been neglected.

\* (17:30)

Mr. Speaker, this is a government that talks accountability, does not walk the walk. It talks about how it is helping citizens in Manitoba, and I will try to keep my comments relevant to the financial aspects of this government's being today without getting too far into the issues like Crocus, the flooding, the BSE, the closure of PMU operations in the province, all of the situations that are disastrous in the agricultural industry.

Mr. Speaker, I have to remind this government that while they have agriculture and there are rural initiatives, that agriculture is very much a rural initiative, and I would hope that the government would realize that. I would hope that they would focus and spend some time on the issues that are most important to the grains and oil seeds industry, to the beef industry, to issues like the PMU industry, the hog industry in Manitoba, special crops because those are a number of the basics that we have in this province to add further value and to add employment to our rural economy and in our rural towns.

Mr. Speaker, it may seem like a small issue, but one or two positions in these communities have a huge impact on their ability to grow and sustain themselves. So today I want to put on the record a few of the concerns that I have around Bill 44, the bill that the government has before us at the present time.

This is a government that has had unprecedented income coming its way, and I have made the comments a number of times in this House how they have received in their own budget a \$524-million increase in revenue, 8.176 billion in total revenue this year. A good deal of those funds have come from the transfer payments that the government has received on areas like health and the post-secondary education tax levy and a number of these areas that we deal with, and the gasoline tax, corporation capital tax in the province, but most of this income has come from just increased transfer payments from the federal government and that is leaving Manitoba as a have-not province, the only one in western Canada, and that is a large concern.

I think the Minister of Finance (Mr. Selinger) should pay more attention to the fact that even though he touts the economy is moving along, what Manitobans tell me is that they are concerned about the potential that we are losing in this province, never mind the fact that they feel it is going back.

Issues like, and I will just use one today, the government services. The government news release came out indicating that now that we have a total of \$6.1 million out there for disaster financial assistance this year.

Mr. Speaker, I would have to back up to the flooding disaster that is taking place since the heavy rains of the 1st of June when the government announced within days that they had made \$3.5 million available for the Disaster Financial Assistance for the disasters in Manitoba. What they fail to realize, and I mean that brings hope to citizens who are all of sudden flooded out, to citizens who have lost culverts, to municipal councils that have lost culverts or roads in their area that they are responsible for. They immediately begin to think that the government is helping us.

But, Mr. Speaker, what they failed to say in that announcement is that \$3.5 million was for the exacerbated snow melt that took place and the very sudden snow melt that took place this spring. Snow that became laden with moisture from between half and an inch of rain that turned snowbanks blue just waiting for the temperature to warm up, and when it did, it took out roads, it took out culverts and flooded many creeks and streams that we have in Manitoba at that time. Albeit that the \$3.5 million was used for those purposes, it is only today that we find out that they have made another \$2.6 million available for that kind of disaster financial assistance. The government did not indicate that the time to take credit for paying 6.1 million because of the disaster from rains, and that is an example of the misleading information that gets put out by the government in relation to accountability.

But, of course, when I talk about accountability, I have to mention the Crocus Fund, and the fact we have got a Finance Minister today whose resignation we have asked for because of the lack of accountability and just unwillingness to put forward things like the memos that we have asked for. He has been unwilling to put forward the lists that we have asked for. Mr. Speaker, all items that were red flagged in the Auditor General's report in relation to the \$60-million loss that Crocus had, some 48.7 percent of a fund that is gone. We have a Finance Minister that is in a government that is still out there promoting this to the citizens of Manitoba as a viable fund. Of course, in the last few days we are seeing that it is for sale and that someone may pick it up. We do not know exactly what is going to happen

with it. The government has not indicated that yet. They try to have arm's length from it, but very, very clearly they have been involved in the process all along and have known much of the impact that the loss of funds would have on the whole Crocus fund.

Mr. Speaker, I have had occasion in the last few days to speak to some of the young farmers in my area. I want to read this e-mail that I received from a constituent of mine yesterday, and it may take a moment, but I think that this pretty much summarizes the exacerbation on the minds of many of the people. I just spent some time with another constituent of mine in my office who was here in the Legislature this afternoon watching the concurrence session we had, watching Question Period and debating and talking about some of these issues, an individual in the livestock industry who should be well respected for the type of effort that he and his family and predecessors have put into the livestock industry in Manitoba, a purebred business and a person who I have known since our days in college together. These are the kinds of people who are coming forward and giving us advice and suggestions on what should happen and what should be done.

But this young businessperson in the town of Melita sent me an e-mail yesterday, Mr. Speaker, and said that apart from the fact that he just wanted to send me a quick note to let me know the situation in the southwest as a concerned young businessman, he said that up until this morning, which was June 14, most of his customers were in good spirits but that has all changed with this last blast of rain. There was another inch of rain overnight in that area on top of the flooding that is already going on. In talking with various people, he goes on to say, "The mood is quite down. Crops that were hanging in there are now turning yellow. Weeds are excessive. No one can spray. As you know, the acres that were seeded, and now under water, do not qualify for the types of disaster assistance that these people would require, and in an area of the province that has quite sandy soil," and he goes on to say, "it is so saturated that the water is just sitting on top with nowhere to go."

Mr. Speaker, this shows, I think, the extent of the disaster. I know that the ministers have given indications that they have been out in some of these areas, and I would commend the Minister of Agriculture (Ms. Wowchuk) for being in my area in 2003 when there was such a drought on. It was at

the invitation of the Manitoba Cattle Producers representative at that time, Scott Hunt, from the Hartney area. She was there with our then federal Member of Parliament, Rick Borotsik, the Member for Emerson (Mr. Penner) here in this Legislature and myself as well. We toured that region and from that you get a pretty good handle on some of the concerns.

I only raise these issues to show that the severity of the present situation that we are in, when this young businessperson goes on to say that people are pushing out culverts, dumping water onto other areas. He says that he has cattle farmers that are having late calves that they cannot get to. Mr. Speaker, this is most important, calves literally drowning as they are being born. That is how bad the circumstances are. Many of these late-calving cows are in areas that they cannot even get at to evacuate them out of the area.

When we were in concurrence today, one of the concerns I had with the minister was that we look at including some of these types of costs of evacuation into the overall disaster program that we have, that the minister is paying attention to, giving credit to EMO, I will certainly do that, for the work that they are doing with municipalities out there. But I want to say that the minister is telling these people that they are going to have to rely completely on crop insurance.

\* (17:40)

I just want to put it on the record that when you have a government that is spending these kinds of dollars, that has this kind of revenue, unprecedented revenue, I might add, and chastised us in '99 for not being able to, you know, "Where would you ever get a billion dollars revenue in five years?" Mr. Speaker, and here is half of it in one year. This government has had money poured at them. They have also increased taxes to collect more, and they still have a budget that is out of control in regard to spending. In the last three years in a row, they have run deficits, according to the Auditor General.

I just want to finish this e-mail, Mr. Speaker, by saying this young gentleman says to me, "I sure hope that someone can muster up some type of assistance as this year we'll see a lot of desperate situations. These farm families can only take so much negative setback. I do believe we are now at the most serious

stage I have seen ever." This young individual is certainly not one to complain. He is a very hard-working individual and very forthright in the community. He volunteers in a number of community events, and I have known him all of my life. He is not the type that would complain if there was a circumstance to be able to see an end to this, and it was the same with the farmer that I was speaking to this afternoon in my office.

