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of the
Legislative Assembly of Manitoba
DEBATES
and
PROCEEDINGS
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(Hansard)

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Speaker*

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MANITOBA LEGISLATIVE ASSEMBLY
Forty-First Legislature

Member	Constituency	Political Affiliation
ALLUM, James	Fort Garry-Riverview	NDP
ALTEMEYER, Rob	Wolseley	NDP
BINDLE, Kelly	Thompson	PC
CHIEF, Kevin	Point Douglas	NDP
CLARKE, Eileen, Hon.	Agassiz	PC
COX, Cathy, Hon.	River East	PC
CULLEN, Cliff, Hon.	Spruce Woods	PC
CURRY, Nic	Kildonan	PC
DRIEDGER, Myrna, Hon.	Charleswood	PC
EICHLER, Ralph, Hon.	Lakeside	PC
EWASKO, Wayne	Lac du Bonnet	PC
FIELDING, Scott, Hon.	Kirkfield Park	PC
FLETCHER, Steven, Hon.	Assiniboia	PC
FONTAINE, Nahanni	St. Johns	NDP
FRIESEN, Cameron, Hon.	Morden-Winkler	PC
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin, Hon.	Steinbach	PC
GRAYDON, Clifford	Emerson	PC
GUILLEMARD, Sarah	Fort Richmond	PC
HELWER, Reg	Brandon West	PC
ISLEIFSON, Len	Brandon East	PC
JOHNSON, Derek	Interlake	PC
JOHNSTON, Scott	St. James	PC
KINEW, Wab	Fort Rouge	NDP
KLASSEN, Judy	Kewatinook	Lib.
LAGASSÉ, Bob	Dawson Trail	PC
LAGIMODIERE, Alan	Selkirk	PC
LAMOUREUX, Cindy	Burrows	Lib.
LATHLIN, Amanda	The Pas	NDP
LINDSEY, Tom	Flin Flon	NDP
MALOWAY, Jim	Elmwood	NDP
MARCELINO, Flor	Logan	NDP
MARCELINO, Ted	Tyndall Park	NDP
MARTIN, Shannon	Morris	PC
MAYER, Colleen	St. Vital	PC
MICHALESKI, Brad	Dauphin	PC
MICKLEFIELD, Andrew	Rossmere	PC
MORLEY-LECOMTE, Janice	Seine River	PC
NESBITT, Greg	Riding Mountain	PC
PALLISTER, Brian, Hon.	Fort Whyte	PC
PEDERSEN, Blaine, Hon.	Midland	PC
PIWNIUK, Doyle	Arthur-Virden	PC
REYES, Jon	St. Norbert	PC
SARAN, Mohinder	The Maples	NDP
SCHULER, Ron, Hon.	St. Paul	PC
SELINGER, Greg	St. Boniface	NDP
SMITH, Andrew	Southdale	PC
SMOOK, Dennis	La Verendrye	PC
SQUIRES, Rochelle, Hon.	Riel	PC
STEFANSON, Heather, Hon.	Tuxedo	PC
SWAN, Andrew	Minto	NDP
TEITSMA, James	Radisson	PC
WHARTON, Jeff	Gimli	PC
WIEBE, Matt	Concordia	NDP
WISHART, Ian, Hon.	Portage la Prairie	PC
WOWCHUK, Rick	Swan River	PC
YAKIMOSKI, Blair	Transcona	PC

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, June 10, 2016

The House met at 10 a.m.

ORDERS OF THE DAY

(Continued)

GOVERNMENT BUSINESS

(Continued)

COMMITTEE OF SUPPLY

(Concurrent Sections)

(Continued)

EXECUTIVE COUNCIL

Mr. Chairperson (Dennis Smook): Will the Committee of Supply please come to order.

This section of the Committee of Supply will now resume consideration of the Estimates for Executive Council. As previously agreed, questioning for this department will proceed in a global manner.

The floor is now open for questions.

Ms. Flor Marcelino (Leader of the Official Opposition): Through you, I would like to ask the Premier. He says his Cabinet is the most diverse in Canada. However, there are only four ministers from the city, the farthest north is Lakeside; the Francophone minister doesn't speak French; there's no minister responsible for labour, conservation, environment, immigration, disabilities, LGBTTQ and much more.

It's—does the Premier consider it reflective of today's Manitobans, the composition of his Cabinet?

Hon. Brian Pallister (Premier): Yes, absolutely I do. And I think I have a very, very talented group of people. Manitobans thought so too when they chose them to serve in the Legislative Assembly, and I know that, as the member knows, that tolerance, openness, acceptance of diversity are qualities that all Manitobans can possess. Regardless of their personal location of where they live, their race, their creed, their colour, their ethnicity, their religious beliefs, tolerance is a quality that each human being has the capacity to develop and grow.

And the member raises issues concerning the labelling of departments. We have a smaller Cabinet. There are fewer labels, but the work is the important thing, the work that gets done within those departments. And I think that's the key thing

Manitobans want. They want to see progress on a number of fronts that has been limited in the past, and they will see that progress with the hard work of not only Cabinet members but all members of the Legislature working together.

Ms. Marcelino: So the Premier considers, Mr. Chair, his Cabinet as the more—most diverse with the present composition that he has now in Cabinet. We have other views of that, but anyway.

The Premier's composition of the Treasury Board, we don't see a female member or minister in the Treasury Board. Does the Premier consider that inclusive and diverse as well? And as we know, Treasury Board will be tasked with making funding decisions that would affect women, and there's no women—woman or women members of the Treasury Board.

Mr. Pallister: Well, again, I think the objective of all aspects of our government is to provide the best possible services to Manitobans, and I think that the structure of our committees and our various assignments is designed in such a way to ensure that people can serve to the maximum ability possible the needs, not only of their constituents but of Manitobans as people. And so, I have tremendous faith and confidence in the decisions that Manitobans made in the election and in the people they chose to represent them, and I extend that confidence to those members of other parties who were chosen in their ridings. I think it's an honour to serve the people of Manitoba, an honour to be elected to the Legislative Assembly, and I think it's clear that all members accept those responsibilities with humility and will do their very best to fulfill them.

Ms. Marcelino: I would like to ask again. I didn't quite see the—or hear the response. I was wanting to find out if the Premier considers all-male membership in the Treasury Board inclusive. What about if the Treasury Board needs to make decisions related to funding for projects that involve women or discuss—tackle women's issues? The absence of women in the Treasury Board may not be serving Manitobans.

Mr. Pallister: So the member had asked again a question about how it could be that a Treasury Board composed of five males could do the job that was

assigned to it, and I have faith in men and women in this province to do the jobs that are assigned to them, certainly here at the Legislature, equally.

I think the opportunities that have been given to the women in our caucus who Manitobans elected to come and represent them are very significant ones. We have the, I believe, the fourth female Speaker, chosen by all members in an election process which I would mention did involve a—actually a secret ballot. As well, we have a woman who is serving as Attorney General and Justice Minister. We have—and that is only the second time in the history of Manitoba that we have a female in that role. But I would emphasize in each of these cases, in the cases of the other members who are serving in various capacities, whether involved in committee work, internal organizational work, policy work, again, as heads of committees, as—functioning as is our Chair doing—we have a female in that role—that these choices were made carefully and with consideration for the capabilities, aptitudes and interests of each member.

Ms. Marcelino: I still didn't hear why it is serving Manitobans or the Premier has faith in women if there are no women members of the Treasury Board. But, anyway, could I request my—to ask the next question?

Mr. Chairperson: The honourable First Minister.

Mr. Pallister: No, I wasn't asked a question, Mr. Chair.

Mr. James Allum (Fort Garry-Riverview): Yesterday we spent quite a bit of time talking about the alleged \$122 million in savings, and in the course of that discussion, the Premier wouldn't elaborate on it verbally, and that's, of course, his decision although this is the process where you would do that. And then he said he would provide a list, and then, you know, somewhere around 5 o'clock yesterday, as we were rising from this particular meeting and—we found that the government had issued a press release attempting to articulate the \$122 million, although our first observation on that, of course, is that it didn't add up to \$122 million. It only added up to \$108 million. It certainly didn't include the hundreds and hundreds of savings the Premier had said in the media in response to questions from reporters. And, in fact, it's something that if this was the list that was purported to be—constitute the \$122 million, he could have done this 10 days ago because it's actually nothing new in there.

So could he help us just to understand how this list that came out yesterday came to be, if this is the list we're now working with because it's been a moving target all along or if there will be another list and another story later today or tomorrow or over the weekend?

* (10:10)

Mr. Pallister: Well, I think that the member demonstrates a lack of understanding, clearly, of the approach that needs to be taken to get the financial situation of our province righted and strengthened, but that's understandable given the fact he's been part of creating the problem on a consistent basis, year after year, as opposed to addressing any solutions.

The process of finding savings is something that's virtually unheard of by the previous government and by former Cabinet ministers. And so, of course, it would explain their bemusement and puzzlement at how it would happen because they were never part of doing it. The reality is that it's a great challenge to get fiscal balance restored in our province because it's a monumental debt hole that we've inherited from the previous administration. And so it will take great amount of work to do it, and we're ready to take on that work and Manitobans want us to do that.

The ways to find savings are many, and there are many effective mechanisms that Manitobans must use in their own homes and their own business operations to do that. Perhaps the member hasn't had those challenges, but I know many Manitobans have and have faced them well and effectively over time and have created strong small businesses and supportive households by making those decisions. Some of those decisions involve things like saying no to proposals that are brought forward for spending. My brother and sister and I used to bring forward a lot of spending proposals when we were kids to our parents, and they frequently said no. Too frequently for our liking as children, but as we grew to—in an understanding—and I encourage the member to do this—of the importance of having a balanced budget in a household, we began to realize the wisdom of the decisions that they had made in respect of saying no to some of the things we asked them to buy.

The previous government, of course, didn't say no very often and likes to claim that it has great compassion because it says yes so frequently. But the result of saying yes was that they tripled the provincial debt, put us in a very vulnerable situation.

Said—of course, to pay for the yeses—said yes to tax hikes on a very regular basis: significant tax hikes—\$727 million per year in tax increases, including \$421 million in sales tax increases and including increasing the rate from 7 to 8 per cent; expanding the base of the PST so it applied to things like mechanical and electrical contracts, professional services such as legal and accounting services, insurance premiums, personal services; significant increases in other taxes as well, such as tobacco taxes going from 8 cents to 29 and a half cents, the highest tax in the country by a considerable amount; so high, in fact, that our advice has been that if the tax goes any higher, less revenue will be generated, not more, because more people will go to the black market to purchase their cigarettes. These are the situations we inherited. Fifty-two million dollars in fuel tax rate increases.

So the solution for the members opposite, in their time in government, was to always say yes to more spending and to always say yes to more taxes. So it was a high-tax, high-spend agenda, and that's what we've inherited. And we propose to address it by reducing taxes and spending.

Mr. Allum: Well, it's interesting. There's a lot in one answer to—for us to parse through. And I don't—have to admit, I'm not sure which of the things we should talk about first.

But for the—just for the—for simplicity's sake, maybe the Premier just could help, Mr. Chair, help the committee to understand how it is that he and his Finance Minister proclaimed from the rooftops of this building that they'd found \$122 million in savings, said this 10 days ago, and then we find, 10 days later, that they've put together a slipshod list that adds up to only \$108 million, I think. *[interjection]* Yes, 108 at last count, says my friend from Fort Rouge and my sister, the interim leader. So, maybe, he could just start with that most basic discrepancy.

Why is it that the Premier proclaimed \$122 million and then suddenly we've got, put out at 5 o'clock on a Thursday afternoon after a long day of committee, a list that only adds up to \$108 million?

Mr. Pallister: Well, I know this is a new concept for the member, and I know it's something he hasn't had any experience in, this idea of actually reducing year-over-year expenditure to achieve deficit reduction. I know it's a challenge for him to understand it, and I accept that. I feel, I guess, at this point, like the—as a former teacher, like one of my

colleagues who lamented in the staff room one time that—she said, I taught those kids again and again but they just didn't learn. You know, I think it's—I'm accepting some of the responsibility here too, because I think it's important for the member to understand something he's never understood before: the need to reduce our deficits year over year.

It's important for him to understand that, and he should—and I know he's never seen—I'm not sure he was part of Treasury Board ever, but Treasury Board takes a look at all spending proposals that come before government and, in the coming year, there'll be a grab bag of proposals that come forward; there always are. And the approach under the previous administration was just to nod and spend more money, or—every project pretty much.

I mean, we saw during the election campaign some examples of this sort of freewheeling, spend-it-all-today-at-the-expense-of-tomorrow approach that resulted in a massive increase in our provincial debt and massive increases in tax. We saw it with their commitments to spend on virtually every proposal that came forward in the hopes that people would like them more, I guess, Mr. Speaker. But, ultimately, if you're doing that beyond your ability or beyond your means to repay then you're creating a very difficult financial circumstance, and that's what the previous administration did.

So back to the Treasury Board thing. Just so the member understands, let me just review the purpose of Treasury Board. Now, Treasury Board is there to protect the best interests of not just governments, of course, but of people, tax payers and users of services. Treasury Board is there to screen every proposal, take a look at it, make sure there's value for money being derived from that proposal. Now, we know that this member was part of a government that looked at Treasury Board proposals, for example, to throw millions of dollars into the hands of a sole-source provider of Tiger Dams. It's just one example. Treasury Board nodded, acquiesces to that and approved all those expenditures. None of them were ever tendered. In fact, none of them were disclosed for years and years. They just went ahead and did it.

Now, this is an example—I give him one—where there'll be savings derived over the coming year. You know, he says it's only \$100 million of savings that we've outlined to try to instruct him in the ways of savings, and that we have left out \$20 million. Well, I remind him that we're only 10 weeks into the fiscal

year and there are, of course, 42 weeks remaining of lots of opportunities to evaluate spending proposals. Our plan is to find additional savings. We'll adjudicate fairly and clearly and make sure that we're protecting front-line services while we're doing that and the people who provide them too. That's exactly what this budget does.

But we'll definitely make sure that we take a clear look at things, like the aforementioned sole-source contracts that the previous government approved on a regular basis and then covered up. These are the types of things we're committed to eliminating from the lexicon of government spending, and we are looking to do a better job of shopping with Manitobans' money. And, in the process of so doing, we will find the savings the previous administration failed to find.

This would be just one example. I know the member, very likely, would like to offer an explanation as to why it was that his administration continued to hand out these sole-source contracts. I know, even after the Auditor General warned them that this was an epidemic and told them that they weren't getting value for money by shopping effectively, they continued to do it. So maybe would like to offer up that—either an explanation as to why he doesn't think there'd be savings doing—by shopping like Manitobans do, or maybe apologize to Manitobans for just not shopping smart with their money.

Mr. Allum: Well, it interests me that every time the Premier (Mr. Pallister) fails to answer a question, he starts off by suggesting that either myself—I'm a child and I'm too infantile to understand—or the people we're representing are children who are not to ask these kinds of questions because, I guess, they're too infantile to answer questions. And so, you know, I'd ask the Premier, rather than resorting to offhanded remarks that, in a different setting would be characterized as rank insults, maybe he could just concentrate on trying to provide an answer to the very simple question that I asked.

And it's sort of like—think of me as Denzel Washington in the movie Philadelphia, where he says to the judge there: Explain it to me like I'm a nine-year-old, because that's the way you're treating me right now. So, quoting Denzel Washington in the movie Philadelphia, explain it to me like I'm a nine-year-old.

* (10:20)

Why did you go out and say you had \$122 million in savings, take 10 days to provide a list—that we're going to explore in great detail today, by the way—take 10 days to provide a list that actually could've been provided on day one? Explain to us why there were three, at least three, different stories as you—how you, the government, the Premier, the Finance Minister got to the \$122 million. But what we're asking him right now, very clearly, very succinctly, very simply: Can he explain how it is that he proclaimed \$122 million in savings and yet produced a list that only added up to \$108 million?

Mr. Pallister: Well, the member demonstrates a lack of understanding, again, of how purchasing works through the course of a fiscal year. I've attempted to explain to him that all government purchases aren't made in the first 10 weeks of the year but occur over the course of the year. I've attempted to explain to him and draw the comparison not to children but to Manitoba shoppers who shop intelligently with their money because they have to; they pay some of the highest taxes since the NDP was in power in Canada, so they have a lot less left than people across the country.

I've attempted to explain to him that these decisions on finding savings would be made as—in the course of a more regimented and more disciplined approach to fiscal management through the course of the coming year. We have close to 10 months remaining in the fiscal year to achieve savings. We've tried to demonstrate to the members; they—this member doesn't seem to comprehend. I expect other members of his caucus will comprehend how the process works and know that exercising greater fiscal discipline in the purchasing of goods and services will achieve savings.

The Auditor General's report actually was a good chance for the member to learn a little more, and I'm hopeful that he would have read it, but there wasn't any demonstrated comprehension as a consequence of the reading by the government after the issue of this report, which the Auditor General put out in March of 2014, two years ago. What this Auditor General's report found in respect of government purchasing was very clear. And, you know, frankly, the Auditor General's reports often are very instructive to members, and I encourage them to look at them, read them, read them with comprehension.

What the Auditor General did in her report was to explain what tendering was, first of all. What is

tendering? Tendering a contract means to seek bids on it. An untendered contract is one that people could not bid on. Okay, well, you know, why would the Auditor General have to explain that? Because the government issued a number of untendered contracts and there was such concern about that raised from within the civil service and elsewhere that the Auditor General felt that it was a fit topic to research. In looking at this, the Auditor General made some conclusions, and those are conclusions that should have resulted—if the report was read by the preceding government ministers and with comprehension that should have resulted in changes in practice. But there is no significant evidence that that happened.

The Auditor General concluded that, and I quote from her report now, and this is actually page 409 of the March 2014 report: Our objectives were to determine whether departments and special operating agencies ensured fair access to government contracts by waiving competitive bids only when acceptable circumstances identified in the government's Procurement Administration Manual were demonstrated, assessed quoted prices on untendered contracts for consistency with fair market value, publicly disclosed untendered contracts over \$1,000—as the member may know, that's required under The Financial Administration Act—and we examined untendered contracts in five departments and three SOAs. We concluded that fair access to contracts was not always assured. There were significant gaps in public information on untendered contracts over \$1,000, because there was little to no documentation on the information that departments and SOAs use to ensure quoted prices represented fair market value, we could not conclude on whether they ensured fair market value was obtained.

Now, 26 of 50 contracts that were examined in this study were not supported by an acceptable circumstance needed to justify waiving competitive bids.

I give this to the member as just one example where savings can be found in the coming year. We've outlined a number of examples where we have budgeted anticipated savings.

We anticipate a considerable amount of savings will be derived from using the marketplace more effectively than was the case in the past, and we anticipate that those savings will be derived the same way that Manitobans, in their businesses and in their homes, would derive savings by using the

marketplace to compare prices, something the members opposite did not do during their time in government effectively according to the Auditor General of Manitoba.

Mr. Allum: It's—you know, it's not a disappointment to me that the Premier's (Mr. Pallister) unable to give a straight answer to a straight question, a direct answer to a direct question. But it must be disheartening to the new members of his caucus to see such cynicism displayed when it comes to a simple question and answer between myself and him.

On budget day, the government claimed that they had achieved \$122 million of savings. Over the course of 10 days we were given three different explanations for what—how those savings were achieved, and then, suddenly, on a Thursday night—the first day of Estimates—we get a press release put out that purports to be—account for the \$122 million, but it only adds up to \$108 million.

So you can understand if there's some degree of disappointment among his numbers that the Premier seems unable to actually speak directly and, frankly, honestly on matters of import of public policy.

One of the explanations for the \$122 million that was offered was from his director of communications in Cabinet communications, she wrote the media and indicated that that \$122 million was composed of \$52 million in new revenue, not savings at all, but new revenue—and I know the Premier, as a business person, understands the difference there—and then \$70 million in lapsed spending, which is a standard operating procedure.

So can he tell me, when the director of communications wrote to the media to articulate this particular answer—\$52 million in new revenue, \$70 million in lapsed spending—equaling, by the way, \$122 million—was she wrong?

Mr. Pallister: Of course not.

But the member is wrong and constantly illustrates with his remarks his amusing puzzlement at the facts that I give him. I've outlined for him, very clearly, intended savings to be derived from listening to an Auditor General's report and using common sense to shop intelligently. Yet he fails to acknowledge that's a sufficient answer. I guess because he never demonstrated in government that he could do that, and that's an amusement, I'm sure, to all Manitobans and, perhaps, to his colleagues as well, who very likely know how to manage money far better than he does.

Now, what the Auditor General has said very clearly in her report is that bids have been waived far too frequently, or not achieved, because sole-source contracting was used. This would result in a higher price being paid. I would think common sense would dictate that, if you shopped, you might find a better deal. I think, if you were to go to Manitobans and ask them could they find a better deal by shopping around, they would tell you, yes, very likely I could do that.

The government didn't bother because it was—I guess it was because it was spending other people's money. I'm not sure what the rationale was for not shopping around, the government hasn't explained that. And it wasn't just Tiger Dams. I'll just, again, quote from page 409: 11 of 50 contracts we examined lacked the required approvals. And I repeat, 11 of 50 contracts we examined lacked the required approvals—lacked the required approvals. So they just went ahead and spent the money without the proper approval. You think you could save money if you actually went through a process.

An earlier question from the interim leader was about the makeup of Treasury Board. What difference does it make who's on Treasury Board if you circumvent Treasury Board to make your purchasing decisions? What possible difference could that make?

The previous administration circumvented Treasury Board, lacked the required approvals, went ahead and spent the money anyway, and now is bemused at how anybody could possibly find savings by shopping around. This, unfortunately, is not the only part of the report that's cause for concern.

* (10:30)

This, unfortunately, is not the only part of the report that's cause for concern. On page 410 the—and this is about transparency—the Auditor General says most contracts were not disclosed within a month. Many were not disclosed at all, departments and SOAs. During, and I quote now: "during our 18-month audit period, 1,857 of the 2,133 untendered contracts disclosed in the public access database . . . were not disclosed within the required one month of contract signing."

In other words, they did not abide by the rules in The Financial Administration Act that the government should abide by in 1,857 of 2,133 cases of untendered contracts.

"For contracts not disclosed within one month, the average number of days between contract signing and disclosure ranged from 48 to 182" days. That would be approximately six months. "These long delays mean that for extended periods of time many contracts that should have been disclosed were not. Many other untendered contracts were not disclosed for reasons other than timing. They totalled \$183 million."

So what we have here is a willingness to spend other people's money without shopping around and then a willingness to cover up the fact that you did that in violation of the laws of the province, in fact.

Now the Tiger Dams is one that's received some media attention, and it's quite rightly that it has, and some of the member's former colleagues rebelled as a consequence, were told of that egregious violation of the trust of Manitobans within his caucus. That being said, there are literally, according—hundreds, in fact, over—more than into the thousands of examples where the government spent money in a way that Manitobans spending their own money would not choose to spend theirs.

So the member, again, seems bemused by the fact that, over the remaining 10 months of the fiscal year, we could actually save some money shopping with Manitobans' money smarter than he and his colleagues did, but I would suggest that he submit that thesis he has that we can't find those savings to Manitobans. They'd be puzzled, as puzzled as he appears to be at the concept of actually spending less and getting better value for it.

Mr. Allum: You know, if I'm puzzled by anything, it's by the Premier's (Mr. Pallister) inability to answer a straight question asked of him and then to answer questions that aren't asked of him. At some point, we'll get on to the issues that he's going on and on and on about, but right now we're concerned about \$122 million in savings which the government proclaimed from the rooftop that they had found, all 122.

We went through three different stories and 10 really tortuous days of trying to find an answer. The media also has gone through this same process of trying to get a straight answer to straight questions and, instead, what we've been witness to is a degree of verbal gymnastics that might qualify for the Olympics but doesn't do this committee any good. It certainly doesn't do the people of Manitoba any good and, frankly, is a disservice to the new members of his caucus who have come here to be part of

a process and engage in a fair dialogue around government choices—by the way, Mr. Chair, the Premier's (Mr. Pallister) government, not some government that existed elsewhere or at another time, but his government.

He's now the duly elected Premier of Manitoba. We accept that. The people are always right. We recognize that there's a new government in place. We recognize that there are 40 new MLAs here. We welcome them to be here, and I think the Premier needs to—*[interjection]*—29 new members? There we go. The Premier—I don't know—it's a rookie mistake. I always think of my friend, the Minister of Infrastructure (Mr. Pedersen) as being new, but of course he's actually been around for a while, but what we're really asking here is quite simply for him to try to explain, in a straightforward way, not about issues that are not germane to the line of questioning, but a very simple question. So I'll repeat it for him.

His director of communications wrote the media and said that the \$122 million was composed of \$52 million in new revenue and \$70 million in lapsed spending.

Will he now elaborate on that particular question? I've asked him: Was she wrong? He said: Certainly not. Then I ask him: Why wasn't she wrong? Because to the rest of us sitting around the table, that's not consistent with the answer that came out yesterday that, actually, didn't even add up to \$122 million.

Mr. Pallister: Well, I appreciate the member's question in respect of the issue of finding savings within government spending so that we can move closer to balance.

I appreciate him raising the topic. I know it's a new one for him, and it is an important topic, and we need to discuss it. So I've been outlining for him, to assist him in developing a better understanding of how we can do things differently and better, issues of purchasing and spending because this involves, literally, billions of taxpayers' dollars. And achieving savings in purchasing of goods and services is a very important part of how we move towards balancing our books. So, when he expresses the comment that's not germane to his topic, his topic is, of course, how are we going to get closer to balancing the books. And I am addressing that by telling him we intend to abide by the recommendations of the Auditor General where he and his colleagues did not. And I've outlined examples to try to illustrate to him the importance of doing so. I don't think that most

Manitobans need these lessons or instructions from me. I think they instinctively know what they have to do. They can't spend more than they bring in every year and hope that they're going to continue to support their family in the long term. And, so, they live within their means as best they can with what they have left after they pay their taxes.

In this particular example I've given him, I'm dealing with an issue that is totally, totally relevant to the issue that he's raised because it involves how we manage the spending of government departments, and this, of course, is a very critical aspect of this. So his failure to understand is an amusing thing but not helpful in moving forward on our discussions. I think I would go on to explain to him, from the Auditor General's report, that there were recommendations made. If he would choose to review it, he would see that there was a recommendation, for example, on page 425 of the Auditor General's report: recommendation 4, we recommend that the Treasury Board Secretariat develop guidelines for delegating purchasing authorities for untendered contracts and related extensions during emergency events. In particular, the purchasing authorities for Treasury Board, ministers and deputy ministers, and require comprehensive reporting after an emergency event on how the delegated authority was used.

That recommendation was made. It was not followed. And then what happened, of course, was further proposals came forward from the minister's former colleague, the Infrastructure minister, to Treasury Board. In spite of the premier's public statements that he ordered these contracts to be tendered, proposals came forward from the former Infrastructure minister after the premier claims he ordered them to be tendered, asking for them not to be tendered. And that proposal came forward to Treasury Board, but not during the emergency when one might argue there was an essential need to get these flood protection devices purchased. Later in the summer, and into the fall—this is when these proposals came forward. This is in direct contradiction of the very recommendation from the Auditor General that was issued prior.

So, when the member asks how are we going to find savings, well, we intend to follow these very worthwhile and well-reasoned recommendations where they were not followed in the past. Another example of how a government can get better value for money by making better decisions that use the marketplace to get better value but that also are

transparent and open in their processes. This is very important. This was not done before.

So, again, recommendations not followed, not listened to, result in waste. They result in excess expenditure. As a consequence, we believe that we can make progress on reducing the deficit by spending smarter. And, so, I've attempted to explain to the member how, and I've attempted to explain, without recrimination, I would hope, that the—some of these opportunities for spending smarter were missed in past years. It's important to understand that.

* (10:40)

Again, on page 425, the conclusion of the Auditor General is that we cannot conclude on whether departments and SOAs ensured fair market value was obtained. Surely, the member understands fair market value and understands that when it is not obtained, taxpayer's paying more than they should. And so we proposed to alter that practice, that misguided practice, very dangerous, very wasteful practice, and replace it with some common sense in the way we make purchasing decisions in government and the way we make them transparent to the people of Manitoba whose money we are, after all, using.

Mr. Allum: Can the Premier (Mr. Pallister) tell the committee where we find tendering processes as part of the list of \$122 million, or \$108 million, actually, that was put out there?

I—I'm—have the press release in my hand right now. I don't see tendering processes in there whatsoever. I just said I had it in my hand. I don't see tendering processes in there in any relationship. I see a bunch of other things that aren't savings but, in fact, are significant cuts to the things that—the programs and services that the people of Manitoba rely on. So we're going to get into a discussion about your alleged savings versus cuts, and that's coming in this morning and in the days to follow because that's exactly what you've done. But, right now, we're just trying to explore the shifting story that the Premier keeps telling about the alleged \$122 million in savings that only added up to \$108 million of story—savings.

The first story we got was one from the director of communications about \$52 million in new revenue. I know the Premier knows the difference between revenue and savings—or cuts, as we're going to call them—and \$70 million in lapses. And then the

second story we heard came right out of the Premier himself, who said there were literally hundreds of examples, a list so long that it would keep the Finance Minister busy until some long time in the future. He'd never get anything else done, so the Premier said.

Were you wrong? Or, sorry, Mr. Chair. Was the Premier—will the Premier admit that he was wrong in that particular characterization of where the \$122 million came from?

Mr. Pallister: No, not at all. Nor is the member right in any of the preamble that he cites in respect of the targets.

What I would have to do here, I guess, is go back to some basic things. The member doesn't appear to understand what a budget is. A budget is a forecast. It's a forecast of decisions that will be made over the future time. So what we're talking about is projecting on categories of savings—that's what we provided the member with at his request yesterday—projected savings to be derived over the coming year as a consequence of certain decisions. Gave him some categories to help him understand better, but he needs to understand, also, that the intricacies of finding savings are not going to be found very frequently in things like, you know, tendering a helicopter instead of just buying it just prior to an election. There, for example, there might have been a hundred—there might have been \$100,000 saved, there might have been millions of dollars saved. We don't know because the previous government never tested the marketplace to determine it. All we know is we paid about four times as much as Saskatchewan for the same services. We know that. But without testing the marketplace properly—and using untendered contracts is something the previous government did with increasing frequency. According to the Auditor General, one would not know how much those savings were; one could only make a prediction. That's what a budget is.

So, in the previous administration's phony budget, their pretend budget, their fiscal prediction but not a budget, a government who doesn't put out a budget just prior to an election, they said that they wanted to have a slush fund. And they said that—where is this here—it's called—they called it the discretionary prevention fund, and they included \$35 million in their March 8 outlook, they said. They said there would be \$35 million set aside.

This was created so that government departments could apply for funding later: mostly,

probably, Family Services and Health. These are the two major—and Education—the major departments that would make applications. So this fund was set up as a discretionary prevention fund, a slush fund. That's an example of the government's methodologies in respect of setting budgets. They predicted—and this is what a budget is—they predicted that there would be a need at some point during the coming year for \$35 million. Okay? Well, we predict that in the coming year we can find \$20 million more savings than you have on your sheet. That's what we predict, and we predict we'll do it by shopping smarter than you did—the previous administration did; I'm sorry.

So, again, budgets are about predictions. The member seems bemused by that fact, but his own fiscal outlook document, which purported to be a sort of quasi-budget, made a prediction. That's what budgets are. It predicted a \$35-million slush fund. Well, we predict we can find savings by shopping smarter. The actual outcome of the exercise would be the thing that Manitobans would most care about, I would think. We know that in virtually every year that the previous administration was in power, they predicted spending. They made predictions on how much they would spend, and they would lowball it. So they ended up spending about \$3 billion more than they predicted they would spend; \$3 billion off, that's a little bit of a margin of error. The fact of the matter is that a year ago, they predicted they would run a deficit of about \$440 million or so, and now it's about double that, more than double, two and a half times that size.

So we know that their ability to predict their spending isn't very good, hasn't demonstrated—hasn't been demonstrated over the years to be very good at all. We hope to change that. In fact, we think it's very important that we do. And so we've set targets in terms of spending that we believe are achievable, and we will aim to achieve them. The member is focused on getting a list of predicted savings, but he's never been focused, when he was part of government, on achieving savings. He's only been focused on spending more and raising taxes. And, on both those fronts, he's achieved those goals very efficiently year after year after year.

Mr. Allum: You know, it's remarkable that in the course of a five-minute answer, a premier, the Premier (Mr. Pallister) of this province, the Premier of Manitoba, holding arguably the highest office in our province, could put so much misinformation on the record in the course of five minutes.

He refers to a helicopter—and this is, for my friends on the other side, that helicopter is the STARS helicopter that he's referring to. That helicopter saves lives. And while the Premier is talking about some homespun wisdom around smart shopping that I'm sure, in the caucus meeting, must be just tiresome to hear about, I heard him refer to common sense earlier. And, you know, I've told him before, I'm from southern Ontario; I know who made up the political meaning of common sense; that's Mike Harris, and that's the path you're follow—he's going to be following for this province in the years ahead. He's already declared war on organized labour. He's going to follow a path of austerity and cuts to the future. We just got the tip of the iceberg yesterday at 5 o'clock on it. But when he refers to the helicopter, he's referring to the STARS helicopter that saves people's lives, and he ought to recognize that in saying so.

But, so far, I've tried to get him to say which story was correct. So, I'm assuming now that the press release that was put out yesterday at 5 o'clock was the story, the—certainly the latest version, that's for sure, but this is a story we hope, this time, this Premier, this Finance Minister and this government is going to stick to so that we can actually have a conversation about the real story as opposed to a moving target that makes it impossible for anyone to have a good conversation, a good dialogue, a good debate, in order to get to the bottom of the government's intentions.

The—one of the things included in yesterday's press release was the \$44 million related to the Seniors' School Tax Rebate estimated to be \$44 million. Will the Premier agree, Mr. Chair, that when you claw back a tax break, a tax credit, that's a raise in taxes?

Mr. Chairperson: Before I recognize the First Minister, I'd like to remind all members of the committee that comments should come through me. Thank you.

Mr. Pallister: I would agree that the most shameless vote-buying effort that I've seen in politics was the misguided and desperate promise of the previous administration that they would reduce—or they would increase by, I think, four or five times in a single year, a seniors' tax rebate that they had failed to elevate for 17 in any significant degree.

* (10:50)

This was desperate beyond belief. And, of course, combining that—the cynicism, the pure cynicism of trying to buy seniors' votes in this manner, which seniors—many seniors approached me and told me they were offended by, the government tried to endear themselves to the very seniors who depend upon health care to a far greater degree, actually, in most cases than non-seniors do.

This is the same administration that jacked up taxes on seniors in so many ways, you know, after promising not to. You know, if a senior had a tippie now and again, there's a much higher tax, of course, on wine or beer. Or, if a senior had the good fortune to have some investment and had a dividend coming, the dividend tax rate was jacked up by a significant amount. Or, if a senior was able to live in their own home or rent an apartment or something, they would want to insure their property, they jacked up the PST to include that insurance premium, so then they're paying 7 per cent and then 8 per cent more on that.

And, you know, these things all dented seniors' incomes considerably. And add to them, of course, accelerated hydro rates because of misguided Americanization strategies. And further, to the various other costs that seniors had to pay on items they purchased that were included in the PST, but then PST was raised by a further 1 per cent. So, you're seeing these folks hit particularly hard by the PST hike, something former premier of Saskatchewan Lorne Calvert decried, of course, mightily, was the impact that raising the PST would have on low-income families and seniors, in particular, seniors on fixed incomes.

So look at this record over the previous four years and then consider the pure cynicism of trying to go out as this administration did, and tell seniors how much you care for them and how much you want them to have more money on their kitchen table after you, for years, raided that same kitchen table with various tax hikes, and you get the bemusement seniors felt and feel today at this desperate attack on them and on their incomes.

Now, combine that with the fact that seniors depend upon health-care services, and those health-care services, despite the massive record-setting tax grab of the previous administration, continue to deteriorate so that seniors are waiting in Manitoba longer than seniors in any other part of the country when they go to emergency, waiting hours and hours and hours. I think four of the

top five lengthy waits in the—in our country's hospitals are here in the city of Winnipeg.

That's a momentous failure to deliver on the promise of better services for seniors. Compound that with the reality of the highest ambulance fees in Canada and seniors actually telling us they walked to emergency because they didn't feel they could afford the five- or six-hundred-dollar bill for an ambulance, and you see, Mr. Chair, why I use the word cynical in this, that the quality and access to health care that matters so much to seniors, sliding, the tax burden on seniors rising, and what's the end result? Not a commitment to improved health care, not a sincere commitment to reduce the tax burden on seniors, just this monumental, insincere promise from a government whose deficit projections had gone from \$400 million to, if you believe their own prebudget estimates, over \$600-million deficit, and they're suggesting they're going to do tax breaks for people that they've hurt over the years in addition to the \$600-million deficit they're already predicting.