So, Mr. Speaker, I think that the government needs to look at these kinds of circumstances and deal with these kinds of issues if they really are concerned about rural development in Manitoba and rural initiatives because in dealing with the people that are on the land, they will very much keep the communities alive that are out there today, which means we maintain our schools, we maintain our hospitals. We are seeing the government that is not accountable in relation to really keeping them there and keeping those going and not having a concerted effort in regard to the kinds of investments that are required of a budget of this size.

Mr. Speaker, the concern that I have centres around the BSE issue and some of the areas of concern in the lack of new slaughter facilities in Manitoba. We should have had spades in the ground a long time ago in relation to the development of the plant in Dauphin that the government took all the credit for announcing some time ago. This just a symptom, I guess, if you will, of the leadership of this government. Announce big, glorious plans, put out some more paper, but do nothing.

I guess, you know, this is a government that before 2003, said, "Oh, no, your Hydro rates won't go up. We've increased, we've taken money out of Hydro, but those rates will not go up." Of course, they applied for 5 percent and were given 10% increases across the province by the Public Utilities Board, very much a political position at that time.

This is a government that has had other areas of concern as well on these kinds of issues. We hear lots of it from the areas of Justice where there are ongoing statements and not much action. We hear it in regard to the BSE situation. I want to just refer to that again because we have got an announcement of a plant with no spades in the ground. We find out now that on a \$16-million plant, we are going to have a \$6-million increase in cost in the water systems to meet the needs of this plant. I do not

have any problem with upgrading the plant in Dauphin, if that is what it requires, but there was no planning going into this process. I guess that is the most disconcerting part for me, is that there was very little plan, just quick to make an announcement to try and appease some pressure that the citizens of Manitoba are putting on this government.

Mr. Speaker, another prime example of that is the \$180 million that the government made available for the farm community in regard to the BSE disaster, which, of course, they know that \$100 million of that was for the loan program that they made available. To show you the desperate state of the industry, only 70 percent of that was taken over the last year and a half. Farmers do not need more loans; they need a cash infusion. They need a slaughter facility in Manitoba. The government needs to implement the five-point plan that this side of the House in opposition brought forward almost a year ago, and they have not even enacted it at this point.

Mr. Speaker, I just want to say that in relation to these government bills and spending and appropriation that we are dealing with today, that the Government of Manitoba in spite of their, you know, in implementing their budget—and that is what we are doing here. We are passing the bills that will allow them to spend the money that was in the budget last spring that they passed, that we did not feel was a responsible budget because it did not contain a number of the issues that we felt it should. A number of the measures they have, tax reductions, do not go far enough particularly on the side of the removal of education taxes off of farmland and residences. They have not gone nearly far enough in that area.

But, Mr. Speaker, when they talk about personal income tax deductions, and there were some small amounts there as well, the bottom line is that Manitoba is still the lowest basic personal exemption west of the province of Nova Scotia. They almost missed Nova Scotia, so I think that they are just ahead of them as well. I think that it is a big concern as well that they have left Manitobans as the highest taxed west of New Brunswick in those categories of families.

I think it is just worth repeating some of these issues because I have put them on the record before. The government has chosen that its total debt now is the highest that Manitoba has ever seen, some \$20

billion, virtually \$17,000 for every man, woman and child in this province. I think that is somewhat atrocious considering the provinces that we are neighbours with are have-provinces, Mr. Speaker. Saskatchewan, you know, with the resources that they have in oil, potash and a number of other areas is now a have-province for the first time in many years. I think it is a crime basically that Manitoba has fallen behind Saskatchewan in these areas.

I think we should take heed because I think you know this is exactly what Manitobans tell me on a daily basis as I travel the province, Mr. Speaker, that we really need to manage this province's economy better, that we need to manage the available resources we have, that we need to manage better the funds that we have and work towards being a have-province. I do not believe we are going to do it under this government. This government has many times indicated that it wants to work that way, but the results are such that they are not in that mode.

I know that I have colleagues who would like to say a few words in regard to this bill as well, Mr. Speaker. But, before I go, I want to point out that for a government that touts how responsible they are, the last budget that they brought in had six times more spending than it did tax cuts. I think that is very worthy of finishing my discussion in regard to this bill on that note. I wish that the government would take those issues under consideration and be more responsible in their actions for all Manitobans in the future.

**Mrs. Bonnie Mitchelson (River East):** I just want to put a few words on the record on Bill 44. I must say at the outset, I am finding it very difficult to support anything that this Minister of Finance (Mr. Selinger) has brought into the House for consideration. Mr. Speaker, we only have to look at the last month or so of activity by this government and this Minister of Finance to recognize and to realize that there is not much that we can believe from this Minister of Finance.

Mr. Speaker, he has not been open and honest and accountable with the people of Manitoba, especially on the Crocus file. We have seen other instances where, you know, he took an unprecedented amount of money out of Manitoba Hydro, raided Manitoba Hydro for over \$200 million. He indicated at the time because he did not have the ability to take the money at the end of the fiscal year,

he took 150 million out of the rainy day fund and promised to put that money back into the rainy day fund when the money came from Hydro. Today we still have not seen that money go back into the rainy day fund from Manitoba Hydro. So the taxpayers and ratepayers of Manitoba paid twice for this minister's raid.

\* (17:50)

Mr. Speaker, we have seen the Auditor in the past indicate that this minister in his budget documents misled by omission when he did not include all of the capital in his budget documents. He stated that there was a surplus of some \$13 million, I believe, when there was an actual significant deficit. We see the debt increase on an ongoing basis. I believe it is over \$20 billion, and if you calculate what the debt is increasing on a daily basis, we see an increase of \$1.5 million and counting.

I heard our critic for Finance, too, talk about what might happen to our debt and the interest on our debt, should the interest rates go up higher, and it will only take a few percentage points to see a significant increase in the amount it costs to service that \$20 billion debt.

I want to focus more on what has happened over the last five or six weeks since the government has had access to the Auditor's report. Manitobans must remember that government and government ministers have access to that report three weeks before the taxpayers, the shareholders or members of the general public. Members of the opposition had access to that report, and still, the government could not get their lines straight.

I would believe that they probably spent almost 24 hours a day, seven days a week, trying to put the proper spin on the most damning report ever brought forward by the Auditor General, a scathing report that implicated not only those that manage the Crocus Fund, but government and government departments that did not heed the warning signs, the red flags, the alarms that were raised by their officials.

I want to speak just a few minutes about the officials, the civil servants within the Government of Manitoba, and having been in government and a minister for 11 years, I have a great deal of respect for the advice, the information, the briefing, and the

flags that were raised on many, many issues while we were in government. We heeded those, and we did. If we did not, it was at our peril, and it is very difficult for me to sit in my place and believe that civil servants who had concerns did not raise those flags with ministers and successive ministers.

We know that MaryAnn Mihychuk, when she was the Minister of Industry, received warnings from her department. We have heard the Member for Brandon West (Mr. Smith) stand up and say, when he became the minister, the issue of problems at Crocus were never raised. There were no flags raised. He had no information. His bureaucrats did not pass that information on to him.

Having some experience in government and knowing that ministers change from one department to another, I do know that a briefing book is prepared for the new minister, the hot issues are provided to that new minister, so that they are on top of the issues and they are not blindsided by anything that might come from the public, from the media or from the opposition.