Now, this is a monumental—monumental—insincere effort on the part of any political party that would make such a promise at such a time of grave mismanagement in the health-care system, at such a time of injurious tax hikes to seniors. This was the desperation of this government—previous government—and this member. So we're going to retain the tax—the rebate. We're going to retain it for the families who need it most, for the seniors who need it most and make sure that it's administered more efficiently and well so that all the seniors who deserve it can get it. And that's a great improvement, I think, to better protect the seniors of our province who deserve that protection. That's how we'll be doing it.

Mr. Allum: Well, I'm sure there was an answer to the question I asked him in there somewhere. But—and I know the Premier's (Mr. Pallister) clearly quite proud of himself for the—his inability to give a straight answer to a straight question. He started off his comments over the last question about vote buying. He needs to remember that the only government convicted of trying to fix an election was the very government that he was a part of. So he should be very careful when he makes allegations in that regard because, in fact, he was part of a government that was convicted in court. And out of respect, I won't quote what the judge in that particular case said about the government of the day and the political hacks associated with it. But he

should be very careful, and I would advise him not to go any further in that particular direction.

We make public policy choices here when we're in government. His government makes public policy choices. We're trying to have a conversation about the public policy choices his government has made, and what the simple question that was asked to him, Mr. Chair, and I will ask it again, when you claw back a tax credit, isn't that raising taxes? And, as a result, did he not mislead the people of Manitoba when he said that he didn't raise taxes, because the fact of the matter is he took \$44 million out of the pockets of seniors. That is raising taxes. Isn't that so?

Mr. Pallister: I accept that the member has great expertise and personal experience in raising taxes, so he can evaluate as he wishes. I would say that continuing with a rebate that was offered in the past at the level it was offered and income testing it is a very valid way to deal with it. What it does is it, of course, makes sure that it protects those families, those individuals who need that support the most, and what it also does is make sure that those who need it get it.

The previous administration had an application-based process which resulted in, I think, approximately 14 per cent of people who were eligible for—we can verify the number—but a significant number of seniors didn't get the rebate at all, and many others applied for it and weren't eligible for it. So it was a tremendous waste of time for seniors the way it was administered and also, in an unjust way, I think, excluded many seniors from getting it who can get it now because what we're going to do is run it through the tax returns so that Canada Revenue Agency can evaluate it much more efficiently. There'll be a savings there close to \$1 million in reduced administration costs and also an insurance that low-income seniors are able to get the benefit that they deserve to get.

So not keeping a very misguided and misleading promise of the previous administration is, I would think, quite honourable and certainly, in this case, does serve to protect those who need the protection the most far better than was the case with the previous administration.

Mr. Allum: Well, I want to congratulate the Premier (Mr. Pallister). That's about as close to an answer that we've received over the course of the two days, and maybe we can keep on this path so that we can get to the bottom of the things and issues that matter to the people of Manitoba.

Now, it's quite clear that his government, the first thing that he did, Mr. Chair, in his budget was to raise taxes on seniors. It's clear to the people of Manitoba. It's certainly clear to the seniors that we've heard from that their tax bill went up. They'll be paying more in taxes as a result of a clawback and a public policy decision made in his budget.

And so we just want to get it on the table and make it clear that this Premier and this government raised taxes on the people of Manitoba because the fact of the matter is that when in opposition and then during the election campaign this is a government that was sanctimonious about never raising taxes, and yet their first action that they did was to raise taxes, raise taxes on seniors so much so that they actually reached into the mailboxes of Manitoba seniors and took out the cheque that was in the mail, which I think is quite disheartening to seniors across Manitoba.

The public policy choice that the government makes is the public policy choice that the government makes, but he has to concede, Mr. Chair, that he raised taxes on seniors even though he said he hasn't raised taxes, and therein lies the contradiction at the heart of the government's messaging.

And then he says, well, okay, we're going to take that \$44 million and we're going to put it into those that need it most. So will he table for us how he's going to take that \$44 million and put it into supports and programming for seniors?

* (11:00)

Mr. Pallister: Well, now we're getting somewhere, and a great idea.

The member suggests that the clawback that he refers to—which isn't, of course, a clawback at all, it's not acting on a previous government's desperate last-gasp election promise, which seniors themselves have told us they didn't believe in.

I am a senior—I quote now from an email here from a senior—I'm a senior that thought the original school tax rebate was crazy because it just increases the tax burden for my kids who deal with housing costs, other expenses that we did not have when starting out as a family. Here's another senior who says: Thank you so much for the indexing of the income tax brackets to the rate of inflation, and continuing with the existing education tax relief for Manitoba seniors. Very much appreciated, continued success. And we have many more like this.

The reality, of course, of the situation is that seniors saw through what the government was doing when it ran. The political organization that made this promise wasn't acting as any government would, not really. The reality of the situation facing Manitoba seniors is well understood by those who spend time with seniors, and the additional costs imposed by the previous administration on seniors hurt seniors, reduced their incomes on a regular basis and made life harder for seniors. What this does is it makes sure that those seniors who are in the most difficult financial straits are protected.

I'll go back now to the STARS ambulance for a second because the member had put on the record what a great thing it was when his government didn't shop around and actually went out and, just before the 2011 election, purchased a shiny red helicopter, the services of which are wonderful and the people who work the helicopter are wonderful too. It's just the fact that the government didn't shop around that concerns us.

The Manitoba government—this is from a CBC news posting March 19th, 2014: the "Manitoba government did not follow proper procedures." I'll just repeat that part, the Manitoba government did not follow proper procedures when it signed a multi-million dollar contract with the STARS air ambulance, and it's paid way more than other provinces, a report by the provincial Auditor General has found.

The report, by Auditor General Carol Bellringer released on Wednesday, looked into why the shock trauma air rescue service was brought to the province without the contract being tendered. When Manitoba Health signed a 10-year service purchase agreement with STARS in 2011, no one else was given a chance to submit bids.

I cite this as an example where, if we had given the opportunity for the marketplace—for other providers to actually bid on providing this service, we may well have achieved a better value for Manitoba taxpayers while getting the service that we wanted. We won't know—and we can't know—because the fact is that the government acted without any consideration for getting value for taxpayers.

Here's a quote from the Auditor General: "We concluded that the procurement of the helicopter ambulance program was not in compliance with provincial tendering principles, policies and legislation." Okay, well, you know, wonderful thing to have a helicopter. Great to buy that nice

helicopter. But how about buying it intelligently. How about letting the marketplace see if it'll provide a little better value for taxpayers instead of just going out days before an election and doing a photo op with a shiny little red helicopter. So a nice photo op, but Manitobans paid a heck of a lot of money for it.

So, I—you know, I—it says right here, and I don't dispute the Auditor General's words on this, that, at the end of the day, you might have landed exactly where you did, but there's no way to know unless you put the tender out, and that's my point.

She added that the STARS contract is not an isolated case; elsewhere in the report auditors found problems with several other contracts in other government departments. Quote: "If you want to keep your eye on the bottom line and you want to keep those dollars under control, you got to do it."

So am I panicking about it? No. Am I concerned? Absolutely. Do you think it's an isolated incident and there aren't others happening? No, I don't, because of the report we did on the waiving of competitive bids, which I cited earlier.

So, again, I remind the member—and I expect he does this himself with his own money, when you go and shop, especially on a larger purchase—say something in the line of tens of millions or hundreds of millions of dollars, you would do that, I expect, if you were doing that personally. I can't imagine you'd be doing that personally, but let's say you were doing shopping for a vehicle or a larger item. You would probably go and check around a little bit. But the government didn't check around at all, perhaps because they thought it was okay because they were spending other people's money, I'm not sure. But I know one thing for sure: Manitobans are going to appreciate having a government that's as careful with the money that it takes from them when it spends it as they are with the money they left after they pay their taxes.

Mr. Allum: Well, it's an astonishing, astonishing admission on the part of the Premier of Manitoba that he would put the STARS helicopter—a unique service by the way, and he well knows that, a unique service—but he would put some phony bottom line ahead of the lives of Manitobans. And that's just exactly what he did here, even though we were asking about \$44-million tax increase on seniors this year, his budget, his government. And when he said that he did not raise taxes, we're asking him to admit that he did raise taxes. Of course, he won't admit

anything because we've never heard him admit anything.

And then I—we followed up with a question about will—how will we know that the \$44-million tax increase on seniors will be used to provide supports, programming and services to seniors. Will he be issuing a report in that regard? Will he be tabling a list in that regard? What, actually, is his plan of action to show that there's a one-to-one relationship between the \$44-million tax increase on seniors and \$44 million in new programs, services and supports for seniors?

Mr. Pallister: Well, the member uses the phrase phony bottom line, but that's actually the phrase—bottom line's a phrase that the Auditor General used in her report, and I don't think she used it in any way except to explain that it was important to be aware of it. And I would agree with her. And I think the member's comments illustrate a lack of understanding of the importance of what we are emphasizing here today.

How will we move towards balance? Well, I know some ways we won't move towards balance. For example, in this particular article, it says here, during negotiations with STARS Manitoba Health was aware that it would likely be paying 231 to 618 per cent more per mission than what other provinces pay for similar services. The Auditor General said, despite what she called significant variances, Manitoba Health did not do enough to determine if it would get value for its money and, in fact, instead, quote, relied on STARS as the main source to define program delivery needs. They should have done more, she said.

Mr. Bob Lagassé, Acting Chairperson, in the Chair

The quote goes on to say, and I hope the member will get this, because it's very important—this will actually, I think, be instructive to him in his questions about bottom line—despite those differences, they really did not assess whether or not they would be obtaining value for money. Those variances are extreme and, most certainly, it would warrant a much more detailed analysis.

So one example, an example that could have—though we will not be able to test the market retroactively, Madam Speaker, could have saved tens of millions of dollars for Manitobans—one example of one untendered contract that, I think, serves to illustrate my point about shopping smarter with the

money we take from Manitobans, something that hasn't been done, something we aim to do.

Mr. Wab Kinew (Fort Rouge): Is the First Minister happy with the performance of his Finance Minister to date?

* (11:10)

Mr. Pallister: Absolutely. Now, you know, he is following on the heels of some other Finance ministers I wasn't that impressed with, I would have to say that. So maybe he doesn't have much to compete with at this point, but he is endeavouring to do his best in a very challenging and difficult time. The reality is we've inherited a mighty mess from the previous administration. We have endeavoured—in the interests of producing both a Throne Speech and budget in the last few weeks, something that I'm told hasn't been attempted before, we've taken on a task some would describe as Herculean. But it is a mess we have to clean up, and the Finance Minister has shown great dedication. He is a very capable person and works well with his colleagues, both in the Executive Council and in caucus, a diligent worker and a caring and committed person. I have great admiration for him.

Mr. Kinew: Mr. Chair, to date, the Finance Minister has tabled a budget in which the tax burden on seniors increased, following a campaign in which there was numerous attacks made on the NDP for raising taxes. There is a higher deficit than last year, following a campaign which the NDP were vilified for tabling budget deficits, and over the past two weeks the Finance Minister has struggled to explain how they arrived at a \$122-million claim of savings which was bookended by a press release in which they were able to identify \$108 million in savings.

So it seems to me that—I'm a little surprised, after all those, you know, fumbles, to hear the First Minister say that he's absolutely happy with the Finance Minister's performance to date. I would surmise that perhaps a more hedged claim might be more accurate and more credible, but that is what it is.

I'd ask the First Minister whether he's happy with his own performance on the Finance file to date.

Mr. Pallister: I'm never happy with my own performance. I'm probably my harshest critic, and so I would say there's lots of room for improvement, but I wouldn't say that of the Finance Minister. Let's be clear about that.

I have a little bit of bemusement, though, at the attempt by the member to label us not keeping a very bogus and very dangerous NDP commitment made in desperation in the last days of their administration as somehow something that they would like to label a tax hike when, in fact, the promise of lower taxes is something they never fulfilled in all their recent years, anyway, of being in government, so why anyone would believe they would actually have kept their promise is a puzzlement to me.

But I would go further and say, I mean, here's a comment from the CBC news article that was done after we released this, and maybe the member can explain this to me. I mean, it's pretty clear that our plan didn't produce all the, you know, didn't fulfill all the predictions of the NDP in the last number of years about, you know, be afraid, be very afraid. We haven't proceeded with any significant layoffs of civil servants or cuts to programs. Every department apart from my own and Agriculture had an increase, most as—fairly significant increase in spending. We've been much criticized for that. Many people say we haven't cut enough, other people say too much.

One person that agreed with our approach was the interim Leader of the NDP who said in a CBC news interview that—she said her party agrees with preventing wealthier seniors from receiving a property tax rebate brought in by the Selinger government. So, interesting. I agree and I submit that it's all right for members to differ on their views, but how can it be that what the member is describing as a tax hike is actually supported by the interim leader of his own party as a good move and a reasonable thing to do? It seems a bit of a contradiction there.

Mr. Kinew: Mr. Chair, can the First Minister confirm for us that the tax burden on seniors has increased this year over last?

Mr. Pallister: I won't confirm that. What I will do, though, is remind the member of his own views in respect of things like the previous government's attempt to gouge seniors by—and successful attempt, I might add—raising the PST, when he tweeted: How does raising the PST help grow the economy? How is a tax which takes a proportionally bigger slice of poorer people's incomes fair?

Those are the words of the member. I—you know, I agree with those words. I don't think raising the tax on seniors, as the previous government did—and it wasn't exclusively the PST, it was many other things. I outlined a bit of that earlier—I don't see that

as beneficial or fair to seniors' incomes, so it seems passing strange, now, that the member would talk in this way when, in fact, he himself recognized the error of the previous administration's tactics in respect of eroding seniors' incomes, as did we. I think we have a point of agreement on that.

Mr. Kinew: It's simply a question of fact, to ask for a confirmation of whether the Premier (Mr. Pallister) agrees with the evidence that the burden via taxes borne by seniors is greater this year than last.

I'm glad to see that the Premier is aware of comments I've made on Twitter, and I'd point out I've never distanced myself from those comments. I'm comfortable with those being on the record. I am in favour of progressive taxation. That is something that I believe is a good economic policy in most instances. But, you know, the question here is whether or not the Premier will confirm that the tax burden is greater. And, you know, not having heard an answer, I'd move on.

You know, he wants to raise the issue of the PST. So I noted in the news release that we were provided with yesterday that there is some language here about Building Manitoba Fund reductions due to PST decreases.

Can the First Minister walk me through how there would be a net savings to government in this instance?

Mr. Pallister: I apologize to the member for Fort Rouge (Mr. Kinew) and I missed part of the preamble to his question and I'd like him, if he wouldn't mind—I'm sorry, I'm just saying I missed part of—I apologize, I missed part of your preamble, so I didn't get the gist of the question; I just got the tail end.

Mr. Kinew: I believe the part that's relevant here is, in the news release that came out yesterday evening that, you know, we're told is where the—identifies where the savings will be found, there's a bullet point that outlines that Building Manitoba Fund reductions due to PST decreases resulted in \$5 million savings.

Can the First Minister walk the committee through how the reduction in PST revenues, leading to Building Manitoba Fund expenditure reductions leads to a net savings?

Mr. Pallister: And again, I'm—apologize to the member for not getting that the first time.

The issue he raises, as I understand it, pertains to the timing of the booking of infrastructure projects.

Once the project is completed—and, actually, the fellow to his right will be much more qualified to answer this technically than I can. But the understanding I have is that the project does not begin its amortization, if I'm using—I hope I'm using the right phrases, and I think the Finance Minister would be able to address this better than I can—it isn't booked until the project is completed and, because of delays in some projects, we anticipate they will not be booked this year. And so, the writedown doesn't begin until they're fully completed and, so, that is the—as a consequence, moves the amortization writedown to the subsequent year.

Mr. Kinew: Okay, you know, respectfully, I would submit to the First Minister that he might be talking about a different point in this press release. I believe he's referring to the \$11 million in amortization and interest expenses, which I'm happy to return to later.

* (11:20)

Currently, I'd like clarification on the point about the PST and the Building Manitoba Fund reductions. It seems to me as though those decreases in revenue and decreases in expenditure move in lockstep, but I would like clarification as to how there can be a net savings booked by government from that.

Mr. Pallister: Great, now I'm—again, I apologize to the member for answering a question he didn't ask.

We'll dig those numbers out so that we can get the detail to the member on that, and we're looking for them now. So, if the member would like, I can revert back to that as soon as I get the numbers. I'll answer his question, and, in the meantime, I'd be happy to address any other issue he would like to raise.

Mr. Chairperson in the Chair

Mr. Kinew: Could the First Minister provide some indication as to whether his staff would need one-two minutes for this, or whether it would—if this is something imminent that we could—

Mr. Pallister: Yes, we're working on it. As soon as we can get the numbers, we'll get them to him. I undertake to do that in the shortest possible time frame.

Mr. Kinew: All right. On a related point, returning again to the news release which the \$108-million savings claim was presented. The—well, it looks as though we might have answers to the—

An Honourable Member: I wouldn't count on it yet.

Mr. Kinew: Still in process? All right.

So the press release outlines \$9 million in savings from schools and universities having their requested increases reduced. Looking back over a press release of funding announcements earlier in the year, can the minister—First Minister confirm whether any of the following are part of this \$9 million list: \$844,000 to support the joint bachelor of midwifery program at University College of the North and University of Manitoba; \$208,000 to support internationally educated engineers qualifications; \$450,000 for Assiniboine Community College's internationally educated licensed professional nurse program; \$83,000 to expand seats in Red River College's primary care paramedic program; \$440,000 to support the Manitoba Transfer Credit portal allowing students to seamlessly transfer credits between institutions; \$276,000 to increase access supports for indigenous, newcomer and marginalized students; \$1 million in capital support for the National Centre for Truth and Reconciliation at the University of Manitoba; \$350,000 to provide each college and university with funding to support indigenous culture on campus; \$150,000 to support a Metis studies program at Brandon University; \$3 million to support graduate students at the University of Manitoba; \$80,000 to found a Premier's Award and Chair in Post-Secondary Teaching Excellence and Innovation; and \$10,000 to support the Len Evans Memorial Scholarships at Brandon University.

Recognizing, Mr. Chair, that that was quite a lengthy list and lengthy preamble, I just restate the question as to whether the First Minister can confirm whether any of these programs are part of the \$9-million reduction in funding to schools and universities?

Mr. Pallister: No, I can't do that. And the member would understand why. I've just had the list read to me, so I would like to—if the member would like to table it or make a copy that would assist us in comparing the detail of what he's outlined there to our planned expenditures for the year, and then we'll add that to the previous task and get both bits of information back to him as soon as is possible.

Mr. Kinew: I'm happy to provide a list and table, but I would ask, perhaps, whether he could refer to his staff and—whether referring to the list from Hansard would be acceptable for—[interjection] Okay, sorry; I withdraw that. Rather, I've been told that I can table

a list imminently, and so I'll return to that point when I'm prepared to table the list, Mr. Chair.

Can the minister—the First Minister, rather—direct me to the portion of the Estimates document or budget and budget papers document that outlines the reduction of \$11 million in amortization and interest expenses for the year?

Mr. Pallister: That was the issue I addressed earlier unnecessarily, but, again, what the member would be wanting, I expect, is which projects were the ones that caused the detail to emerge that he has before him. I'll undertake also to give him that list.

I—if I could, though, I would remind the member that in doing this, I think it's important to understand that the goal of this government is to chart a new course towards a reduced amount of deficit and to pursue that goal each and every year, moving forward. And so, of course, it would not be possible to say yes to every proposal as was done in the run-up to the last election by the previous administration who made, in addition to knowing that they would have a deficit I expect well in excess of \$700 million—we now know closer to \$1 billion—they made an additional number of announcements committing to spend in the area of 600 million additional dollars.

This profligate spending is dangerous, reckless and actually would go further to damage our fiscal circumstances not just tomorrow but today, because as a consequence of this approach, had we followed it—and we did not, in the budget; we turned a new course, a new direction—I think we would have greatly endangered our credit rating. The previous administration was warned a couple of years ago to get their spending under control, undertook to do so, again, after years of saying they would, didn't. And then we had, as a result, a downturn in our credit rating, a downgrade for the first time in 30 years. And that, of course, is a negative consequence. It makes moneylenders happier, but makes seniors waiting for health care not as happy because it takes resources away from front-line services and moves them over to Toronto or New York and to a bond issuing company's balance sheet.

And so, with each provision of information I've undertaken, I want to accompany it with an admonition to the member that getting spending under control by demonstrating that you have the ability to choose between high priorities and high needs today and wants is a very important aspect of

governing, one that wasn't demonstrated sufficiently well in the last number of years.

So, when the previous administration went out to the people of Manitoba during the election campaign and promised to—the moon, they were actually also promising the crater at the same time. These promises add up to enormous amounts. Manitobans did not elect them. They chose not to elect them on the basis of these promises, lists and lists of promises. They decided—Manitobans decided they would elect a government and a political organization that made about one sixth as many promises and actually undertook to find the savings within government operations to fund those promises. This is a responsible approach, one that Manitobans adopt themselves by necessity or they go bankrupt.

The—so I would encourage the member, when we have that information to him, as I've undertaken to do, to remember that: that sometimes the most caring parents say no more often than yes, and sometimes the most caring governments and foresighted governments say no to projects today because they recognize the limits of their financial resources, and they hope to be able to say yes tomorrow or in the future but in a sustainable way so that their promises are kept. This is the fundamental challenge that we are willing to face as the new government and will, I believe, succeed in facing, but it is a fundamental challenge which the previous administration failed to accept in its spending practices, which clearly demonstrated, not just to bond rating agencies but to Manitobans, were dangerous and were reckless in their nature.

Mr. Kinew: Yes, can the First Minister tell the committee whether it was his direction that the reductions in the booked expenses for amortization and booked expenses for interest occurred, whether that was his decision?

*(11:30)

Mr. Pallister: Well, I recognize that the member has sought election in a party that has experienced tremendous dysfunction, and I recognize that the member understands that a historic rebellion occurred within the organization that he has now joined.

I also recognize that that dysfunction caused a tremendous amount of hurt to my predecessor. I recognize that that was unfair and I've stated it. I do not believe that the people who instigated that

rebellion were thoughtful or considerate in their actions.

That being said, that was their decision to make, not mine, but I do think that it's important the member understand what solidarity means, and I would expect many of his colleagues who come from—as I do—come from a labour background would be able to explain it to him.

When we make decisions on our team, they are team decisions and that is how we make our decisions.

Mr. Kinew: The reason why I'm interested in this topic of the booked expenses for amortization and interest this year is because this represents the amount—the portion of capital costs that are being borne this year. But they don't reflect, necessarily, the total costs of the capital asset. Rather, it's discounted over the lifetime of the asset.

So, if we're talking about a potential decrease in amortization this year of \$11 million for amortization and interest and we refer in the Estimates and Expenditures document from the budget papers, page 137, and we note that the useful life of general assets range anywhere from four years for things like computers to up to 40 years for things like buildings, a reduction this year in \$11 million of amortization could potentially mean a reduction in the real value of infrastructure—or capital spending, rather, in the hundreds of millions of dollars.

So, can the First Minister tell us what is the impact in real capital spending this year as a result of this \$11-million reduction in amortization and interest spending?

Mr. Pallister: And I appreciate the member raising the issue of infrastructure investment. It is critical. I've said for a quarter of a century or more that we need to get our strategic infrastructure built, and when I say strategic, I mean strategic.

The previous administration underspent over its term in only one department, and that was in infrastructure, and they did so year after year after year to the tune of close to 25 per cent. Now, they didn't underspend the year before the election, and I think that was partly to do with something called conspicuous construction—an attempt to be noticed. I believe there were a couple of million dollars' worth of Steady Growth signs that were assembled and put up in key areas around the province to be visible at great expense to Manitoba taxpayers, but I think they

would have rather had potholes filled with the money.

That being said, the only department of government that was underspent on an annual basis—every other department was overspent on almost all on an annual basis—was infrastructure.

So I appreciate the member's questions because infrastructure investment is critical. I have been saying so for a long time, and our government plans to invest strategically in infrastructure on an annual basis, not on a raid the department, raid the department, raid the department, and then have a parade-type of approach. That isn't how infrastructure should be built. That isn't how we work in partnership with the industry to effect better prices and value or how we help the industry grow to meet the needs of Manitobans. That once-every-four-years deal results in waste. It results in higher prices being paid by taxpayers because—imagine, if you will, Mr. Chair, that there are companies looking to bid on a job in the spring of a year in which, well, a pre-election year, there is a record number of contracts as was the case last fiscal under the NDP. And imagine that there were a limited number of companies, as there are in Manitoba, and imagine, also, that your company, Mr. Chair, won the first bid. Now all your resources are put to place to fulfill that job. Isn't that exciting for you and your company.

The problem is, of course, that, because there are only so many companies in Manitoba to meet these needs, and each of these companies has experienced an underspend or underinvestment over the previous four fiscal years by this administration, they didn't bolster their assets to be able to bid on a job the second time. So your company doesn't bother because you couldn't do the work anyway, so why bid.

So now we have fewer companies bidding, and this goes on. And then the next bid is awarded and another company—the member for Midland (Mr. Pedersen), his company gets that contract. And then, well, he's only got so many people and so much asphalt production capacity and gravel access, so he doesn't bother bidding on any other jobs because he's got all the work he needs for that year because, well, it's more work than he had the previous four years, that's for sure. And you follow that logic and what happens is at the end of the year you're ending up paying far too much because there are far fewer companies that are bidding, far few companies that are participating in the process. And because of that,

you get—you pay more and you get less. And that's exactly what's happened under the previous administration over a number of years now.

We don't plan to follow that line of attack, so what we want to do is invest strategically in infrastructure projects that will work for Manitobans to assist them. You build better roads, better drainage, better bridges, but do it on a systematic basis, not on a once-every-four-year cycle that sees dips in the bid offers and increases in the prices in the final year, because that's what has happened on an ongoing basis in Manitoba. Other provinces do this job better. We can do better, I think, than other provinces do by learning from best practices around the world. And we have high hopes that we can continue the investments in strategic infrastructure. We've made a major commitment to do that. But, most importantly, our commitment is not just to invest more money. It's to get better results with the investments we make.

Mr. Kinew: I would submit to the First Minister that that's not actually the situation that we see reflected either in the budget that his Finance Minister has tabled or in the press release that we saw yesterday which says Budget 2016 begins to correct the course, but, perhaps, may have better been titled: This press release begins to correct the course on all the misinformation that has been shared by this new government.

What we're actually seeing is a scenario where on infrastructure we pay less and get less. That's what we see with the reduction in the booked expenses for amortization. That's also what we see in the reduction of some \$40 million in the infrastructure line item for highways.

So, you know, I would like the First Minister to return now to the question that had been posed earlier about the PST and tell us, you know, how is it that he can continue, with the PST being at 8 per cent, not using it to increase infrastructure levels, potentially over the lifetime of his government collecting some \$1.2 billion in the additional point of the PST, and, you know, how he can continue to demonize the NDP for raising the PST and yet spend the increased revenues without showing any indication that it will be spent on infrastructure.

Mr. Pallister: The member talks about demonization, but self-demonization is what occurred under the previous administration.

They made a promise that they would raise the PST—well, actually, they didn't make a promise, they promised they wouldn't, that's right. They promised they wouldn't raise the PST. Then they decided to broaden it. Then they decided they'd raise it. Then they went to court to fight for the right to raise it while ignoring the right that they'd guaranteed Manitobans that they would have to vote on it. And a year later, after making announcements, glorious announcements about splash pads and murals, decided that they'd make the statement that it was going to go into infrastructure.

So, when the member talks about misinformation and paying more and getting less, I think he's got a textbook example right in front of him if he looks at the recent history of his own government's performance. The fact is that even after the government made a commitment that it would take the PST revenues and put them into infrastructure, it did not. And only in the year prior to the election did the government actually, finally, spend what it had budgeted in infrastructure. Now, our intention is to spend what we budget in infrastructure, and our commitment is significant. And we will spend it on infrastructure, and we will spend it more wisely.

* (11:40)

Now, another way we can do it more wisely, I think, Mr. Chair, is to take a real good look at the strategic aspects of investing, as opposed to putting up signs in target ridings as the previous administration was fond to do. I believe Manitobans want us to invest where the needs are greatest and where the potential for them to share in the benefits of the infrastructure investments are greater. And so that analysis needs to be done, and we are developing a model that will be utilized to help us determine where those best investments can be made in infrastructure.

There are tremendous benefits to be derived by catching up on this strategic infrastructure deficit. We've seen very clearly, in Manitoba and across the country, problems as a consequence of failure to recognize the importance of investing in infrastructure and investing in infrastructure strategically as a paramount aspect of that investment. So that is exactly what we plan to do, and we believe that that is an important aspect of getting better value for Manitobans, as well.

I would, again, emphasize another aspect of infrastructure is of course the purchasing that

companies do in support of their projects and their bidding is done through a tendering process. It is critical to understand—back to that, Mr. Chair—it is critical to understand the previous administration failed on many occasions, as was noted in the Auditor General's report, to actually utilize the marketplace to determine how to get the best value for money.

The issues around investments made in infrastructure are important. I know that the New Democratic Party made promises during the election to spend more on infrastructure, but their record speaks better than their promises, I think, at illustrating how likely those promises are to be kept. And, because they have a record of not investing what they said they would in infrastructure, including after they raised the PST and didn't put it into infrastructure, I don't think that stated commitments by the now-opposition party to invest in infrastructure and saying that they'll spend more carry a lot of weight with those who understand their past record of failing to invest strategically and well and consistently in infrastructure. So, those would be my thoughts on that issue.

Mr. Kinew: The First Minister raises an interesting point about whether or not spending under a given government on infrastructure might be tied to political fortunes. I, therefore, ask whether the First Minister would commit to making infrastructure investments over his term in government so that, at the end of that term, that an analysis would show that infrastructure spending had been fair across all constituencies—electoral constituencies in the province, and was not disproportionately targeted to those held by Progressive Conservative candidates.

Mr. Pallister: Well, I've undertaken already to the member and to all present that—and for the record in Hansard—that we will invest strategically in infrastructure that pays for Manitobans, that has a return on its investment. That is an important aspect of how strategic infrastructure should be managed and that's how we'll manage it.

The issues of transparency that we've committed to will ensure the member that he has access to the data in respect of which projects are undertaken, where, when, how much is spent, in terms of the tendering aspects that we are in charge of as a government, that those will be available, that the information will be readily available, not, as it was under the previous administration, covered up for

some years. These are important commitments to us because we are committed to being very open and transparent about fulfilling our priorities and expect to be accountable and measured on the results that we achieve for Manitobans.

Mr. Kinew: So, will the First Minister commit that infrastructure investments will be made fairly across all electoral constituencies in Manitoba and will not be made with any calculation to spend preferentially on those areas which are currently held by Progressive Conservative candidates?

Mr. Pallister: Yes, oh, sorry—

Mr. Chairperson: You've got the chair.

Mr. Pallister: Oh, okay, sorry.

So, yes. So I get what the member's asking is he doesn't want to have another Tiger Dam situation, and I agree hundred per cent with him, and we're not going to have that happen. No, we're not going to be—we're going to be making the information available to him and transparently so, so that he's able to determine—I, mean, he uses the word, fairer, you know. Everybody's got a definition of fairer. I expect some of the members on the government's side might define fairer as in a way that I might not define it. I've already attempted to explain to the member how I define fair, and the way I define fair is it works for Manitobans, that the investments we made work for Manitobans.

The member's asking about investing in every riding in the province. That might not be possible by my definition, and so he'd have to clarify what he means by fairer. If he's meaning by fairer that we're going to put money into every riding so we can say that we did, I'm not really interested in that approach. I think we have to invest in projects that benefit Manitobans, and there are—there's some urgent ones. I'll highlight one, if I could, to make more clear my thinking on this issue to the member. I believe that the issue of an outlet at the north end of Lake Manitoba is an emergency. I believe it's critical that that be pursued. It has been delayed for a long time. It needs to be proceeded with. It is something that will benefit—yes, it will benefit the First Nations communities, Metis people, communities in that basin, but it'll benefit all Manitobans too. And those people in that area of the province have lived under the cloud of fear for a long, long time as a consequence of the lack of an outlet of sufficient size to direct water out of Lake Manitoba that is directed

in, in part, by a diversion at Portage la Prairie, the Assiniboine River diversion.

So these—this project was recommended back in the '50s, and I'm not blaming the previous government and many governments that didn't proceed with this project. But my point is that it's clear, in a high-water cycle, and we appear to be in one now, with extensive uncertainty for all who live in that basin and the need, very likely, to use diversionary tactics to protect the city of Winnipeg and people along the Assiniboine basin, continuing as we go forward with the added stresses put on our drainage system as a consequence of changed agricultural practices such as zero tillage, the drainage, unfortunate drainage, I would say, of many permanent wetlands in the Assiniboine basin upstream in Saskatchewan, excessive drainage, in my estimation, that I think that Saskatchewan government will regret at some future point if we hit a dry cycle. And I know the government made some efforts in this respect, and I appreciate those efforts because I think it is important that we recognize that without that channel not only will those folks live with the continued uncertainty that they— that makes their lives more than difficult, but extremely difficult. I think it's important we act on that project.

So I give him that as an example of a project which I think has considerable benefit; nonetheless, I think it's important that we proceed to evaluate all proposals on an empirical basis with criteria that make sense so that we get away from the ad hocery many other governments have practised in terms of investing in infrastructure for too long. It results in too much waste, inefficiency, and it results in less benefit than would be derived by a more logical evaluative process that bears in mind the consequences of the investment over the mid and long term.

* (11:50)

In respect of the outlet issue, there have been numerous coffee parties held and many discussions over the last number of years, but no dirt has yet moved, and we want to see that project move ahead in fairness to the people who live there. We believe it to be an emergency. The—it is a very shallow lake. It has a considerably significant impact, more considerable, for example, Lake Manitoba being such a shallow lake, if a relatively small amount of water is added, it makes a significant difference. And the wind event the premier and I discussed, actually last year at—in this

process, that wind event that occurred that—and the previous flooding in that basin, that it's really put the lives of those folks at risk. Not their lives at risk; that's an overstatement, but their normal day-to-day lives and their businesses with their families; the security they deserve to feel they can't feel. They're protecting other Manitobans, and I believe we need to take every possible measure to protect them.

So there's an example of the type of project that I believe would satisfy a criteria that might be developed because it does satisfy the need to protect those Manitobans who have given so much for us.

Mr. Chairperson: The minister's time has expired.

Mr. Kinew: You know, I appreciate the First Minister's grasp of the issues related to drainage of Lake Manitoba. The only thing that I'd add to that is that, you know, I do think it is a life-and-death issue. I've personally attended the funerals of people from the First Nations; Lake St. Martin, Pinaymootang, Little Saskatchewan, Dauphin River are communities affected, and I've been, you know, recently to the funeral of somebody from Little Saskatchewan, and so, you know, it is a life-and-death issue in a certain sense.

So I'd like not to disparage or diminish his comments at all, but just offer that, you know, bit of perspective, and, you know, in the interests of bipartisanship I have many good relationships with the First Nations in the area. If I can ever help, you know, to advance those conversations I'm more than happy to do so. Again, my interest is not to score political points on the issue of Interlake flooding; rather it's to ensure that people from those communities can return home, and so I'll put that on the record as an offer.

That being a good comment, I'm sure the First Minister won't like this next comment, unfortunately. When he says that investing in every riding might not be fair, perhaps that was a misstatement, but I would have to challenge that and say that every riding does have a representative in the Chamber of this building, and it seems to me that there should be at least some infrastructure spending being delivered to every constituency that each of those members represents. And it's been a little concerning for me to see the initial actions with respect to the Kewatinook constituency, which, again, is not a constituency that the NDP holds; rather, it's just one that I'm watching with interest.

In spite of the fact that the East Side Road Authority was dissolved, and I understand, you know, the statements that have been made with respect to that, I would like to ask the First—whether the First Minister will commit to seeing the east-side road itself built and Freedom Road built? We can provide clarity today on those two specific projects, Mr. Chair.

Mr. Pallister: I really appreciate the member's comments and his offer, as well. I think it's really critical, and I wanted to commend also, I could, the former leader of the Liberal Party, I guess, maybe future leader of the Liberal Party; I have no idea or control over that.

Also, on his work with people from those communities, I know that he has been in regular and consistent contact with the people affected by the flooding and the removal from their homes and from their lifestyle and their daily lives. It's been more than onerous, and I wanted to clarify I really meant as a consequence directly of the flooding when I was referring to their lives not being at risk. I didn't want to—I appreciate the member clarifying. Yes, we know that people have passed away far away from their homes and their communities, and it's a dire situation.

And I would share with members here that I have raised this with the Prime Minister as an emergency situation, and I will, at some point, I expect, asking for the support of all members of our House to make it clear to the federal government that this is an emergency situation.

And so, yes, the member asks me about specific projects, and I don't wish to contradict my earlier statements. At the same time I recognize the importance of both projects he specifically names and recognize the commitments that the previous government's made and, actually, also that the federal government has made to both projects. So I would expect that construction in both areas would continue as is committed to.