I find it very difficult to believe the minister, the Member from Brandon West, when he stands in his place or speaks to the media and indicates that he knew nothing. It is unconscionable to think that he could be a minister of the Crown when he was sworn in, to not take that oath of office seriously and to not ask his officials what the major issues were in his department, not get fully informed or fully briefed.

Now, I can only speculate that maybe, just maybe the Member for Brandon West was left out of the loop. We do know that MaryAnn Mihychuk, when she was minister, was in the loop, very definitely trying to do the right thing and trying to move forward with legislation that would monitor and hold Crocus more accountable, but we find out in the Auditor's report that someone in a higher authority in government changed that direction. Now, the only question would be, would it be the Minister of Finance (Mr. Selinger), who obviously has the confidence of his Premier (Mr. Doer), and they work very closely on financial issues. I have to think that the Minister of Finance was in the loop, and that he knew about the red flags. If he did not know, I would consider that somewhat incompetent, and if he did know, it was very negligent on his part not to raise those issues and not, too, on behalf of the taxpayers of Manitoba, who should be able to have



full trust in their Minister of Finance to manage the affairs of the finances of the Province in a prudent fashion.

If, in fact, Mr. Speaker, he chose to ignore those warnings and, you know, it was not just for a short period of time. We know that red flags were raised in 2001 and we know officials in his own department in 2002 had significant concerns. We know that there was dialogue between the Department of Industry and the Department of Finance, but it appears that the Minister of Finance did not do his job in an appropriate fashion to protect the taxpayers, the shareholders of Crocus.

We have seen the stonewalling day after day after day, and when we first got access to the Auditor's report and we asked questions about the memos, the Minister of Finance was all over the map. One day he was asking his officials whether he could provide information to the public in response to questions; the next day it was his Freedom of Information officer that he had to ask. He was back and forth and up and down, and he did not have a clear, straightforward answer for the shareholders, for the taxpayers of Manitoba. It seemed to take him a long time to try to get his lines down straight, when he came out of his office at 5:30 one evening and quoted some section of policy that indicated he did not have the ability to share that information with members of the public and he stands day after day in Question Period and says, "Well, that information has all been provided to the Auditor General."

Well, Mr. Speaker, that is not good enough. The shareholders, the taxpayers, members of the public, want to know what political involvement there was in making the decision to ignore the red flags. None of the investigations that are ongoing today are going to shed any light on what the politicians knew and what they did with that information.

Mr. Speaker, we know that there is a significant connection by this government to the labour movement and we know that the majority of the board members that sat on the Crocus Fund board were friends, good friends, of the Minister of Finance and the Premier. We know that the Premier, as a former union leader, had very close connections and close ties. As a matter of fact, much of the legislation that we have seen comes in under this NDP administration has been very labour-focussed. Who do you think has been giving advice to members of

Cabinet? Who do you think controls the agenda, even when it comes to the annual general meetings of the New Democratic Party? Who sits, who has automatic seats, around the table at that annual general meeting?

\* (18:00)

It is the union leadership, Mr. Speaker, the friends, the comrades of these New Democratic ministers and members of caucus that call the shots. So what kind of discussion do you think there was behind closed doors when the union leadership, who controlled the majority on the board of Crocus, knew that there were problems, knew that there were problems with the valuations, and went to their friends that were in government and said, "Work with us, let us cover this up. Let us hide all of this and see whether we can skate through it." Well, Mr. Speaker, that did not happen. It did not occur, and we find ourselves now, three years later, having to deal with the most scathing report we have ever seen by the Auditor General.

This government cannot sit back and say that they were not involved. We need an opportunity to get the Minister of Finance (Mr. Selinger) to swear on the Bible, under oath, and tell the public what he knew, when he knew it and why he did not act. We need the Premier (Mr. Doer) to put his hand on the Bible and swear under oath that he will indicate what he knew and when he knew it and why he did not act on behalf of the shareholders and the taxpayers. We need the Member for Brandon West (Mr. Smith), who is no longer the Minister of Industry to swear on the Bible, to take an oath and to tell Manitobans and tell unitholders and shareholders what he knew, when he knew, and why he did not act. We need the former Minister of Industry, MaryAnn Mihychuk, to swear on the Bible. She is prepared to do that, and she appears to be the only one. She has got the least to lose, Mr. Speaker. She is prepared to stand in her place, swear on the Bible, and indicate what she knew, what she passed on to her Minister of Finance, to her Premier, and to her colleagues around the Cabinet table.

Mr. Speaker, we also should not exclude the now Minister of Health (Mr. Sale), because he has been involved in the past with other issues in his responsibilities as the Minister of Family Services when flags were raised with him and he did not act on the Hydra House issue. He has to stand, and

I believe, and we have heard, you know, that there is the SWAT team within government that is managing this file. You know, I have to look on the government side of the House and ask many of those that have been applauding their ministers vociferously, even have a clue, have any clue at all, of what is going on on this file, or are they just being told that they are to sit in their places and clap when it is appropriate. How many of them actually knew what the higher authority did, and are they being given the same spin?

I just have to look at the demoralized faces and ask members of the backbenches on the government side, the backbenchers in government, whether in fact—

**Mr. Speaker:** Order.

**Mrs. Mitchelson:** —they have been fully briefed and whether they even understand the issues around Crocus. I believe that they are being blindsided by the select little, the inner circle within Cabinet. It is not even every member of Cabinet, I do not think, that has a full understanding of what this issue is all about. I believe that there is a select few. One of them would be the Minister of Health, who is trying to do the damage control and ensure that the cover-up is there, Mr. Speaker, and ensure that there is no investigation into the political activity that led to this government's cover-up for three years and, as an end result, the taxpayers have lost, the shareholders have lost. We are going to be into significant costs through lawsuits, and Manitoba taxpayers are going to have to pay again.

I would believe, when we get through the meeting tonight with the unitholders of Crocus, that there will be a lawsuit and that government may very likely be named in that lawsuit. So who is going to defend government? It is going to, again, be the taxpayers that are going to have to dig into their pockets to try to defend the inaction and the cover-up of this government and these ministers.

So, Mr. Speaker, it is very hard for me to stand in my place and support very much, or take with credibility, anything that this Finance Minister has to say. Any piece of legislation, any budget that he brings forward from now on will be suspect because we have not been able to believe or to get to the bottom of what actually happened on the Crocus file.

Mr. Speaker, with those comments, I have to indicate it is a sad day for Manitobans, but the issue is not over. This is an issue that will have legs. The government may smugly sit there with smiles on their faces thinking that this will be over tomorrow when the House rises for the end of this session, but I want to say to members on the government side, watch what happens over the next several months. There are investigations ongoing. The public inquiry is not a dead issue. They may believe that by tomorrow that issue will be over and will be done, but we know and we have seen what the Auditor is doing, and there are other investigations that are ongoing by the Auditor that will shed more light on issues that this government has been negligent on.

Mr. Speaker, we do know that not only are there other investigations ongoing but the Auditor is seriously looking at many other issues, and he will be able to share with Manitobans what this government has been up to. He cannot demand that a public inquiry be held, but we will continue to press that issue. There are others out there in the community that will continue to press that issue. This government should not sit back smugly thinking that by tomorrow the heat will blow over, they will be out of the Legislature and things will be just fine.