At the same time, I have also clearly outlined that I think we need to take an approach which perhaps is somewhat different from the previous administration, which involves doing fair analysis of all proposed projects, as opposed to picking and choosing. Without critical assessment models such as the one I described, we would always be subject to criticism. I expect the members opposite would criticize us as well, as they should, for picking and choosing certain projects without merit, perhaps

because they aren't in their ridings, perhaps because they don't see the value in them.

And so, I think it's important to do the evaluative work of determining which projects have the best benefit to Manitobans. I think that's vitally important to all of us here, not just to make us accountable for the decisions we make, but, more than that, to make sure that Manitobans derive the best possible benefit from those projects.

The reinvestment, not just in new infrastructure projects which the previous administration focused on significantly in the run-up to the last provincial election—that is an important aspect of infrastructure investment, but there are other important aspects too, not as glorious in their investment, but just as important. For example, maintenance. Now, you don't see a lot of ribbon cuttings around maintenance. There aren't a lot of press releases about it. It's not really a thing that gets a person, I suppose, elected, because they're so good at maintenance. But maintenance is an awfully important part of infrastructure.

I'm told by friends I have in the heavy construction industry that, basically, a dollar invested in maintenance will save you seven dollars in repairs. So, maintenance is really important. In an area—some far more expertise than I have commented to me that that was an area that was, sadly, lacking in the previous government's focus of investment around infrastructure. So maintenance that didn't—there are no Steady Growth signs up around that, but pretty darn important.

Now, if you don't maintain properly, you have to repair, and repairs cost about seven times as much. So, then you do your repairs. And repair isn't necessarily a bell-ringer for the general public, either. I don't know that many people would really vote for somebody just because he did repairs, either. So the tendency tended to be, under the previous administration, to spend seven times as much as a repair on replacement or on new projects. Now, there's where you get your ribbon. See, and you cut that ribbon and, boy, there's a lot of recognition.

What I'm talking about here is making sure we're doing the right balance between maintenance and repair and new projects, and that we make sure we assess each of these in light of the overall benefits to Manitobans. I think that's the right way to do infrastructure investment. I've spent a bit of time consulting the people who, as I say, have far more expertise than I, and they believe that that is

the approach government should take that hasn't generally been taken in the past. And it's an approach we would want to take.

Mr. Kinew: The First Minister makes reference in his comments today to smart shopping and also to empirically based criteria for evaluating projects. He also, you know, alludes to this criteria that it might be developed, you know, implying therefore that there is no criteria currently at work. And that seems to me to be the case. It seems unlikely that there is a rich evaluative framework in place given the First Minister and the Finance Minister and the Cabinet communications staff's inability to explain their \$122-million claim-savings figure, to provide detail today, and to the \$108 million that was outlined in this press release yesterday. Specifically, an inability to explain the \$9 million in the post-secondary and school funding that was cut, and inability to explain how a PST decrease, which is tied to Building Manitoba Fund reductions would result in any net savings to government, and an inability to provide, you know, an explanation into the changes for amortization expenses being booked clearly this year.

* (12:00)

All of that to say that that inability to provide explanation leads me to suspect that there has not been a careful consideration, that we are not seeing smart shopping, that, in fact, that there is just some arbitrary targets being set and then a rush after the fact to try and justify those things.

So I would like, you know, some reassurance because it seems to me that, while we are hearing rhetoric and message about smart shopping, that the evidence that we are seeing from the Finance Minister, from the First Minister, that we are hearing in this Estimates committee so far, suggests that the large budget deficit that we saw this year is evidence that, yes, there is shopping, but that that said shopping is not smart. And I would like the First Minister to tell us: You know, since all of his criteria and smart shopping and explanations lie in the future, what confidence do we have that there has actually been an empirically based, sound, strategic, you know, thought process going into developing the budget and the papers and the Estimates that have been tabled so far?

Mr. Pallister: Well, the member is asking this government in its sixth week to solve the problems that the 17-year predecessor government created, and that's a stiff order.

He has failed to acknowledge that, when he speaks about problem solving, he fails to acknowledge the problems that were handed to us. For example, 10th out of 10 on wait times, the highest child poverty in the country, 10th out of 10 in terms of educational outcomes for our students in schools. We've got major challenges to face. We're ready to face them. The previous government handed them to us.

He speaks about confusion about our forecasts. How can we believe forecasts? Wow, that's a fairly good question. Glass houses come to mind. How can you believe forecasts? Well, 17 years of the NDP making spending forecasts, which they exceeded every single year to the tune of over \$3 billion of excess spending beyond what they budgeted, would tell me that the previous administration didn't hit its targets and did not take those targets seriously. Therefore, what validity are—what value could Manitobans, observing their budget books year after year, place in those books? Waste of paper and ink. Trees destroyed for no good purpose. Not really useful.

The difference here is, of course, we're serious about our targets. We've established them. We're a new government. We intend to keep them, we hope to keep them and we're dedicated to keeping them where the previous administration missed their targets for 17 years. Now, when we talk about commitments, this is a government, the previous government, that cared so little about assuring Manitobans—the member references assuring Manitobans, he references giving Manitobans assurance and how can Manitobans believe. How can they believe a government that's been in power for 17 years, doesn't even table a budget? They put out a financial promise book that promises to spend \$600 million more than the \$1-billion deficit we now know they were leaving Manitobans with. Wow.

So I get the cynicism of the member, but he's directing it at the wrong person. He needs to take a look around the table on the side he's sitting at.

Now, we know that a year ago—we know a year ago that the administration did table a budget, and that budget predicted a deficit that was truly significant. And we now know that that deficit is actually close to two and a half times as large in one year. That's an excess expenditure beyond the already amazingly large deficit of \$10 million a week. That's \$2 million every single working day

beyond what they promised to spend, and that leaves out the bulk of the promises they ran on. If they were to keep those promises, well, they could drive us to a lower credit rating in a matter of hours. So thank goodness for Manitobans, that they made the change they did, because I'll tell you: there is no way they could have afforded the promises and desperation and recklessness of the previous administration throughout their campaign.

Let's talk about reducing staff as—for an example, reducing Cabinet from 18 to 12 ministers. Let's talk about that for a minute. Because that is an example of setting a new tone at the top and finding savings at the top of the organization. Now, that is going to result in savings that will add up to about \$4 million. Four million dollars is not a small amount of money, but it is a small amount of money compared to the deficit we're inheriting. Now, we would have to find 2,500 other examples—2,499 other examples of savings like that to get to balance. That's the monumental nature of the task we face. But at least we've taken a step in the right direction. We have reduced the number of departments, reduced the number of Cabinet. We have reflected that change.

We have done it, as well, by reducing the size of my department. I think this is relevant to this discussion. The Executive Council in the previous fiscal year had 56 positions funded by Manitoba taxpayers. It will now have 44. That is a reduction of 27 per cent. That is a significant reduction, and a savings will be derived as a consequence of that.

Now, the Planning and Priorities Committee is also being reduced in terms of the number; that's the committee of Cabinet secretariat. It had a significant number of positions in it. It will have a lower number of positions. In addition, a significant amount of secondment was done in the Executive Council office, so that previous year, 25 of the 56 positions within Executive Council were seconded. They were seconded from other departments. They were taken out of the budgets of other departments and moved into the Executive Council for centralized control and operations, but that deprived those departments of those resources and those people.

So Executive Council seconded people from Agriculture, Finance, Families, Growth, Enterprise, Trade, Sustainable Development, Indigenous and Municipal Relations, Sports, Culture, Heritage, Infrastructure, Education, Training and Health, Seniors and Active Living to the tune that the—what

we're talking about here is taking the number of political staff—

Mr. Chairperson: The honourable First Minister's time has expired.

Hon. Jon Gerrard (River Heights): I'm going to try and ask questions which, maybe, because of the limited time, you could keep the responses short, which would be great. First of all, a governance issue. Where is the responsibility for The Forks North Portage corporation, which is a—hopefully, we want to consider as one of the star jewels of our Manitoba?

Mr. Pallister: Indigenous relations.

Mr. Gerrard: I wondered whether it might be with intergovernmental affairs where you are or with Tourism or with, you know, any of a number, but thank you.

One of the things that has, you know, been apparent is that there was a significant increase in the deficit from when the NDP presented a fiscal update to the budget documents, and I'm just trying to have a little bit of an understanding as to where that increase came from, and I just wondered whether there were things that the NDP had done. For example, there was a series of negotiated contracts, labour contracts which were finalized by the NDP in the last several months, whether those contracts were accounted for in the fiscal update or not. Normally, those contracts would be booked as soon as they are made, and I'm just wondering whether that would account for some of the difference.

Mr. Pallister: The—I can't give the member the detail in short order on the second part of the question. On the first part, just as an example, he raised the issue of commitments made in the previous government's fiscal update. There were a couple of very significant departures in reality when we have the opportunity as government to go through the actual numbers. One of the major ones was a commitment to—now I'll just read the—from the document here, but a commitment to find savings. The member for River Heights would understand that the previous government had made, on a repeated basis, promises to get its spending under control. Previous Minister Struthers had said, I think about four years ago when he was the Finance minister, he would find I think it was 1 per cent across-the-board savings. It wasn't achieved. The opposite happened. And then in a subsequent year the same commitment made and not achieved again, and the opposite happened. So this

previous administration has made consistently and repetitively claims that it would get its spending under control; never has.

They made the same claim in the fiscal update. They said they would find savings of almost 1 and a half per cent in this case, so pushed it a little further up, of approximately \$215 million. That was in the fiscal update released in March of this year. No savings have been identified. None. So we have a \$215-million add-on to the deficit, so of all the examples I would say that might stand out as the most egregious.

* (12:10)

There were also other line-budgeted items under the fiscal update, anticipated federal revenues from infrastructure that were multiples of previous years' federal infrastructure support, \$316 million of anticipated federal support when, on average—I don't have it here, but I believe it would be about a fifth as much would be the federal support over the previous years on average. So significant departures from the reality in the fiscal update.

Mr. Gerrard: Were there also some environmental liabilities which have not been booked?

Mr. Pallister: That's an excellent question.

We are kind of peeling away the onion here and we're hoping we're getting to the point where we don't have to peel it anymore. It's kind of that exercise, and similar to peeling an onion it causes one to weep occasionally. The actual issue the member raises we are not yet aware, but we will investigate further any unbooked obligation that has—that exists. Neither of my friends is assigned in those departments, so we're going to dig for the member and see if we can get any additional information.

Mr. Gerrard: Yes, I appreciate the effort to provide additional information on that and on the labour contract situation.

Last year, and you mentioned again, that there was spending of about \$10 million per week over budget, and how will—what's the plan of your government to monitor this on a weekly basis? Because that clearly is going to be necessary if you're not going to get into trouble with overspending.

Mr. Pallister: That's the plan every government wrestles with and I expect, to be fair, that the previous government wrestled with, as well. How to get the constant pressures—spending pressures dealt with effectively while maintaining services.

We know we inherited a situation where the spending pressures were very great and, generally, they weren't successfully addressed. So, as a consequence, deficits generally rose and debt increased at record pace. We know the credit rating agencies expressed concerns about this. We know Manitoban's concerns about this. So systematic change is required in the first 40 or so days. We have instituted some initial measures to ensure that our processes address proposals as they come in. I think quite frankly it is at the point where we need to take a serious look at having departments who come in with spending proposals also come in with where they think the money should come from. That hasn't been the case in the past.

But we think that, within our departments, we have very knowledgeable and very capable people who also understand the need to 'prioritize' more effectively and who are in a good position to evaluate and assist us in our decision making. So a more consultative approach is what we're after. We'll extend that also, of course, to issues like the performance review that we have planned where people within the civil service will be more than welcome to participate and encouraged to participate.

This was not as effectively done in the Drummond exercise in Ontario a few years ago. Not to the satisfaction certainly of labour friends I've spoken with; they didn't feel that the working people within government service—providing services to government were sufficiently consulted in the process, and we do think that's an important aspect of this.

And I would say to the member I appreciate him raising this issue because it gives me the opportunity to clarify why certain—that there was some confusion about this initially, and largely I expect due to my own inexperience, but people were concerned that, and the opposition did raise it, this should be open and transparent. Well, it's my concern to be open and transparent, too, but at the same time, I want to recognize that there are people within our government service who wish to remain non-partisan and would be in—would be concerned about participating, even in an exercise as—of general benefit like this, would be concerned at being seen to be participating in something that they might fear reprisals for being part of, you know.

The Scarth report you're familiar with noted this concern, very real concern, among folks who work in our civil service. I guess what I'm saying is I'd like to

see—I'd like to have our civil servants, not exclusively our front-line workers, but people in every aspect of our civil service, feel confident in participating in this exercise, but I recognize that many of them would not wish their names to be published in a document or to be seen to be participating and for that to be known.

So this is a principal reason why I say that some aspects, due to the privacy obligations we have and also due to the respect we have for people who wish to remain anonymous in pursuit of their roles within the civil service, would be protected and be able to be participants in an exercise that means a great deal to them as Manitobans and as people who are directly involved in the provision of services as well.

Mr. Gerrard: Back very briefly to The Forks. The government has moved very quickly to change the boards of the Crown corporations.

Is the government's plan to do similar changes to the appointments to The Forks board?

Mr. Pallister: I just—I'm—sorry, I just missed the last part of that—to the member, through you, Mr. Chair.

Mr. Gerrard: The government has appointments to the board of The Forks North Portage corporation. Is it the government's, you know, view that it's going to move quickly to replace people there, just like it has with Crown corporations?

Mr. Pallister: We have moved to, and I could be wrong on the exact number, I think two or three boards have been addressed now; their memberships have been changed. There are, I think, in the area of 180 boards. No work on replacement will be undertaken overly quickly. This is a significant, significant task, and I would assure all members that the methodology to be used would be more merit-based and skill-based than perhaps has been the case in the past.

Mr. Gerrard: The government has committed to move the shelter support to 75 per cent of the median market rate. Will that be adjusted annually?

Mr. Pallister: I appreciate the member's suggestion, and that has not—what we have done is raised it to 75 per cent of current median market rate—market rent, but have not indexed it at this point.

Mr. Gerrard: The Premier (Mr. Pallister) has raised the concern that employment statistics for people in First Nations communities are not adequately reflected in what's happening in the StatsCan data.

This is something that I've raised but was never really taken up by the previous government.

Will this government push for changes to Stats Canada to incorporate everybody in Manitoba?

Mr. Pallister: Yes, we believe it's important that the statistics reflect the reality of our province. We had a good exchange with the member from Fort Rouge on this topic yesterday, and he—in which I think we agreed that there is an element of inaccuracy or misrepresentation in the manner in which that statistic is conveyed, and it has been conveyed in that way for a long time.

There's also a concern, I think, a legitimate concern, among many I've spoken with within the indigenous community that this may lead to a sense of complacency on the part of some Manitobans. In particular they would not want it to lead to a sense of complacency in terms of areas of the greatest concern to them, you know, job creation, economic opportunities and the like, that we have a rate of unemployment that is actually not as low as is depicted.

*(12:20)

There's a concern, I think, that's quite legitimate among many—in particular, in the northern communities—where unemployment rates and welfare dependency are a serious concern, that job creation would be the No. 1 priority. And I don't wish to lead a government that spends a lot of time patting itself on the back in terms of an unemployment rate that is not as low as some would have had us believe.

Mr. Gerrard: The Premier has commented that Manitoba has the smallest per capita investment in research and development. What is the Premier planning to do to address this?

Mr. Pallister: Does the member mean personally or as Premier?

An Honourable Member: As Premier.

Mr. Pallister: Okay. No, that's a good question. I think that there are a number of issues that have been presented to us. We—as the member knows, we spend an incredible amount of effort and time as a caucus in reaching out and gathering ideas from Manitobans. I would say I would put this in the category, as I would—and I think that my predecessor would agree—of the discussions we've had along the lines of venture capital. And I know that he has had meetings with folks in that interest group. I think in

our last meeting we had 32 people in the room and I think we left with 37 ideas. It's a challenge to focus, and I think that's what we must do. We need to do this on both the R & D files and on the, well, the innovation tech, the venture capital pieces.

The goal here is to make sure that we have greater economic growth opportunities in a general sense, and I think we all share that goal. The devil is in the details. We've undertaken—it was part of our platform—to pursue this and to use, genuinely, a focused, consultative approach to arrive at those solutions. I think that that approach will yield dividends, and it is a concern to us.

Mr. Gerrard: One of the concerns that's already been raised in these Estimates has to do with the fact that water management—surface water management across this province is such that there continues to be a lot of drainage without any real balance in terms of development of new water storage areas. The—probably one of the most notable exceptions is the area in South Tobacco Creek.

What is the government's plan, right? In this—is the government going to continue the status quo in which we continue to have this imbalance, or is there going to be an approach which would look seriously at how we address flood prevention and other aspects? Also, you know, making sure that we're adapting adequately to what is climate change and we could have some drought cycles.

Mr. Pallister: Well, the member raises an important topic near and dear to me. I can share with the member, my dad passed away in '93, and we stood—our farm is located on the—on a small creek called the Rat Creek. And as we looked down on that creek, there's a curve in the creek, and my father said—he was reflecting on this and he said, you know, son, I've seen the water cut that curve in my life four times—he was 66—four times. Three times in the last four years. We're playing catch-up now with changing cropping practices and changing land management strategies that are so rapidly evolving that it is a tremendous challenge and it's an important challenge to address.

Just as an example, in the rural municipality, along that creek in just a six-mile stretch they had to replace four major culverts or bridges in each of those years, so there were monumental costs and effects on people of these practices, such as the evolving zero tillage strategies, in particular being used in north—you know, northwest parts of the Assiniboine basin, up into Saskatchewan area, as

chronicled in some analysis that was done on the University of Saskatoon a couple years ago. I mean it's like—it's very different from the old days where you had tilled soil that acted as a sponge and small sloughs that acted as keepers to water, and shelter belts that held snow as you travel in those areas and lots of areas of Manitoba. The shelter belts have gone; the sloughs are drained, and the earth no longer acts as a sponge, but rather like a tabletop and the water goes off at the same time.

So, even if there were not climate-change impacts, and we know there are, but even if there were not, the problem would exist and will have magnified tremendously over the last 20, 25 years in our province and elsewhere, of course, as well.

What this dictates to our government is the need to work more co-operatively with our neighbours, just as it did for us as a small farm family—well, I guess we weren't small, but our farm was small in my family—just as it did for us to work with our neighbours—we weren't small people; that's what I was getting at—we had to work with our neighbours to get the fields drained. We didn't just drain our water onto the neighbour's field. And what we've seen from our friends in Saskatchewan is too much drainage without consultation as to the effects—or full consideration as to the effects downstream.