We know there are many more chapters to the story to come, and, Mr. Speaker, we probably will not see the Minister of Health sitting smiling in his seat at these comments in the days to come, the days and months ahead. So, with those comments, I would like to end my discussion on this finance bill and just indicate my significant disappointment because I had a little more respect for the Minister of Finance before the Auditor General's report came out. I really believed that he was one of the more credible individuals on the government side of the House, but I have lost a lot of respect for him, for his integrity and for his ability to be open and honest and accountable and that is what we need in a Minister of Finance who is in charge of a \$8-billion budget.

So, Mr. Speaker, I want to thank all those that listened very intently and leave my comments at that. Thank you.

**Mr. Gerald Hawranik (Lac du Bonnet):** Mr. Speaker, I will just put a few brief comments on the record with respect to Bill 44. I have listened carefully to the debate that was given in this House by my colleagues and I whole-heartedly agree

with all of their comments. I just hope that members opposite do the same, that they listen to those comments and they learn from those comments because they have a lot to learn.

When this bill was introduced, Mr. Speaker, in the House, Bill 44, I looked at it in terms of the sheer volume, and I thought to myself, "Ah, just another bill for the Finance Minister to increase taxes in this province." I looked at the last page, 143 pages of Bill 44. I think that is probably a record in this province, the size of the bill that a Finance Minister in this province has introduced.

\*(18:10)

Then I went and asked the Minister of Finance (Mr. Selinger) for a briefing on the bill, got the spreadsheets, and to my horror, I discovered 375 pages of spreadsheets. I spent the entire weekend, Mr. Speaker, following that day, in fact, the Friday—that was on a Thursday—I spent Friday, Saturday and Sunday looking over the bill, thinking to myself that, wow, can you believe that many pages. Obviously, he must be really increasing taxes to Manitobans, and sure to that, in fact, while I had the briefing, the spreadsheet briefing, he assured me that there were no tax increases. We talked about the probate fees that he implemented in the budget and he introduced in the budget.

I noticed, Mr. Speaker, that the bill is really in 15 parts, and most of those parts within Bill 44 actually complement the last part of the bill. What it does is it moves the enforcement provisions of many of the bills that we have, revenue bills in the province, and makes it consistent by moving it into Bill 44. For that, I believe that is a good thing. It also clears up priorities in terms of who gets paid what in terms of a bankruptcy, in terms of insolvency and in terms of a dispute between various creditors. So I think from that point of view, I believe that Bill 44 is a good bill.

However, when I look at one particular part of the bill, Mr. Speaker, Part 4, when it comes time to the Income Tax Act, there are several decreases in taxes, one being the middle income tax rate goes down by 0.5 percent, but that does not get implemented until the year 2006. So I was quite disappointed at that. It increases the personal deduction by \$100, but only in 2006.

I did an analysis as to what that means to an ordinary Manitoban. What does a \$100-increase in

the personal deduction do for all Manitobans? We came out with a calculation of 11 or \$12 a year. That is the effect of this tax reduction in terms of increasing the personal deduction by \$100. That is not much of a tax decrease, particularly since we have had unprecedented revenues available to the Province this year courtesy of the federal government, an extra \$525 million in revenues for the Province, and the Finance Minister simply responds in Bill 44 by increasing the personal deduction by \$100 which only puts 10 or \$11, maybe up to \$12, into the hands of Manitobans. That I would hardly say is a tax decrease. It also increases the political contribution limit in the province equal to the limits that are available for the federal government to make them consistent, and reduces the small business tax rate by 0.5 percent in 2006 and 2007.

Those are the good things about Bill 44, Mr. Speaker, but I can tell you what I found in the bill in terms of tax increasing was the increase in tariff, the increase in rates for probate fees in the province. That really hits at all the surviving spouses and the surviving children of people who pass away in our province and leave part of their estate or all of their estate to their spouse and their children. They are now going to have less available to them to continue on and to deal with the everyday problems that families face in Manitoba.

I noted in the budget in March that it was indicated in that budget, Mr. Speaker, that the probate fees are based on value. For every \$1,000 of value, the probate fees go up as they do now. In fact, they are at \$6 per thousand at this point. In the budget in March, it was proposed that the probate fees are increased by another dollar to \$7 per thousand. Then I noted in a press release on May 6, that the Finance Minister released directly to the public, that he, in fact confirmed that probate fees were going from \$6 to \$7 per thousand, which represents a 17% increase in probate fees across the province.

Then on the Thursday, just the next Thursday within a week, Mr. Speaker, on May 11, in fact, the Finance Minister introduced Bill 44. I looked at it, and I could not believe my eyes when I looked at the provision. It went from \$7 as proposed in the budget just in March, and in his press release on May 6, five days later over the weekend, it appeared as though he changed his mind when it increased from \$7 now to \$9 and \$50 per thousand, a further 36% increase

in probate fees. I thought to myself that this government cannot increase taxes fast enough to field their spending habits. It was pretty obvious to me at that point, and I made an issue of it in Question Period, and talked to the media about it. I also talked to the Finance Minister after Question Period, that, in fact, really, that was unfair, increasing probate fees, because it affected spouses. It affected children and families in their ability to be able to make a living and to support themselves after a spouse may decease.

So I was really concerned about that, and the Finance Minister made a commitment to me, verbally he made a commitment to me. Hopefully, it will happen in the Committee of the Whole of Bill 44 that he will actually reduce, he will actually make an amendment. I am counting on him to do that, to amend Bill 44 in Committee of the Whole, to amend it to ensure that the \$9.50 per \$1,000 probate fees that he announced in Bill 44 on May 11 will be decreased to \$7 per \$1,000, as reflected in the press release of May 6. So I look forward to Committee of the Whole, Mr. Speaker, in terms of waiting for the Finance Minister's commitment and ensuring that the Finance Minister does exactly as he told me he would do. That is to amend Bill 44 to reflect that decrease in probate fees. That concludes my remarks in second reading.

**Mr. Speaker:** Is the House ready for the question?

**An Honourable Member:** Okay.

**Mr. Speaker:** The question before the House is second reading, Bill 44, The Budget Implementation and Tax Statutes Amendment Act, 2005.

Is it the pleasure of the House to adopt the motion? *[Agreed]*

The House will now resolve into Committee of the Whole to consider and report on the Capital Supply bill, The Loan Act and the Main Supply bill, The Appropriation Act, and The Budget Implementation and Tax Statutes Amendment Act, 2005, for concurrence and third reading.

\* (18:20)

#### COMMITTEE OF THE WHOLE

**Mr. Chairperson (Conrad Santos):** The Committee of the Whole will now come to order to consider Bill

45, The Appropriation Act, 2005; Bill 46, The Loan Act of 2005; and Bill 44, The Budget Implementation and Tax Statutes Amendment Act, 2005.

#### Bill 45—The Appropriation Act, 2005

**Mr. Chairperson (Conrad Santos):** We shall proceed to consider Bill 45, The Appropriation Act, 2005, clause by clause.

During the consideration of a bill, the preamble, the enacting clause and the schedules and the title are postponed until all other clauses have been considered in their proper order.

Clause 1—pass; clause 2—pass; clause 3—pass; clause 4—pass; Schedule A—pass; Schedule B—pass; preamble—pass; enacting clause—pass; title—pass. Bill be reported.

#### Bill 46—The Loan Act, 2005

**Mr. Chairperson (Conrad Santos):** We shall then proceed to consider Bill 46, The Loan Act, 2005, clause by clause.

During the consideration of a bill, the enacting clause and the schedule and the title are postponed until all the other clauses have been considered in the proper order. Is it the will of the committee that the Chair calls clauses in blocks that conform to pages? Is that agreed? *[Agreed]*

Clause 1 and 2—pass; clause 3 through 5—pass; clause 6 and 7—pass; Schedule A—pass; Schedule B—pass; enacting clause—pass; title—pass. Bill be reported.