This has to change. I've already taken the opportunity to address parts of this very important issue with our neighbours. I think it is critical to move toward joint mapping—joint flood mapping. I think it's critical to move towards programs jointly on alternative land-use strategies so that we can encourage—not so that we can turn the clock back to the days when every farm had two or three big sloughs on it to water the cattle that they no longer raise on the farm; that's not what I'm talking about, but I am talking about developing strategies together because we're all in this together, because the consequences for a province like Manitoba when North Dakota changes agricultural practices and drains land, it comes our way through the Red network. It also comes our way through the Souris.

So, I have urged and will continue to urge, I hope with success, the province of Saskatchewan to join with us on the Assiniboine basin management group, to become full partners in that group, because I think these are the examples that we need to set to our people of working together co-operatively for mutual benefit.

The member cites a project I have some familiarity with. I've hiked and biked through the Tobacco Creek area a fair bit. It's a beautiful area of the province. These smaller retention projects, Deerwood and the like are—[*interjection*]—Soil and Water Association's done a number of these—have tremendous applicability, I think elsewhere, and we'll be encouraging and looking at ways, and I hope with the suggestions of the member as well, to address this tremendously important issue.

Mr. Gerrard: I think, as the Premier (Mr. Pallister) knows that it's very important to work with farmers and landowners as, in fact, happened at the South Tobacco Creek, the Deerwood project, one of the things that the Premier's talked about is people leaving this province. One of the people who left this province was an expert in this area and he tried to work constructively with the previous government and got nowhere on it.

So I would hope that the, you know, the present government would take this very seriously, move quickly to develop an approach which will be effective because he's not—we have to be leaders here in Manitoba; we can't just rely on Saskatchewan; we have to show them what we can do here, because in southwestern Manitoba, and I've flown over parts of it, there has been huge amounts of drainage unbalanced by water storage in the last 17 years. And, you know, this happened actually much more right after the flood of 2011, because people realized how significant an issue this was, and they wanted to do what was best for them and their farm which naturally, you know, people want to do. And it needs some overriding—

Mr. Chairperson: The hour being 12:30 p.m., committee rise.

JUSTICE

* (10:00)

Madam Chairperson (Colleen Mayer): Will the Committee of Supply please come to order.

This section of Committee of Supply will now resume consideration of the Estimates for the Department of Justice. From previous—as previously agreed, questioning for this department will proceed in a global manner.

The floor is now open for questions.

Ms. Cindy Lamoureux (Burrows): I would like to use this time to address a few of the topics that came

to surface during Estimates yesterday as well as a few questions that I had beforehand.

Starting with correctional facilities and officers, yesterday you mentioned training centres for correctional officers and how they will not only be in Winnipeg. Can you please tell us the locations where they will be trained?

Hon. Heather Stefanson (Minister of Justice and Attorney General): I want to welcome the member for Burrows. I know this is her first time in Estimates. It's, as you can already tell, a very fun process. We all really enjoy our time in Estimates, especially on Fridays when it's very, very warm.

But I want to thank you for the question, too, and just so you're aware, they just completed training in Dauphin and The Pas, and so that training will be repeated within the next 18 months. But we'll also include training in Brandon as well.

Ms. Lamoureux: Someone wanting to be a correctional officer should typically have what kind of education and skills before they apply, and, if accepted, what sort of training should they expect?

Mrs. Stefanson: Just to clarify, is that once they become a correctional officer? Are you asking what kind of training happens after?

Ms. Lamoureux: Maybe I can break it into two questions, first question being going into being a correctional officer, what sort of training and education should they have?

Mrs. Stefanson: I want to thank the member for Burrows for the question again. I think it's a good one.

There are no educational requirements required prior to this process, but once someone applies for this, they are—then they go through a series of screening tests, and from there that's narrowed down into an interview process, and then from there they would enter into the training program.

Ms. Lamoureux: Could you please elaborate on what the screening tests entail?

Mrs. Stefanson: Yes, just—if you want more information that I will provide you necessarily today, I'll sort of cover it off a little bit, but it's also available online, so you can get that information as well. But, essentially, there's an EQI test, so they're testing for emotional suitability and aptitude in the areas of numeracy, literacy and so on. But if—again,

if you want more information, there—it is available for you on the website.

Ms. Lamoureux: I will refer to the website as well for the physical training aspect of it, but could you perhaps just brief us quickly on what that entails?

Mrs. Stefanson: I thank the member for the question. There is no requirement for a—*[interjection]*—oh.

The only thing that's required is that there's a doctor's note telling that they're physically able, you know, from their—and healthy enough to do it. But most of the physical training is done during the training process, so they have to get through the physical part of the training to be able to do it. So they—you know, so that's where that takes place.

Again, sorry, this is all available online as well, so if you want to get into more details, you can get that there.

Ms. Lamoureux: Is there any sort of cultural awareness training?

* (10:10)

Mrs. Stefanson: Again, thank the member for the question.

The cultural awareness component is contained within the 10-week training period for a correctional officer. Also included in that is case management, crisis management, and they do motivational interviewing just to deal with things like those who are suicidal and have behavioural issues. There's also a report writing component of it and training on being a respectful workplace and suicide prevention, as well, and self-defence. And there's also—part of the component is doing some on-site training where you're working with someone who is already a correctional officer as well, so there's mentorship there as well.

Ms. Lamoureux: Has this course of training or screening changed over the years, been updated?

Mrs. Stefanson: That component is ongoing. There's always changes to just make sure that we're keeping up to speed with, you know, various changes and, whether it be, you know, technology or various, you know, cultural awareness issues or so on, so that constantly takes place.

Ms. Lamoureux: Which is an excellent thing. How often do correctional officers get retrained or refreshed on what's happening?

Mrs. Stefanson: There is—there are certain aspects of it that are mandatory training, things like first aid, CPR, crisis intervention management. There is a whole host of things that are required to be—to get regular training updates.

We don't have that with us here today, but I can certainly provide the member with a list of that at a later date.

Ms. Lamoureux: Yesterday we spoke about high turnover in correctional officer jobs. Why do you believe that is?

Mrs. Stefanson: Again, I want to thank the member for the question. She mentions that we had talked about a high turnover rate. I don't have those numbers with me right now today, but I question whether or not that is the case. There's always ongoing challenges in any job, but certainly there are exit interviews that are done, and primarily what is found is that some people have used it as a stepping stone to go on to other areas of law enforcement. There are challenges in some of the rural communities, and that's why we have moved some of the training out to those communities as well, as I mentioned earlier: Dauphin, The Pas and now, in 18 months, Brandon. So these are some of the initiatives that are taking place to deal with that.

Ms. Lamoureux: I believe that some of the turnover has to do with the mental health of the correctional officers. Are there psychiatrists and psychologists available specifically for them?

Mrs. Stefanson: I'm wondering if the member—is this just something that she believes or is it something that she has evidence of because we're not aware of this as being a major driver of why people would leave the profession.

Ms. Lamoureux: This is just something I believe. I imagine that that would have quite the toll on a person, working as a correctional officer.

Mrs. Stefanson: We do not have any evidence of that as that's why people are leaving, so.

Ms. Lamoureux: How many correctional officers are being hired on annually on average?

Mrs. Stefanson: Just while we're getting those numbers, you know, of course, just going back to the member's previous question. The—you know, this is—it's a very stressful job, of course, and I understand, you know, and there's ongoing, you know, training and working with individuals. And so, of course, that stress management part of the job is an important

component of that and is dealt with, I think, in the—in—as part of the mandatory training part of it as well. So I'll just endeavour—if you have another question as well, just let me know.

Ms. Lamoureux: I'd also like to touch on accidental releases, something we spoke about yesterday. You mentioned that there was one accidental release in the last fiscal year and two in this previous fiscal year or our current fiscal year. Can you please explain to me how a person is accidentally released?

* (10:20)

Mrs. Stefanson: I'll just go back to the previous question that the member had. In 2013 there were 211 correctional officers hired; 2014 there was 168; and 2015 there was 141.

And I will get back to the member in a moment with respect to her question on the accidental releases.

Thank the member for the question. Accidental releases are mostly as a result of paperwork error. The issues can arise as a result of multicharges for an individual. And so we are aware of the situation and we have put a training program in place, and each error that occurs we review that to see how we could make changes to improve the system.

Ms. Lamoureux: What happens after being accidentally released? Do they go back to jail?

Mrs. Stefanson: The police are notified, and the individual would be found and taken back into custody.

Ms. Lamoureux: That would be just to finish the time they had remaining.

Mrs. Stefanson: Yes, that's correct.

Ms. Lamoureux: How does it come to surface that someone was accidentally released? Is it reported by a friend?

Mrs. Stefanson: Yes, it's normally—they normally are found by court staff or correctional staff—or corrections staff. And once it's found, then there's a notification protocol. Obviously, the police are informed, as are the prosecution courts, corrections, and then we go from there.

Ms. Lamoureux: Is there a chance that there are more scenarios like this that we are unaware of?

Mrs. Stefanson: Yes, we're not aware of any others that are outstanding right now.

Mr. Andrew Swan (Minto): Last day, when we finished up at 5 o'clock, we were just on to some questions where corrections and courts intersect. And the question I had asked was one of the challenges for the system in that there's a division of labour, if you will, between correctional officers and sheriff's officers which has resulted in delays and further expense, especially at a facility like Milner Ridge. And I was asking whether the minister had had any success in making progress and resolving them, that issue.

Mrs. Stefanson: Yes, and I thank the member for the question, and this has been an ongoing issue, labour issue, as I'm sure the member is aware, that's been ongoing for many years. And we do what we can to work with all stakeholders to try and make sure that the system is run as efficiently and effectively as possible. So that's an ongoing issue.

Madam Chairperson: Member for Burrows? Oh, I apologize. Member for Minto.

Mr. Swan: We talked a little bit about video conferencing between correctional centres and courts, and if it'd be better to save for the courts section, I can do that, but I'm just asking whether lawyers are now able to have video contact with their clients in every correctional centre in Manitoba now.

Mrs. Stefanson: It's available in all correctional facilities with the exception of one, and that is just in the Dauphin correctional facility.

Mr. Swan: So is it in the plans for this fiscal year to get video conferencing going for the Dauphin correctional centre as well?

* (10:30)

Mrs. Stefanson: As it stands right now, we're just maintaining the current facility in Dauphin. There are no plans to add the video conferencing there at this stage, and part of that—that's in part due to the fact that we're awaiting next steps with respect to what is going to happen with the Dauphin correctional facility.

Mr. Swan: Am I correct, now, that with respect to the other correctional centres, lawyers can now have that video contact with their clients from their own homes or offices, subject to security procedures, and lawyers now don't need to attend at any particular place or facility to enjoy that access?

Mrs. Stefanson: Yes, that's correct.

Mr. Swan: I'm certainly glad to hear that work has been done, and I think it is one of the ways that we can continue to improve effectiveness in the justice system. And, as I did before, I certainly encourage the minister, with the Finance Minister now listening attentively, to make sure that further work is done to increase the use of video to try and speed up things in the court process.

I just want to go back to something from yesterday from the minister's opening statement. If I took down my notes correctly, the member said that there was going to be an increase of 232 full-time equivalents in the Department of Justice. I just want to confirm, looking at page 12 of the Estimates book, that that entire increase of 232 full-time equivalents is because of the other areas that have been transferred into the Department of Justice.

Mrs. Stefanson: Yes, that's correct.

Mr. Swan: And, similarly, there's—the minister said yesterday that there'll be an increase of \$118 million in the Justice budget. When I look at page 12, which is the summary, it's actually an increase of just over \$10 million if we take everything that's been transferred into Justice into account.

Mrs. Stefanson: The numbers that the member is looking at—last year, Consumer and Corporate Affairs was not included in the Department of Justice. So these numbers reflected as though it was, but there has actually been further increases in expenditures, and I can get the member the breakdown if he would like. But it does equal up to just over \$18 million.

Mr. Swan: Certainly. And page 12 deals only with the salary expenses, and I maybe could have been clear in my question.

On page 12, it shows, of course, the exact same number of positions from the positions that would come in from Consumer Protection, from Children and Youth Opportunities. I should have been more clear. It's an increase in salaries of just over \$10 million. And I presume that is all because of negotiated salary increases due to the collective agreement and also from increments as employees gain more seniority.

Mrs. Stefanson: Yes, that's correct.

Mr. Swan: And I understand the minister's point. If we look at the total Estimates on page 10, the increase is closer to \$18 million if we compare

apples to apples and we consider everything that's been brought in to the department.

Mrs. Stefanson: Yes, that's correct.

Mr. Swan: The Finance Minister, of course, has told us about all the savings from consolidating certain departments. Can the minister point to any savings in these Estimates from those areas being brought in to the Department of Justice?

Mrs. Stefanson: We are always looking at ways to find savings within departments, and we will be conducting an ongoing review as to how we can find savings, and we're in the process of doing that right now.

Mr. Swan: Well, the Finance Minister has already announced that there have been savings as a result of the consolidation. I just—I'd like the minister, then, just to acknowledge that she hasn't identified any at the present time.

* (10:40)

Mrs. Stefanson: I thank the member for the question, and we—there—we have gone through the consolidation process as is, and we are in the process now of looking, always looking for ways to find savings and efficiencies within the system. But that is an ongoing process within our department and across government departments.

Mr. Swan: I thank the minister for that response.

We know that one of the challenges for correctional facilities has been intermittent sentences where somebody is sentenced to a certain number of days in jail but they serve it Fridays through Sundays. Can the minister just put on the record where those intermittent offenders are being handled or managed at the present time?

Mrs. Stefanson: I thank the member for the question.

And the department has contracted with the Native Clan Organization to house male intermittent offenders, and this relationship continues today. Currently, offenders reside in McGregor house, located at 94 McGregor Street. Offenders staying at Native Clan are restricted to the facility grounds at all times unless arrangements are made with corrections staff for the offender to attend supervised programming or supervised community service.

Native Clan staff complete a curfew count and conduct regular patrols. Voluntary work with

available non-profit agencies may take place if directly supervised by Native Clan staff. Written incident reports are provided to corrections staff by Native Clan for all incidents of misconduct or breaches of temporary absence. Serious behavioural issues are handled via consultation with designated corrections staff as per existing Manitoba corrections policy. Corrections staff provide Saturday morning programming consisting of, but not limited to, addictions workshops, gambling, anger management, goal setting, managing stress, keeping a job, changing habits, being an effective father, recognizing abusive relationships and planning for discharge and thoughts to action.

On the women's side, female intermittent offenders are currently required to serve their intermittent sentence at the Women's Correctional Centre. And we're in the process of looking at other possibilities to expand that.

Mr. Swan: I thank the minister.

So all men in the Winnipeg area serving intermittent sentences, then, go to Native Clan?

Mrs. Stefanson: Yes, that's correct, unless there are security issues, then, which would require us to take them into a correctional facility.

Mr. Swan: So when women report to the Women's Correctional Centre for, say, a intermittent sentence to be served on weekends, how much time do they actually spend in the Women's Correctional Centre at present?

Mrs. Stefanson: They would serve a minimum of one sixth of their sentence within the facility.

Mr. Swan: What I meant was, on any given weekend, if they're required to spend their intermittent sentence by attending a correctional 'facil' on weekends, how much time do they actually spend in the correctional facility each weekend?

Mrs. Stefanson: We'll just endeavour to get that information to the member.

Mr. Swan: Fair enough.

Now, of course, the correctional system is kind of the end product of everything else that happens in the justice system. I know that the intermittent sentences are not great from a corrections perspective and I wish the minister success in finding a community partner to deal with women serving intermittent sentences.

* (10:50)

Does—aside from trying to find that partner, does the minister plan any change to the way that intermittent offenders are managed at present?

Mrs. Stefanson: Just the answer to your previous question—or to the member's previous question, they would come in Friday evening and leave Sunday evening, and the timing of that would be dependent on the court order.

As for your other question, we are always looking for better ways to manage intermittent sentences, and so we're in the process of reviewing that and our focus primarily right now is on the female population.

Mr. Swan: This may be jumping ahead, because, again, corrections has to deal with whatever orders they're handed. Does—intermittent sentences, of course, come about because a judge orders them, but in some cases it's because it has been either agreed to or it's been recommended by a Crown attorney. Does the minister plan any changes to prosecution policy with respect to intermittent sentences?

Mr. Derek Johnson, Acting Chairperson, in the Chair

Mrs. Stefanson: This is dealt with on a case-by-case basis, typically, and it would be inappropriate to intervene in that way.

Mr. Swan: So, just to clarify that the minister is not anticipating any changes to the prosecution policy on these cases.

Mrs. Stefanson: Yes, there's no anticipated changes at this time. It's a very small percentage of the overall sentences, so we don't anticipate any changes at this stage.

Mr. Swan: I thank the minister for that response.

Just a few other questions about correctional facilities. From the material that was provided yesterday, I see that the rated capacity of The Pas Correctional Centre is 114. As of yesterday, it had 160 inmates, which is about a 40 per cent overcrowding rate. Can the minister just confirm, there had been work done to add another building to the campus of The Pas Correctional Centre for housing inmates, is that building housing inmates at the present time?

Mrs. Stefanson: Yes.

Mr. Swan: So, just to confirm, there is no other option at this point for building additional capacity at The Pas Correctional Centre.

Mrs. Stefanson: No.

Mr. Swan: There has been a lot of work done by the department in the North to try to make the administration of justice more effective. We'll get into details of what's been done with video conferencing, with the sheriffs. There had been a push by many people in the city of Thompson to have a correctional facility located there.

With The Pas correctional facility being, unfortunately, a crowded facility even with things that have happened, is a new correctional facility at Thompson something that the minister would discuss with the people of Thompson, or are we going to try and focus on the Dauphin jail at this time?

Mrs. Stefanson: I want to thank the member for the question.

I am going to be visiting Thompson in the next short while and will be speaking with stakeholders within the community and, indeed, in all of our northern community to develop a strategy. We do have our Yes! North component as maybe not part of this but it's part of our strategy towards ensuring that we focus on—have a significant focus on northern Manitoba and making it more—creating some economic opportunity for northern Manitoba. So I think that's a very good initiative that has started, and I will be visiting Thompson as part of that over the course of the next short while.

Mr. Swan: I thank the minister for that response, and I can also advise, as we look to expand restorative justice across the province, I know there's some very good people in Thompson that have some very good ideas, and I hope that will be productive.

While we still have the Finance Minister's rapt attention, I do want to just give the minister a bit of, perhaps, a bit of help. I can tell her that one of the frustrations I had as the minister managing budgets is that it is necessary for Justice to contract with providers and pay out of the Justice budget the cost of medical, dental, psychological and psychiatric services. If somebody is living anywhere else in the province, of course, that's covered by the Department of Health. The moment they are incarcerated, that cost falls on the Department of Justice.