#### Bill 44—The Budget Implementation and Tax Statutes Amendment Act, 2005

**Mr. Chairperson (Conrad Santos):** We shall now proceed to the consideration of Bill 44, The Budget Implementation and Tax Statutes Amendment Act, 2005, clause by clause.

Does the minister have an opening statement?

**An Honourable Member:** No.

**Mr. Chairperson:** We thank the honourable minister.

Does the critic have an opening statement? We thank the—the critic has one.

**Mr. Gerald Hawranik (Lac du Bonnet):** Yes, I have an opening statement, Mr. Chair. I was very concerned about Bill 44 in the sense that, of course, the probate fees as I mentioned earlier in debate had been increased, it appeared, from one week to the next, from \$6 per 1000 to \$7 and then to \$9.50 by way of Bill 44. The minister just a few minutes ago gave me the amendment to Bill 44 that he is proposing today in committee, and I am happy to report that what he said he was going to do, he did do. He did decrease the probate fees as he suggested. I am pleased to see that because of the fact that spouses and children who survive after a death in the family certainly do not need increased fees. I do not believe that probate fees, in fact, should even be increased at all. In fact, if anything, they should be decreased.

**Mr. Chairperson:** During the consideration of a bill, the table of contents, the enacting clause and the title are postponed until all the other clauses have been considered in order.

I would like to offer a word of explanation on the table of contents in this bill. Following the one-page table of contents at the beginning of the bill, you will find a second table of contents. This second table of contents relates only to Part 12 of the bill, which contains amendments to The Revenue Act. We will consider these two tables of contents separately.

Finally, due to the length of the bill and the number of clauses, if there is agreement from this committee, the Chair will call clauses in blocks that conform to the 15 parts of the bill, with the understanding that we will stop at any particular clause or clauses where members may have comments, questions or amendments to propose. Is that agreed? *[Agreed]*

Shall clauses 1 through 8 pass?

**Some Honourable Members:** Pass.

**Mr. Chairperson:** Clauses 1 through 8 are accordingly passed.

**Some Honourable Members:** No.

**Mr. Hawranik:** I just have a point of clarification, Mr. Chair. I have questions, in particular in Part 4 on The Income Tax Act. I am not certain from your instructions when that is going to be discussed.

**Mr. Chairperson:** It will be separate. We will deal with it when we come to Part 4.

**Mr. Hawranik:** Are you going to announce the parts as you go through the bill?

**Mr. Chairperson:** Yes.

We have started with part 1, pages 1 to 3.

Clauses 1 through 8—pass; Part 2, pages 4 to 5, clauses 9 through 15—pass; Part 3, pages 6 to 8, clauses 16 through 24—pass. Part 4, pages 9 to 19, shall clauses 25 through 41 pass?

**An Honourable Member:** No.

**Mr. Hawranik:** Yes, we have a question, Mr. Chairperson. You know, under The Income Tax Act, there is, I believe, increase in probate fees is there, from \$6 to \$7 per \$1,000. As indicated earlier, I acknowledge the Finance Minister, in fact, making that amendment today.

My question to the minister is the increase, whether it is from \$6 to \$7 or \$6 to \$9.50 or any increase in probate fees, in my opinion, and I am asking the opinion of the Finance Minister: Will this not just produce more planning by the financial planners to, in fact, avoid probate fees in the first place?

**Hon. Greg Selinger (Minister of Finance):** I am not trying to be picky about this, but that actually comes up on the next page, page 20. We are trying to pass up to page 19 now. So, if the member wishes, I can answer it now or wait until the next page, whatever he chooses.

**Mr. Chairperson:** The minister will answer now the matter that is on page 20? Is that agreed? *[Agreed]*

\* (18:30)

**Mr. Selinger:** The member asks if this will be an incentive for additional tax planning on the part of certain, perhaps, lawyers or other tax-planning specialists. Under any form of taxation, there is always the possibility that experts can look at tax

planning around that. That is always a possibility. However, as the member knows, most people operate under a professional code, and they are duty-bound to follow the laws of the Province of Manitoba, and we expect them to do that.

**Mr. Hawranik:** Well, I agree that we expect them to follow the law, but can the minister indicate to me how much money this additional tax, increase in probate fees, is expected to generate on a yearly basis.

**Mr. Selinger:** Subject to confirmation, I believe the number is in the order of about \$600,000.

**Mr. Hawranik:** It will be interesting to see what happens at the end of the year, whether in fact you do generate another \$600,000, and I agree that financial planners and lawyers and accountants operate within the law, but there is an easy way of avoiding probate fees, and lawyers do not recommend it. But the way to do is to actually create joint titles with everything: joint bank accounts, joint titles on property. Create all of your assets jointly with another person, and if that occurs, obviously the wills or if there is an intestacy, in case there is no will, it just will not happen, because there will not be any assets upon which that probate or administration will operate.

I see it all the time as a practising lawyer. I see loans officers advising clients to avoid probate fees. A lot of times what they do is they look at the Ontario example. In Ontario, probate fees are at a much higher level than we are here in Manitoba. I have to admit that. There is a reason why financial planners go out of their way, lawyers go out of their way to try to avoid those probate fees in Ontario. I believe that just increasing the probate fees and the administration fees that are out there in estates will just give further incentive to the financial planners, to the lawyers, to the accountants, to the loans officers, to operate within the law, and there is nothing illegal about creating joint titles and joint assets. They will operate within that law and avoid those probate fees.

So my feeling is that it may be a step backward as opposed to a step forward. I can tell you as a practising lawyer, and I do a fair amount of estates, I spend a lot of time trying to convince people not to put assets into joint names unless they are in a husband and wife situation. Together, as a husband

and wife, they accumulate assets, they accumulate wealth and they create joint wealth, and it should go to the surviving partner, but I am finding more and more often loans officers, I am finding more and more often accountants and other financial planners saying, "Probate fees are too high. What we are going to do is we will save you some money," and they put assets in joint names with their children or others.

The huge problem with that is that in joint assets there is a right of survivorship, and when one individual dies, let us say, for instance, a mother is the survivor with four children, and she may decide with her home, for example, to put that asset in joint names with each of her four children and herself. There are a number of issues related to that, one being if one of those children passes away before the mother and then the mother passes away, three children will share in that asset and the fourth child who predeceased and may have left children of their own will have nothing to leave to their children. In other words, her grandchildren will receive nothing. That is part of the problem. Secondly, in the event of a bankruptcy of one of those children, the mother would be forced to buy the asset back from the bankruptcy trustee. Thirdly, if it is a large bank account, Revenue Canada has been taking the position that the interest is not just taxed in the name of the mother, but it is also taxed in the name of the children who may be at a higher tax bracket. Fourthly, if it is a home, and they are putting joint names with, say, five names, what happens is that they will lose their homeowner's rebate, their \$400 homeowner's rebate, and the home may become taxable in terms of the capital gains.

So it creates no end to problems, I believe, and I am not sure that the Province will. It will be interesting to see at the end of the year whether, in fact, you do generate an extra \$600,000. You may do it one year. You may do it the second year, but my feeling is that increasing probate fees really is a step backward. In fact, if anything, we should be decreasing probate fees. I would just like to have the minister comment on that as to whether he has done an analysis of how that is going to affect the planning, the estate planning, and how that is going to affect the revenue that, perhaps, might be generated by the increase in probate fees.

**Mr. Selinger:** I thank the member from Lac du Bonnet for his forthright comments and the sharing

of his experiences as a person who, in the legal profession, does estate planning. I think many of his points are very relevant. We were aware of the ability to tax plan around certain issues, the rate, and really that is, in a way, the member has identified why the rate published in the bill is higher than the rate we finally agreed on. We lowered the rate above what was originally recommended because of some of the issues the member raised. We did not want the rate to be too strong an incentive to enter into practices which the member identified could cause other complications for families, so the member makes a very valid point. The rate keeps us well below, for example, Ontario and B.C. and other jurisdictions. It is about the middle of the pack. So the member raises valid concerns which were addressed and considered in the decision about the probate fee that we set. So I thank the member for doing that.

I think the member makes another very important point. Good, professional advice in most cases would advise against planning around it because of the complications the member raised. So if people are acting in the way the member suggests he is acting when he advises clients, we should be able to see these revenues without adverse effects to the community.

**Mr. Hawranik:** Just one further comment with respect to that. and I can understand the minister's comment. I still believe, though, that, I think, and history may bear this out, that we, in fact, may have a decrease in revenue as opposed to an increase. Maybe not at this point, maybe not this year, maybe not next year, but over time, I think, people will adjust to it. That is the danger of it.

Other than that particular point, in terms of the increase in probate fees to which I object and our caucus objects because it really affects spouses and children, there is nothing further in the bill that we object to. Of course, we would support any tax decreases that are there but, of course, most of those tax decreases do not take place until 2006 and that is a bit of a concern. Nonetheless, Bill 44 does decrease some taxes and for that we would be supportive. Again, the only thing we do not support, in my view, would be the increase in probate fees.

**Mr. Chairperson:** Part 4, pages 9 to 19, clauses 25 through 41—pass; Part 5, page 20, clauses 42 to 43—pass. Shall clause 44 pass?

\* (18:40)

**Mr. Selinger:** Mr. Chairperson, I would like to propose an amendment.

I move

*THAT the proposed section 7, as set out in Clause 44 of the Bill, be amended*

*(a) in clauses (a) and (b), by striking out "\$75." and substituting "\$70."; and*

*(b) in clause (b), by striking out "\$9.50" and substituting "\$7."*

**Mr. Chairperson:** It has been moved by the Minister of Finance that Bill 44 be amended as follows:

*THAT the proposed section 7 as set out in Clause 44—*

**An Honourable Member:** Dispense.

**Mr. Chairperson:** Dispense. The amendment is in order.

Debate may now proceed.

**Mr. Hawranik:** Mr. Chair, just a brief comment to say that we are in support of this amendment because it does decrease the probate fees from what was indicated in the bill, but that is the only concern I have with it. Of course, it still increases probate fees, although it is in accordance with the budget that was proposed by the minister. I certainly would not have liked to have seen the increase that was indicated in Bill 44, and I thank the minister for making that amendment.

**Mr. Chairperson:** Are there any other members wishing to speak to the amendment?

Is the committee ready for the question?

**Some Honourable Members:** Question.

**Mr. Chairperson:** The question before the committee is the amendment moved by the honourable Minister of Finance read as follows:

*THAT the proposed section 7, as set out in Clause 44 of the Bill, be amended*

(a) in clauses (a) and (b), by striking out "\$75." and substituting "\$70."; and

(b) in clause(b), by striking out "\$9.50" and substituting "\$7."

Amendment—pass; clause 44 as amended—pass; part 6, pages 21 to 22, clauses 45 to 52—pass; part 7, pages 23 to 24, clauses 53 to 59—pass; part 8, page 25, clauses 60 and 61—pass; part 9, pages 26 to 33, clauses 62 to 63—pass; part 10, pages 34 to 38, clauses 64 through 69—pass; part 11, pages 39 to 41, clauses 70 through 82—pass; part 12, pages 42 to 131, clause 85 contained in this part of the bill runs from page 42 to page 123, clauses 83 through 112—pass; part 13, pages 132 to 136, clauses 113 through 124—pass; part 14, pages 137 to 140, clauses 125 through 135—pass; part 15, pages 141 to 143, clause 136—pass; main table of contents—pass; table of contents for part 12—pass; enacting clause—pass; title—pass. Bill, as amended, be reported.

Committee rise. Call in the Speaker.

## IN SESSION

### Committee Report

**Mr. Conrad Santos (Chairperson):** Mr. Speaker, the Committee of the Whole has considered Bill 44, The Budget Implementation and Tax Statutes Amendment Act, 2005, as amended; Bill 45, The Appropriation Act, 2005; Bill 46, The Loan Act, 2005.

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

**Mr. Speaker:** It has been moved by the honourable Member for Wellington (Mr. Santos), seconded by the honourable Member for Selkirk (Mr. Dewar), that the report of the Committee of the Whole be received.

Is it the pleasure of the House to adopt the motion? Agreed? [*Agreed*]

\* (18:50)

## CONCURRENCE AND THIRD READINGS

### Bill 46—The Loan Act, 2005

**Hon. Gord Mackintosh (Government House Leader):** I move, seconded by the honourable

Minister of Finance (Mr. Selinger), that Bill 46, The Loan Act, 2005, reported from the Committee of the Whole, be concurred in and be now read for a third time and passed.

### *Motion presented.*

**Mr. David Faurschou (Portage la Prairie):** I appreciate the opportunity to participate in the budgetary bill debate this afternoon. I will say at the outset of my remarks that I am a practical person. I believe that one should pay one's own way in the world and not be either beholden to our parents or look to the future generations in which to sustain ourselves.

This government continues to prey, if you will, upon future generations so that currently this government can provide the illusion that they are in power and serving Manitobans in a more beneficial fashion than would we on this side of the House should we be in government, but we on this side of the House believe it is pay-as-you-go in this province and in this lifetime. We believe that the infrastructure that we benefit from that was paid for by past generations of Manitobans should be maintained and improved upon but this government does not adhere to those principles.

I look at the budget papers provided by the Finance Minister and look at the assets that we are responsible for here in the Province of Manitoba, \$23.4 billion worth of assets in replacement dollars are the responsibility of government. Now, if we take the 46.9 percent of those public assets are directly the responsibility of the Province, I say that we have, indeed, a responsibility to maintain more than \$11 billion worth of assets in the Province of Manitoba, which the public, the electorate, rely upon we, as legislators, to maintain.

Now, the vast majority of that infrastructure that I refer to as being public assets, to which the Province is responsible for, falls in the Department of Transportation, and the Department of Transportation has been losing ground year over year over year. In fact, the wear and tear on our highways represents more than \$348 million of wear and tear annually. In fact, the more precise figure, as was revealed in Estimates, it was \$348 million.

Mr. Speaker, a lot is made of the expenditures that are taking place in the Province this year, but we



are not keeping anywhere near up with the wear and tear on our roadways. In fact, this government crows that they are spending \$140 million on roadways here in the province of Manitoba this year, and that is up year over year, but we have to add almost \$200 million to that figure just to break even and that is not making any improvements as we know need to be done to our roadways here in the province as we see a greater volume of traffic and an increased economy, to which we need our road infrastructure to support.