I'd just like the minister's comments on whether she thinks that's appropriate or whether it would be

more appropriate to have those costs covered by the Department of Health.

Mrs. Stefanson: I would say to the member that it's very important, and it's part of our open government initiative to break down the silos between different government departments. It's part of the reason why we have reduced the number of government departments from 18 to 12. And it's part of our initiative to find savings there, but this is an overall strategy. We need to ensure that we're providing those health-care services to all Manitobans, including our inmates as well. And so that will be part of an ongoing dialogue that we will have, that I will be having with my other colleagues.

Mr. Swan: I wish the minister luck on that front.

* (11:00)

Before I leave the area of Custody Corrections, I know this 'miniter'—minister's talked a lot about outcomes and results.

Can I just get the minister to put on the record what she believes are appropriate measures for success when it comes to our correctional facilities?

Mrs. Stefanson: I appreciate the question from the member for Minto (Mr. Swan). You know, having been in the job a fairly short period of time, we haven't looked at setting targets and goals across the government department yet. We are looking at doing that all across government departments. So to see what an appropriate sort of matrix would be within our department, that will come in time. But that is not something, given I have just been in the job for just a few weeks, that we have done at this stage. But it is ongoing. It is very important, and we will be looking at—looking into that.

Mr. Swan: Fair enough.

I'm going to just move across to managing people in the community outside of our correctional centres, which is something I think everybody is interested in pursuing.

Right now there are bail supervision programs being run in Winnipeg by each of the John Howard Society for men and the Elizabeth Fry Society for women. These programs were pioneered in the last couple of years to provide an option for individuals who might not be able to get bail because they don't have a suitable or a steady place to live or the right supports in the community.

The existence of these bail program—bail supervision programs has been to take people who otherwise would be in a correctional facility on remand and put them into a solid facility in the community. The results so far, to my mind, have been very successful.

Do these Estimates contain any funding for expanding bail supervision programs like the ones at John Howard or E. Fry, either within Winnipeg or elsewhere in Manitoba?

Mrs. Stefanson: I thank the member for the question.

This budget, in fact, does provide for an extra \$150,000 for the John Howard Society. We're in the process of reviewing all programs with respect to—the bail supervision programs, and so this is an ongoing initiative. But for right now, this budget does provide for that amount.

Mr. Swan: Well, I'm glad to hear there's more money going to the John Howard Society. Can the minister point me to where that would appear? Is it funding—in which appropriation does that funding fall?

Mrs. Stefanson: I want to thank the member for that.

If—the I would refer the member to page 61 of the Estimates books and the line Programs and External Agencies. You will see an increase there—or he will see an increase there, sorry, Mr. Chair.

Mr. Swan: And, again, I'm pleased to see another investment going to John Howard Society. What specifically is the \$150–\$150,000, intended to provide?

Mrs. Stefanson: It's to help cover the cost to maintain the existing program.

Mr. Swan: So, just to be clear, it doesn't represent an expansion of the number of individuals being served as residential clients at John Howard or being managed in the community; it's to provide additional assistance to John Howard Society to preserve the existing service?

Mrs. Stefanson: I mean, the fact of the matter is, the program had been underfunded previously, and this was to help maintain the beds that they have so as to not have to make cuts as a result of the underfunding from the previous government.

Mr. Swan: So the minister just a minute ago said that the bail supervision program was going

to be part of a review. Is the member—or the minister saying that it's going to be reviewed in the value-for-money audit that we've heard about, or is there an—or is there a review happening within the Department of Justice alone?

* (11:10)

Mrs. Stefanson: I thank the member for the question. This is more of an internal review that we continuously do. As far as the value-for-money audit across the government, I don't believe the scope has been determined at this stage and so I can't answer on that side of it, but certainly we are always looking at ways to improve services within the government department.

Mr. Swan: I wasn't sure if the minister was getting other advice, so I'll—[interjection].

Now, we know that our probation officers are required to supervise a large number of people in the community. There's a number of different ways they get there. In past Estimates, we've had discussions about various individuals the Province is required to manage. Specific orders under sections 810.1 and 810.2 of the Criminal Code. These are specific orders dealing with people who we think pose a particular risk to the community, and in many times, they are the result of applications initiated by the Correctional Service of Canada, yet it's up to Manitoba Justice employees to supervise them.

How many of these offenders in each of these categories is the Province currently managing at this time?

Mrs. Stefanson: As of February 5th of this year, the Community Corrections is currently supervising 43 cases that came to us as an 810.1 or 810.2 order.

Mr. Swan: I thank the minister for that information. Are any changes planned to the way in which these individuals are managed or the nature of the protocols with the federal department of corrections?

Mrs. Stefanson: No.

Mr. Swan: I understand as well that in the past we've had discussions about people being paroled from federal institutions. These individuals are managed by the Correctional Service of Canada not by Manitoba Justice, although that hasn't stopped certain individuals in the past from saying it is the Attorney General's responsibility. Is there any plan to change the way that communication occurs between the Correctional Service of Canada and Manitoba

Justice if someone is being released from a federal facility who may pose a particular danger or concern, yet not enough to meet one of these section 810 orders?

Mrs. Stefanson: I thank the member for the question.

There is a joint committee of the province and the federal government that considers a whole host of issues, one of those issues being what the member is asking about, being better communication on the release of people from custody. And it's an ongoing discussion about how federal parole can be accessed by the Province as well.

Mr. Swan: So, to the minister's knowledge, as of today, there's no plans to change the way things occur in this fiscal year?

Madam Chairperson in the Chair

Mrs. Stefanson: I thank the member for the question, and, really, the answer to that is that there is ongoing discussions with the joint committee with the federal government to ensure that there's better management of those who are being released into the community. And, so, that's an ongoing issue to see how we can improve things.

Mr. Swan: I thank the minister for her response.

* (11:20)

You know, we've heard a lot about the mandate letters that were issued to each minister, and I thank the minister for providing a copy of the letter directed to her on May 3rd, 2016. There's a number of items contained in what is described as your mandate. And there are 17 bullet points which are termed as platform commitments, none of which appear to touch on crime prevention or public safety or getting better outcomes in our justice system. There's only one additional item that appears to touch on any of these issues.

And I quote the letter from the Premier (Mr. Pallister), saying, as Minister of Justice and Attorney General (Mrs. Stefanson), you will work to reduce the recidivism rate through an innovative social impact bond program. That direction came from the Premier, not from the department. I'd like the minister to explain exactly what this obligation is and how she sees proceeding to fulfill the mandate she's been given.

Mrs. Stefanson: I want to thank the member for the question. It's an important one.

And I think we need to start with various targets and goals, and that's what this mandate letter is. But it's by no means a—this is all I'm going to do within my mandate. There's obviously so many other things as well, but these are goals and targets to achieve for my time in this position. And part of that is, and I think, you know, as any minister of Justice would want to do, is develop ways to reduce recidivism rates. I know the member has been Justice minister and Attorney General in the past. I'm sure he's looked at ways in the past to try and reduce those rates; you know, I will continue to find ways to do that.

Various consultations that we've had within the community over the course of the election and well before that, I've spoken with many groups, organizations, and the ideas of social impact bonds has been brought forward as being perhaps a way that we could possibly look at reducing recidivism rates in the province.

So that's one tool and one component of—but we're also looking at other ways of reducing recidivism rates. And so, you know, I look forward to working with stakeholders within the community to help us with—to deal with recidivism rates and reduce them in the province.

Madam Chairperson: The minister for—or the member for Minto (Mr. Swan).

Mr. Swan: Well, I thank the minister.

And, certainly, yes, I think, I appreciate her comments on working to reduce recidivism rates. And we will talk more about some different ways that can happen. But the letter that this minister's been given is not a—it's not permissive. It says you will work to reduce the recidivism rate through an innovative social impact bond program.

And for the purpose of these Estimates, I'd like to know from the minister: Are there anything in these Estimates that provide for the costs of a social impact bond program, anything in the Estimates for the cost of examining whether this is the right thing to do for Manitoba, whether there's anything for researching social impact bonds, which, frankly, have a spotty history elsewhere in the world where they've been tried? What can we see in the Estimates to suggest that the minister is going to fulfill the direction she's been given by the Premier?

Mrs. Stefanson: I thank the member for the question.

Of course, I don't know what week we're in here, but it hasn't been very long since I've been in the role. There are a number of issues—or bullets within my mandate that we have looked at and we—there's bills, as the member is aware of, to take care of some of these bullets in my mandate letter. And I think it's important to understand that this is a mandate during the full time of the time that I am the Minister of Justice. So we will be rolling out over the course of the next number of years to complete the issues mentioned in the mandate letter.

But, as it stands right now, I mean, we are looking as—I'm working with the department, working with stakeholders in the community to try and develop ideas as to how we might work with the social impact bonds.

Mr. Swan: Well, I mean, certainly, for the minister, going forward there's all kinds of ways that ideas come forward. Sometimes they're ideas that are promoted within the department from the work that the folks in the department do. Sometimes they are ideas imposed from above, and I can assure the minister that I've also been the minister when that has happened and we've tried to make it work sometimes. And the ones that worry the department the most are the ideas the minister comes up with and reveals to the department.

I'm just trying to understand. For the purpose of these Estimates, we see a very clear direction in the mandate letter that the Attorney General is directed to reduce the recidivism rate with an innovative social impact bond program. Is the minister saying that there is not going to be any money spent by the department on this project in this fiscal year, keeping in mind her comment about the rest of the mandate of the government?

Mrs. Stefanson: I want to thank the member for the question.

Of course, there's ongoing initiatives within the department on a regular basis to do with looking into recidivism rates and how we can best manage them and reduce them. This is something that, I mean, I'm going to be working with the department on; it's part of my mandate. But we're in the very early stages right now with respect to this mandate. And, you know, I'm working with the government, with our department, on a number of initiatives. But we're in very, very early stages here. So I think it's unfair to say that, you know, we're not working towards achieving this mandate at this stage.

Mr. Swan: I wasn't criticizing the minister for not having a complete answer today. But I'm asking, over the course of these Estimates, whether there will be any resources of the Department of Justice, for which she is ultimately responsible, in this fiscal year, dealing with social impact bonds. I've had a chance to review some of the findings from elsewhere in the world. It was started by the Conservative government in Britain. And, frankly, the record of those experiences would lead me to conclude that this is not a good way for Justice to move in Manitoba.

There's been some other social impact bonds that have been tried in the United States and Canada, again, with, at best, middling results. And this is important. I did tell the minister at the start of these Estimates that many areas, I would be expecting her to rely upon her department in these Estimates. This is one area this would be a major departure from the way that we have worked to reduce recidivism, get better outcomes, reduce people in our jails, and I do want to understand from the minister her understanding of the mandate she's been given not by the department, not of her own volition, but from this Premier (Mr. Pallister) as it relates to social impact bonds.

Mrs. Stefanson: I thank the member for the question.

Of course, you know, we're trying to find efficiencies within government. I think the member knows that we've reduced the number of government departments from 18 to 12. We are looking at ways of finding efficiencies across the departments. By the very reduction in the departments, we're saving government, you know, four—the taxpayers of our province, \$4 million on that initiative alone. The idea of social impact bonds is to involve third parties in helping with initiatives like reducing recidivism rates. There's other things that we can look at, areas of poverty and so on. And, so, there's other government departments that have this in their mandate as well.

* (11:30)

And we will be working together, meeting with stakeholders within the communities, to see what their ideas are to how we can come up with a made-in-Manitoba approach to this.

But the whole idea of social impact bonds is to involve third parties in the communities who will

invest in these and invest in helping to reduce, in this case, recidivism rates.

So I don't have all the answers today to the member's questions when it comes to how we are going to structure the social impact bonds. That's going to be decided as a result of extensive consultation with various stakeholders in the community and with my department. We're going to find ways that we can work with people in the community to help alleviate some of the pressures within the government.

I think we need to think beyond, you know, think outside the box, with how we do things. We know that over the last, you know, 17 years, we have among the, you know, the longest wait times in emergency rooms in Canada. We have—we're dead last when it comes to education, educating our children in the areas of math, reading and science.

So we know that the course that the previous government has taken us on has been about spending more of taxpayer dollars for people that are getting less services for those dollars being spent. Again, we spend the highest per capita in Canada when it comes to education, among the highest in health care as well. But we're not getting the results from our services here in the province.

And so I think, you know, we need to find and develop ways where we can work with people, we can look out—we can think outside the box. Government doesn't have to be the only player in delivering services to people within our communities. We need to work with members of our communities to ensure that we can find different solutions to better—to yield better results.

We are a government that is about yielding results, better results. We're focusing on results. It's not so much about how much money we put into programs, it's about what we're getting in terms of the way of results.

And so that is going to be the focus of our government over the course of the next little while. And social impact bonds are only just one part of that, of thinking outside the box and the way that we can work with members of the community to help, in this case, look at ways and explore ways to reduce the recidivism rates in our province.

Mr. Swan: I've got to say, I'm disappointed to have the minister go on a partisan tirade when I'm asking a specific question about something contained in her own mandate letter. And again, I am not suggesting

this mandate letter is the only source of the work this minister is going to do in this fiscal year or over the next number of years, but the only item contained in this mandate letter that has anything to do with what I'd describe as public safety or crime prevention—things that people in my community and other communities are very important in—is to create a social impact bond program.

The minister talks about third parties. The Department of Justice already has excellent relationships with a number of third parties who provide various services, groups like Onashowewin, the John Howard Society and the Elizabeth Fry Society that we've talked about, First Nations organizations, the Manitoba Metis Federation. We already have those solid relationships.

The member, when—if she would stop looking back over 17 years, if she'd just look back four years, she would see that the number of people in our correctional centres has actually gone down by about 150 from where it was four years ago on the adult side. She would see the number of youth in correctional facilities has gone down significantly in just the last four years. There has been some good work made.

I'm just trying to understand from the minister why she thinks privatizing services, which are now being provided by Justice employees or being provided with service contracts with various good community partners, should be replaced by social impact bonds, which is going to involve finding investors who are going to earn a profit from doing work that is now being done by our excellent local agencies.

And I think I'm entitled to ask those questions in Justice Estimates and get an answer as it responds to the Department of Justice.

So I'll ask the minister again—well, let me just say: Why does she believe that paying investors to earn a profit from trying to reduce recidivism is a good way for her new government to go?

Mrs. Stefanson: I want to thank the member for the question.

And, again, our focus is on enhancing relationships with members of the community. And the member rightly said that our government does have a good relationship with those members of the community that he already mentioned. But we want to enhance those relationships. This is—social impact bonds is not about replacing. It's not about one or the

other. It's about working together to enhance those relationships.

Members should know that social impact bonds, those who—those people who invest in it are not investing necessarily for the money. They actually invest in it because it's a cause that they believe in and they want to help with. And that's typically been the type of investors that you have within social impact bonds.

So I disagree with the very premise of what he says about what social impact bonds are and how they work. I think that they, again, are one tool that can be used.

My mandate letter is not the entire mandate of what I do; it's just a part of it. And, you know, it's some of the things that I've outlined, that the Premier (Mr. Pallister) has outlined to me, that he would like to focus on. So, but there's of course so many other things that we're working on within the department, as the member knows, having been the former Justice Minister and Attorney General.

So I just want to say to the member that, you know, I appreciate this dialogue back and forth between us, because I've learned a lot, you know, again, from him and from the dialogue that we've had. And I want to continue to do that in a respectful way.

And I know that the member—we are probably going to agree to disagree on this. It's one of those areas where they—he has a very different focus than we do. We want to focus on results for Manitobans, better results for Manitobans. And so that's what we're trying to do, is develop ways that we can do that. And I believe that the social impact bonds are merely one way that we can make a better—make it better for Manitobans.

So that's why it's, I believe, it's in our mandate letters. And that's why we will be working with various stakeholders in the community to ensure that, you know, whatever way the—that these are structures that, you know, we can make—the focus will obviously be on performance measures, on focusing on results. That's what we want to do.

If, you know—I mean, this is one tool. I think there's many different programs, government programs, that have taken place across this government in previous years that have not worked, that have not yielded the positive results that Manitobans need, want and deserve. And that's why we need to look at new ways and more innovative

ways to deliver services to Manitobans, so we can yield the results that we need to. And because Manitobans—I believe that's what they want. They want better results for their hard-earned tax dollars.

Mr. Swan: So, if I understand the minister's comments correctly, although she says that she's going to pursue a social impact bond program, there are no details as of right now as to what that would look like and there is no allocation in these Estimates for the current fiscal year to manage any costs of pursuing a social impact bond program.

Is that fair?

Mrs. Stefanson: Well, I think, in fairness, I think what you have to understand is that I'm having discussions with my department. So whether or not you want to say—and the department and those that I confer with within the department, you know, are paid salaries and so on—so when we're discussing this, it is part of this budget Estimates, because this is what we're discussing as a department. It's a focus on what we're doing.

So I think to say that it's not a part of the Estimates is wrong, but—because there's various components. We're going to be conducting meetings with stakeholders in the community. So that's our time that's taken on this. And that would be included in the Estimates.

Mr. Swan: Well, just to explain the process—I mean, there was nothing in the budget dealing with any issues dealing with public safety, with crime prevention. I listened very carefully to the budget. I believe I put on the record there was 17 words in the budget speech dealing with crime prevention and public safety.

* (11:40)

And as I look at the mandate letter, I'm not suggesting for a minute that this mandate letter is going to take all of the minister's time, but it's certainly—there's certainly a list that the Premier is expecting her to complete in her time as minister, and I'm simply trying to understand whether it's the minister's intention to have a project of this type operating within this fiscal year, for these Estimates, and whether any public money is going to be spent on pursuing this initiative.

And I appreciate that the minister is new to her role. And I appreciate it's early in the fiscal year. But this is why we have Estimates, so that the critic has

the chance to ask how public money is going to be spent.

And I'll ask the minister again: Is it her intention to have a project of this type operating within this fiscal year or spend any public money on pursuing social impact bonds with private investors?

Mrs. Stefanson: I mean, again, I guess we're—just by the very nature of the time that we're going to be, you know, spending, ourselves, and it's in our mandate as a government department. We're going to be meeting with stakeholders out there all across the province. So I will be meeting with stakeholders in Thompson and The Pas and in Flin Flon and with Brandon and all different communities right across this province of ours to see how we could better manage this issue and to see, to explore the use of social—well, to seek advice from people in the communities as to how we can tailor these social impact bonds.

So, you know, in the sense that—and social impact bonds, I think, as the member knows, is not government money. It's third party money. So, you know, if he's asking whether or not we are going to be investing in the social impact bonds as a government, no. That's something that is done by members of the community who want to invest in a social impact bond.