Mr. Speaker, I know my time is short in debate this afternoon, but I do want to mention a couple of items to which I know that the individuals that support this government, individuals that are in the upper benches on the government side of the House, that it is your responsibility, as well as us on this side of the House, in opposition, to make certain that persons with portfolios serving in Executive Council truly represent Manitobans' best interests. We hear a lot of the Finance Minister and within the budget books, but we have to look merely to the bottom line to sort the wheat from the chaff, if you will.

We, in Manitoba, this year will be seeing tax-freedom day come two days later than last year. Last year, June 21 was recognized as tax-freedom day, the longest day of the year, I might add, with the summer solstice. However this year is June 23, so we are working two days longer to sustain the expenditures of this NDP government in this year which I believe is wrong, wrong, wrong. How can we go on in this fashion, sustaining expenditures by the NDP government that, Mr. Speaker, I believe are either done willingly or unwillingly? They still exist. That is something that we, on this side of the House, are extremely adverse to.

"The NDP, unable or unwilling to control their expenditures," was a quote from the Canadian tax federation's, Adrienne Batra. I think it aptly describes the NDP government. Now, I also want to say at this juncture in time, earlier today we had a standing vote in regard to the acceptance in the Chamber of reports that were generated from the committee of Estimates and concurrence that followed, all in discussion of the proposed budgetary expenditures of the New Democratic Party over the course of 2005-2006.

I want to remind the government that even though you won the vote overwhelmingly this afternoon, we, on this side of the House, the 22

members that are recognized as serving in opposition in this Assembly represent more Manitobans than you, on the government side of the House. Collectively we represent more Manitobans than you do.

Mr. Speaker, under our current Manitoba Elections legislation, granted it is not always proportional and some of the constituencies to which we represent, we garner a significant plurality, and others on the New Democratic side of the Chamber have constituencies that garner a large plurality in their seats that they represent. But I do caution all of those persons including myself, that we recognize the responsibility that we are charged with.

\* (19:00)

We saw in the last election a mere 54 percent of Manitobans eligible to cast a ballot exercising their democratic right. We have to hear those wake-up calls. We have to recognize that Manitobans are becoming increasingly upset with the conduct and the responsibility to the electorate shown by we, the elected officials. They are speaking loudly and it should be very clear to all of us that almost 46 percent of Manitobans did not take a few minutes out of their day to exercise their democratic right. That is a travesty, Mr. Speaker, in this Year of the Veteran especially, that our parents and grandparents took their youth and served overseas to safeguard a democracy to which a mere 54 percent of Manitobans are respecting at this point in time.

So, Mr. Speaker, I will just make one further point, having waited all afternoon to participate in debate, is that if one is really, really committed to accountability and transparency, we will not do as this New Democratic Party is doing. That commitment comes from myself and, I am certain, my other colleagues on this side of the House. In fact, your track record proves what I speak of next. That is the independent officer of this Legislative Assembly, charged with transparency and accountability from his independent office.

I speak of the Auditor General for Manitoba, who in 1999, when our budget in this province was less than \$6 billion, received \$5.95 million to evaluate every dollar expended by government, but what is the expenditure to do that task today? The responsibility of the Auditor General has not diminished. In fact, it has increased because this

government on the budget papers that we are debating this afternoon is asking this Assembly to give Executive Council charge of \$8.12 billion. What does the Auditor General receive as far as budget to safeguard the accountability and transparency of those expenditures? A mere \$4.9 million. So I question, although I do not serve in the respective committees to which the Auditor General comes forward to ask for allocations to conduct his activities, but I query this government, the allocation of only \$4.9 million to safeguard the expenditure of \$8.1 billion, when in 1999, \$5.95 million safeguarded the expenditure of less than \$6 billion.

So, with those few remarks, Mr. Speaker, I know I could go on at length; however, the hour is growing later, and I do realize that we are looking to the passage of the bill so that the function of government can be sustained. With those words, I lament as to the responsibility we all have to Manitobans today and in the future. Thank you.

**Mr. Kevin Lamoureux (Inkster):** Mr. Speaker, my comments will be brief on Bill 44. I dealt in terms of government spending, government revenues that were coming in and a bit on the loans and then on Bill 45, again focussed on one issue of the spending problem.

On this particular bill, Mr. Speaker, I think that it is appropriate just to make very quick reference to the amount of monies that this Province borrows and how critically important it is that we be transparent on the issue of what Manitoba's deficit is. I believe firmly that it is in Manitobans' best interest that we apply general accounting principles in reporting our provincial debt. I have introduced petitions to that effect. I have taken other measures to raise the issue of just how much debt we have as a Province, and I believe that the government has manipulated the figures in the past to make them look better than what we actually are. I think that is a disservice to Manitobans.

Having said that, I do recognize and give credit to the government in finally recognizing the benefit of coming up with using general accounting procedures. I believe the commitment is in 2008, Mr. Speaker. I would like to see that bumped up earlier. If that dictates the need to change, make changes and modify the balanced budget legislation, then I would look and call on the government to bring in that legislation next year so that for the 2008 budget,

we are able to abide by the general accounting principles, something which the provincial auditor is calling for.

With those few words, we are prepared to see the bill pass. Thank you.

**Mr. Speaker:** Is the House ready for the question?

**Some Honourable Members:** Question.

**Mr. Speaker:** The question before the House is Bill 46, The Loan Act, 2005.

Is it the pleasure of the House to adopt the motion? *[Agreed]*

#### **Bill 45—The Appropriation Act, 2005**

**Hon. Gord Mackintosh (Government House Leader):** I move, seconded by the Minister of Finance (Mr. Selinger), that Bill 45, The Appropriation Act, 2005, reported from the Committee of the Whole, be concurred in and be now read for a third time and passed.

*Motion presented.*

**Mr. Glen Cummings (Ste. Rose):** Mr. Speaker, I would like to put a couple brief comments on the record. Probably more general than specific to this bill, but it strikes me that this government has severely damaged itself in terms of its public, both perceived and real, image that we now have in terms of the finances of this Province because we have gone through now four years of some of the most dramatic growth in government expenditures in the recent history of this province, and there is one thing that we have always asked from government and that was accountability. Not only we on this side, but the members of the public at large were convinced that from 2000 on, with a meagre \$15 million, we were going to solve all of the problems with health care.

*Ms. Bonnie Korzeniowski, Acting Speaker, in the Chair*

Secondly, government currently spends most of its time talking about the bad old nineties when revenues for this province, year over year, basically dropped to about zero. That brings a smile to the face of some of the members on that side, but they do not seem to realize that as Manitoba moves forward and

receives what were unprecedented revenues, as in any business enterprise or any responsible money-management situation, at the very time when revenues are buoyant is the time when we should be the most cautious about what we are committing ourselves to in terms of short- and long-term expenditures.

One can always draw the analogy, and it is tired and worn, but it is true, if we act like kids in a candy store when we have unprecedented revenues, then whoever comes behind you has to clean up the mess that is left behind because expenditures with very long tails on them go on for 5, 6, 10 years. We have developed programs. The first year the program is cheap. The second year it gets more expensive and by the third year, it is at full bore and the costs are then built into the base costs of government.

We see time after time in this government in the first part of their mandate that they did a lot of that, and now, at the time when people believe that we should have a solid foundation for delivery of health care, when we should have a solid foundation for delivery of infrastructure in this province, the government is saying, well, gee, I guess we spent most of the money, what are we going to do now. Spent is the wrong term, I realize. They have committed it, Madam Deputy Speaker, and commitment is the same as expenditure in government unless you get into that most dreaded of phrases, the clawback. No government wants to have to claw back from programs that it not too long ago was bragging about and announcing and encouraging participation.

\* (19:10)

So I believe that the government is not only in the throes of a scandal around whether or not it has been appropriately managing and monitoring the occurrences at the Crocus Fund that, in fact, I do not think this government has been monitoring and making long-term plans about how the role of government will be played out in terms of fiscal management over the next number of years. That is not something that one individual can do, but at least one individual in this government has to take responsibility to see that that work is done, to make those projections and to apply some discipline to make them happen.

When I talk about discipline and government, I look at the expenditures that we are dealing with in

these bills and one thing that this government has dropped the ball on, and they are now starting to be called on that item by some people that used to call themselves strong supporters of this political stripe of the current government, is the environmental community. They have been calling on this government to step up to the plate and deal with the environmental issues that are out there.

Why would I raise that? Because it has an impact on everyone in this province. It has an impact on the economic future of this province, what can be a proud economic future, but one that has, it is based on resources, both agricultural and natural resources in mining and fisheries and, obviously, logging and pulp and paper, which has become an increasingly large part of the economy of this province.

*Mr. Speaker in the Chair*

The government, through restructuring, has given the impression of being able to put forward great hope with planning bills, with clean water legislation, all of it enabling legislation, very little of it with very clear direction and leadership. I would suggest that, while we have the numbers all neatly lined up to present in these bills, in the end this government does not have a plan in place and, frankly, as has been alluded to by my colleagues and, as I can only emphasize as strongly as possible, sadly, sadly, we are seeing government by Auditor.

Never in the recent history have I seen the Auditor of this province being called on so often and, I know, many times when we talk about it is possibly time to bring in the Auditor on a particular file, members of government throw up their hands in dismay and say, "Oh, it is just those crazy Conservatives, or those retrogressive Conservatives," all other sort of non-complimentary epithets that they can throw across the floor, are saying, "Oh, no, you are just trying to make trouble again, by demanding that the Auditor take a look at certain things." Yet all I need to do is point to the workload of the current Auditor, and we know that this government may have its hand on the throttle, but it does not have its eye on the road. We, the taxpayers of this province, will ultimately pay the price.

When I refer to environmental issues, I refer to infrastructure issues. Infrastructure in many aspects in this province is not being dealt with the way it should be. I talk about the infrastructure for waste.

We talk about that relative to agriculture, to our rural communities, to processing. All of those things have an environmental overtone that this government does not seem to get anymore. Their goal was to get into government and then they forgot about their friends, much the same as they have done with the teachers' pension bills and other types of legislation that will eventually have impact on the Minister of Finance (Mr. Selinger).

So, Mr. Speaker, I want to leave my comments there. There is a myriad of topics that one could spend time on. I just wanted to remind all of us of those concerns that many of us on this side of the House have been expressing time and time again in this session.

**Mr. Speaker:** Okay, is the House ready for the question?

**An Honourable Member:** Question.

**Mr. Speaker:** The question before the House is Bill 45, The Appropriation Act, 2005.

Is it the pleasure of the House to adopt the motion? *Agreed* [*Agreed*]

**Bill 44—The Budget Implementation and Tax Statutes Amendment Act, 2005**

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, I move, seconded by the Minister of Finance (Mr. Selinger), that Bill 44,

The Budget Implementation and Tax Statutes Amendment Act, 2005, as amended and reported from the Committee of the Whole, be concurred in and be now read for a third time and passed.

**Motion presented.**

**Mr. Speaker:** Any speakers?

**An Honourable Member:** No.

**Mr. Speaker:** Is the House ready for the question?

**An Honourable Member:** Question.

**Mr. Speaker:** The question before the House is Bill 44, The Budget Implementation and Tax Statutes Amendment Act, 2005.

Is it the pleasure of the House to adopt the motion? [*Agreed*]

Was there a no? I did not hear a no.

**An Honourable Member:** On division.

**Mr. Speaker:** On division?

**An Honourable Member:** On division.

**Mr. Speaker:** On division.

The hour being past 5:30 p.m., this House is adjourned and stands adjourned until 10 a.m. tomorrow (Thursday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, June 15, 2005

CONTENTS

<b>ORDERS OF THE DAY</b>		<b>Oral Questions</b>	
<b>GOVERNMENT BUSINESS</b>		Crocus Investment Fund	
		Murray; Doer	3621
		Loewen; Selinger	3623
<b>Committee of Supply</b>		Hawranik; Rondeau	3624
		Hawranik; Selinger	3624
Concurrence Motion	3609	Mitchelson; Selinger	3625
		Mitchelson; Doer	3626
		Derkach; Selinger	3626
<b>ROUTINE PROCEEDINGS</b>		Loewen; Doer	3628
		Lamoureux; Doer	3628
<b>Petitions</b>		Minister of Finance	
		Loewen; Selinger	3629
Ambulance Service			
Schuler	3619	<b>Speaker's Rulings</b>	
		Hickes	3630
Teachers' Pension Plan Pension Adjustment		<b>Members' Statements</b>	
Account		Disaster Assistance for Farmers	
Maguire	3619	Penner	3632
Crocus Investment Fund		Coleen Rajotte	
Lamoureux	3620	Altemeyer	3632
Wuskwatim Project Development		Bryce Pallister	
Agreement		Faurschou	3633
Mitchelson	3620	Ellice Street Festival	
Fort Garry Hotel		Swan	3633
Reimer	3620	Matters of Concern	
Coverage of Insulin Pumps		Gerrard	3633
Goertzen	3621	<b>Grievances</b>	
		Loewen	3634
<b>Committee Report</b>		<b>ORDERS OF THE DAY</b>	
Santos	3621	(Continued)	
<b>Tabling of Reports</b>		<b>GOVERNMENT BUSINESS</b>	
		(Continued)	
Annual Report of Amounts Claimed and		<b>Introduction of Bills</b>	
Paid pursuant to subsection 38(1) of the		Bill 45—The Appropriation Act, 2005	
Indemnities Allowances and Retirement Benefits		Selinger	3638
Regulation for the fiscal year ending March 31,		Bill 46—The Loan Act, 2005	
2005		Selinger	3649
Hickes	3621		

**Second Readings**

Bill 45–The Appropriation Act, 2005  
 Stefanson 3639  
 Loewen 3641  
 Lamoureux 3646  
 Hawranik 3647

Bill 46–The Loan Act, 2005 3649

**Debate on Second Readings**

Bill 44–The Budget Implementation and Tax  
 Statutes Amendment Act, 2005  
 Maguire 3650  
 Mitchelson 3653  
 Hawranik 3656

**Committee of the Whole**

Bill 45–The Appropriation Act, 2005 3658

Bill 46–The Loan Act, 2005 3658

Bill 44–The Budget Implementation and Tax  
 Statutes Amendment Act, 2005  
 Hawranik 3659  
 Selinger 3659

**IN SESSION****Committee Report**

Santos 3662

**Concurrence and Third Readings**

Bill 46–The Loan Act, 2005  
 Faurschou 3662  
 Lamoureux 3664

Bill 45–The Appropriation Act, 2005  
 Cummings 3664

Bill 44–The Budget Implementation and  
 Tax Statutes Amendment Act, 2005 3666