So the only way that we are doing this is in the way of consultation this year and that there will be some money associated with that within this budget.

Mr. Swan: Is the minister saying that the profits the investors earn don't come from public money?

Mrs. Stefanson: Well, it depends—no. I mean, how this is done is that there's various ways that this can be done.

Now, it can be completely funded by government, which is not the most efficient and effective way of doing this.

We look at investors who invest the money upfront. There will be no money coming from government, you know, for this year, with respect to that aspect of a social impact bond. We are in the process of developing a strategy on this. And that is the only component that we'll be involved in in this budget for this year.

Mr. Swan: Well, I have some sympathy for the minister, because, again, this isn't her mandate. And I know, again, this is not something which is coming up from the Department of Justice.

I'd like to ask the minister: As of today, has she done any reading on the results from social impact bonds in other jurisdictions?

Mrs. Stefanson: You know, I do—I have done a little bit. It was done some time ago. I still have much more work to do on—with respect to this.

And with respect to the member, it is one aspect of my mandate letter. There are many aspects of that that we are focusing on right now. I will be in the process of meeting with stakeholders in the communities, those members that know a lot more about social impact bonds than I do.

I don't profess to be an expert when it comes to social impact bonds. But that's exactly why we go out and we meet with stakeholders and we do our research. And I know the department is looking into this right now. They're looking into other jurisdictions, what has worked, what has not worked.

You know, I'm not in favour of looking at mirroring, you know, things that haven't worked in other jurisdictions. I think we can learn from those, and that's—and so we can develop a made-in-Manitoba approach to this.

Mr. Swan: Well, I suppose we'll leave it at that. I mean, I do want to say that I was expecting to learn more from the minister about this government's intended use of social impact bonds as it relates to Justice. I'm left with the sense that the minister hasn't really done much in the way of reviewing the results in other jurisdictions. And I'm left with the impression the minister has not really got any advice from anybody who knows anything about social impact bonds.

So I guess we'll leave that be. I expect it's something that we'll come back to, whether it's next year's Estimates or in other forms, to discuss it. But let me just say that I'm very concerned about the idea of private investors making profits paid for by the public purse for endeavours that at this point are being taken on by the government, whether by government employees or by great partners in our community that we—that we invest in.

So it is a difference of opinion, and I guess we'll—we'll be learning more about what this government's plans are as we go ahead.

I'll move on within the area of Community Corrections because I think it—the question of recidivism fits very neatly into that. I ask the question globally, but as we look at page 65 of

Community Corrections, which involves, largely, but not entirely, probation officers working in our community, we see that last year, 2015-2016, there were 296.1 full-time employees. The minister can just confirm that that's the exact same number for this year and that the increase in salaries and employee benefits is simply the negotiated increases, whether it's the negotiated increase for the year plus increment increases for employees as they gain more seniority.

Mrs. Stefanson: Yes, that is correct.

Mr. Swan: We spoke yesterday about the Auditor General's report as it deals with adult corrections, and the minister had undertaken to provide me, in a reasonable time, a list of the outstanding items from that report in the view of Justice and what work was yet to done.

Can the minister tell me, with respect to probation services, are there any additional initiatives being taken in this fiscal year by Community Corrections to deal with the results of the Auditor General's report?

Mrs. Stefanson: I want to thank the member for the question, and as it pertains to the probation officers and the recommendations of the Auditor General's report, many of the recommendations had to deal with the department not meeting various standards within some of the quality assurance areas, and so I will just assure the member that we now have a quality assurance unit that is set up to deal with these issues and we will be looking—[interjection]—yes, it's part of the process of assessing this.

* (11:50)

Mr. Swan: So it's fair to say that work is still ongoing within the department to deal with the Auditor General's report, and, again, I'll look forward to seeing a summary of what work is going on in this year.

Mrs. Stefanson: Yes, that's correct.

Mr. Swan: And this quality assurance unit, is this included in the appropriations for Community Corrections, or is this in the administration appropriation elsewhere?

Mrs. Stefanson: Yes, it's within corporate services.

Mr. Swan: In addition to the work being done by this quality assurance unit to try to comply with the recommendations of the Auditor General, in this fiscal year does the minister plan any major changes

or reallocations of probation officers within the envelope of these full-time equivalents?

Mrs. Stefanson: There are no changes that are planned right now, but, of course, it's an ongoing review process to see how we can better allocate resources to yield better results.

Mr. Swan: As the minister tours around, she'll discover a lot of the different Justice facilities, some of which are impressive, like the Women's Correctional Centre, some of which are less impressive. And one of those came up just this week. We had the chair of the Winnipeg School Division making comments about one of the major probation offices in the city of Winnipeg, which is located on Midland Street. Midland Street is directly north of Garbage Hill, which right now is cut off from the rest of the city as Saskatchewan Avenue is closed. His point was that the location at Midland is challenging to get to for many people, especially youth who may be required to report to their probation officer. And I don't mind disclosing to the member that I raised this question some time ago. Are there any plans in this fiscal year to try and find a better location for that office?

Mrs. Stefanson: You know what, there is some confusion around this issue. In fact, bail youth are supervised out of Spotlight, which is located downtown at Maryland and Portage. They are not, in fact, supervised out of the Midland Street. That's for adults only. So I guess there was some confusion at the school board level, which, hopefully this will correct the record on that because that was not, in fact, the case.

Mr. Swan: I thank the member for that response. And hopefully the Winnipeg School Division Board of Trustees will get that information.

The Midland site, even if it is only for adults, and I thank the minister for that, still is less than optimal if we want people to have the best chance of meeting with their probation officers when need be.

Let me ask again: Is there any thought given in this year to trying to find a better location for that office?

Mrs. Stefanson: We're always looking at ways to provide better services to Manitobans. And this is one way as well.

I actually, when this issue came up, I asked the department to look into it. It didn't make sense to me for it to have youth going there and so on. We now

know they're not. And I think we'll be in touch with the Winnipeg School Division and let them know that that is not the case.

But, with respect to this facility, we are looking into the matter. But what we know, of course, that there are limitations with respect to Accommodation Services. And—but we're always looking at ways that we can better deliver the services for the—for Manitobans.

Mr. Swan: I do thank the minister for that response.

And, of course, previously, Accommodation Services was within the Department of Infrastructure and Transportation. I take it from the minister's comments yesterday and today that that is now within the Department of Finance.

And I don't mind saying to the minister that she will hear frustration from her employees and even from her senior staff about the ability to get a timely response from Accommodation Services. So I wish the minister more luck than I had. But I certainly hope the minister will keep her elbows up to try and get better facilities with the goal of trying to get better outcomes for people complying with their probation orders.

In the past, we've had lots of discussion at Estimates—lots of discussions at Estimates—about GPS monitoring.

Can the minister give us her view of the purpose of GPS monitoring for individuals under court orders?

Mrs. Stefanson: And I want to thank the member for the question.

And I'm not privy to previous conversations that the member has had with the member for Steinbach (Mr. Goertzen), but I'm sure I can go back and read Hansard in my spare time when—but, certainly, when it comes to this, the GPS tracking devices are one—but one additional tool that we use. They're not perfect. There are some issues with it. And we're trying to make it better.

* (12:00)

But, you know, even with the GPS devices, they're still—it still requires interaction with the probation officers and the co-operation of the police and so on.

So we're working to try and make it better. But it's not without its flaws.

Mr. Swan: Well, the minister's answers sound surprisingly like mine were in Estimates for most of the five years I was the minister.

Does the minister intend to make any change to the way in which GPS monitoring is used in Manitoba in this fiscal year?

Mrs. Stefanson: There's actually a committee that is currently set up to study electronic monitoring with an emphasis particularly on domestic violence orders. This is—this committee will eventually—I'm not sure of the specific timing of the committee right now, but we'll—but I believe it's some time this summer or fall or so that I should be—be given the results of this.

Mr. Swan: And this committee, I believe, has been doing its work for some time. I know that there have been individuals charged with domestic violence offenses that have worn the GPS bracelets.

Is it the minister's hope, if the report is positive, to expand the use of GPS monitoring for domestic violence offenders?

Mrs. Stefanson: Yes, just for clarification, the committee is only really—was established just a couple of months ago. It's fairly new, but once I get the results of the committee, then we'll decide where to go from there. I think it's premature to—to say anything else at this stage.

Mr. Swan: Are the—the GPS units used by the department, are they still the same units that have been used for the past number of years, or has there been an increase or improvement in technology?

Mrs. Stefanson: It's the same service provider, but I believe that technology has updated as—over the years, yes.

Mr. Swan: Thank you, Minister. I understand now there is technology that allows not just Probation Services or the police to monitor an offender's whereabouts, but there's also technology that allows a victim of domestic violence to be aware of where an offender is.

Has the minister given any consideration to trying out that technology as part of the GPS program in Manitoba?

Mrs. Stefanson: Yes, and this committee is considering all of those options.

Mr. Swan: I thank the minister for that answer. How many individuals are now, as of today, being

monitored with GPS, and can the minister break that down between youth and adults?

Mrs. Stefanson: Currently—I'll endeavour to get the breakdown between youth and adults for the member if we can get that, but, certainly, there's 15 cases for auto theft and 11 cases for domestic violence.

Mr. Swan: Sorry, if the minister can just confirm, those are the number of individuals currently wearing GPS bracelets, or is that the historical breakdown in the past year or over some other period? Those are how many GPS bracelets have been outfitted?

Mrs. Stefanson: Pardon me, sorry. Just to correct the record there. In fact, within the—as of June 9th, so for auto theft there were five in the community, and with domestic violence there are three. The 15 and the 11 that I alluded to earlier are court orders.

Mr. Swan: Just to clarify that, then, there's been 15 individuals where the court order has specified that a GPS bracelet be worn, yet only five individuals have been outfitted with them. Is that correct?

Mrs. Stefanson: Thank the member for the question.

So, as of June 9th of this year, in the area of auto theft, there's 15 cases have a condition of electronic monitoring: five are in the community; two cases are whereabouts unknown; six cases are in custody and pending court dates with new charges; and two are sentenced and in custody.

In the area of domestic violence, there are 11 cases have a condition of electronic monitoring: three are in the community; eight are in custody and pending court dates with new EM charges.

Mr. Swan: I thank the member for that information, and, unlike the previous Justice critic, I will not be running out and trying to draw conclusions from that. I think it's—it can be shown from those numbers that electronic monitoring is having an impact, whether it's a positive impact, whether it's no impact at all is hard—it's hard to say.

Is the minister—can the minister confirm that there are still 20 bracelets that are available to the department if there were individuals who had an order requiring it who were not either missing or back in custody.

Mrs. Stefanson: Yes.

Mr. Swan: And, again, I appreciate that it is a challenge for electronic monitoring. Is it a success if somebody has a bracelet and they breach and they're

returned to custody? It can be seen as a benefit because somebody has done something they're not supposed to do, and there's been a response. The negative side is that, clearly, the electronic monitoring bracelet has not had any impact on their behaviour, or else they wouldn't have breached.

I know it's early in the minister's tenure, but I know that the Progressive Conservatives in Manitoba have had lots of opinions on electronic monitoring. What would the minister measure as success in the area of electronic monitoring?

* (12:10)

Mrs. Stefanson: I thank the member for the question.

And, of course, electronic monitoring is one tool that's used to help in the area, specifically in the area of domestic violence.

So I think you can't look—if there's a reduction in domestic violence, is it entirely about electronic monitoring? I'm not sure that we can answer that at this stage because it is just one tool.

But I look forward to the committee that's studying the electronic monitoring and what their recommendation—I look forward to seeing their recommendations, because they're looking into all of these issues.

Mr. Swan: I thank the minister and I have some appreciation of her answer.

There is a considerable cost to having the electronic monitoring bracelets. That may be one of the reasons why it was continuously brought forward as a pilot project year after year.

I do know that this minister and the Premier (Mr. Pallister) and other ministers have talked a lot about making sure that there are targets and there are goals.

I would like the minister to give me more of an answer on what she would consider to be a success, because it isn't free. There is a cost to doing it. As the minister herself has said, there is a cost having probation and police officers engaged.

Is there any more—is there anything further she can put on the record about what she would see as a success for this program as one tool in getting better results in Justice?

Mrs. Stefanson: Again, I want to thank the member for that question.

And, I think, at this stage, I mean, we do have a committee that's studying this right now. And I look forward to hearing back from that committee.

But I think when it comes to areas—particularly in the area of domestic violence—you know, again, this is one tool that's used, but we—you know, but it's also important it's—there's a broader sort of picture here of the police who are involved and so on and ensuring the safety of, you know, victims of domestic violence. So I think it's a much broader issue to see how the system is working towards reducing the cases of domestic violence and how those are handled.

But I do look forward to hearing back from the committee that is currently studying the electronic monitoring.

Mr. Swan: Again, I will comment the minister's response sounds remarkably similar to responses that I've given.

One of the duties that some of the probation officers are given is managing offenders under the gang response and suppression unit or GRASP.

Can I just get the minister to confirm that that unit continues to operate, and how many offenders the program is now targeting?

Mrs. Stefanson: Yes, GRASP does continue to operate. There are currently 135 caseloads: 55 are currently in custody, 12 have outstanding warrants, and there are currently five full-time probation officers, and four full-time Community Corrections workers or CCWs in the GRASP unit.

Mr. Swan: I'm sorry, could the minister just confirm there's five full-time probation officers and five community correction workers. Is that correct?

Mrs. Stefanson: There are currently five full-time probation officers and four full-time community correction workers.

Mr. Swan: I thank the minister.

Is there any consideration given to increasing the number of individuals that are being supervised by the GRASP program, and any intention to change the number of employees managing these offenders in this fiscal year?

Mrs. Stefanson: I want to thank the member for the question.

Of course, we're always trying to find ways to enhance services and to work within our means, and

that's what we're going to continue to do with respect to GRASP at this time.

Mr. Swan: I thank the minister for that.

In my view, the GRASP program has been highly successful in changing the behaviour of some individuals. For those who won't change, it's been highly effective at bringing them back into custody if they're not following orders.

I know that there were a number of expansions of the program over the years, and I leave out there that the minister may want to get more advice for her department to see whether additional resources would actually have a positive impact on public safety.

With respect to probation officers and everyone within Community Corrections, again, there's 296.1 full-time equivalent positions. I'd ask the minister to have her department put together a list of the number of full-time equivalents, by centre—Winnipeg or other regional centres—as well as the number of vacancies in each of those centres.

Mrs. Stefanson: I want to thank the member for the question.

I will have to—I will endeavour to get the answers to that. We just don't have it with us today.

Mr. Swan: That's reasonable and, if there's work to be pulled together, I don't expect a Justice employee to slave away all weekend. A reasonable time is just fine for that.

Could the minister also find out for me what percentage of people in Community Corrections list themselves as Aboriginal?

Mrs. Stefanson: Yes, we'll endeavour to get that information as well.

I do have some information that, as a result of some questions that came about yesterday in Estimates, if you'd like me to go through that now. I know we're close to the—okay, if I could just take a minute.

* (12:20)

And yesterday the—my critic asked for a breakdown of overtime numbers. First of all, the department has a \$9-million budget in custodial facilities for overtime, so that's \$9 million of the 31 that is indicated in the budget book—in the budget estimate book.

In 2015-16 the department spent a total of \$6 million in overtime and custodial facilities. In comparison to the previous fiscal year 2014-15, overtime expenditures in 2015-16 were reduced by about \$1 million—just over \$1 million.

I just—maybe ask the member would he like me to do the breakdown by facility. I could do that as well.

Mr. Swan: Maybe I'll start with a general question arising out of that, and we can go forward.

Do I understand the minister correctly that the actual cost for overtime in corrections last fiscal year was \$6 million, yet the department is now budgeting \$9 million in overtime for the current fiscal year?

Mrs. Stefanson: Yes. That's a result of the—in part, well, it's a result of the MGEU agreement.

Mr. Swan: Okay, so is the minister saying that it's not an increase in the number of budgeted hours of overtime, but the cost of overtime has increased by 50 per cent?

Mrs. Stefanson: Sorry. I just want to clarify. The budget for last year was actually \$9 million as well, and the actual came in at 6, so we've just kept it as the same as the budget for last year.

I am prepared to go through with, if the member wants, on a facility-by-facility basis.

Mr. Swan: That would be helpful.

Mrs. Stefanson: Okay. So, in the Brandon Correctional Centre, the overtime budget is \$406,000. At the Headingley Correctional Centre is \$2.9 million; at the Women's Correctional Centre, is \$1.7 million; at The Pas Correctional Centre, is \$551,000; at the Winnipeg Remand Centre, is just a little under \$1.4 million; at the Milner Ridge Correctional Centre, it's \$896,000; at the Agassiz Youth Centre, is \$475,000; and at the Manitoba Youth Centre, is \$515,000. So that's how we make up the \$9 million.

There was another question that was asked, too, with respect to the number of Aboriginal staff working in correctional facilities. The statistics that are provided are based on employee self-declaration. Statistics are also reflective of all employees who are currently employed in a correctional facility. For example, correctional officers, juvenile counselors, trade instructors, counsellors, elders, nurses, et cetera.

Currently, the department has 722 staff that work in correctional facilities and have declared Aboriginal status under Employment Equity. Of these 722 staff, 418 are male, or 57.9 per cent, and 304 are females at 42.1 per cent.

Mr. Swan: And I thank the minister and her department for putting that information together. So the number is 722—am I correct that is out of 1,666.1 full-time employees in Custody Corrections?

Mrs. Stefanson: No. It actually includes—the 1,666.1 includes—those that are full-time equivalents, so many of those are part-time, so—right.

Mr. Swan: But, just to confirm, that's—that's only individuals working in correctional centres?

Mrs. Stefanson: That's correct.

Mr. Swan: I thank the minister for clarifying that. That's helpful.

I noted in the past there's been challenges with providing probation officers in certain centres to outlying communities.

Is the minister planning any additional measures to try to service other communities in a more effective way?

Mrs. Stefanson: As part of the Auditor General's report, the community correction—yes; we reconfigured some areas and came up with a centralized First Nation unit, and that is providing some outreach into our First Nation communities to try and increase the number of officers—First Nations probation officers.

Madam Chairperson: The hour being 12:30, committee rise.

GROWTH, ENTERPRISE AND TRADE

*(10:00)

Mr. Chairperson (Doyle Piwniuk): Will the Committee of Supply please come to order.

This section of the Committee of Supply will now resume consideration of the Estimates for the department of Growth, Enterprise and Trade. At this time, we invite ministerial and oppositional staff to enter the Chamber, please.

I will ask the members to introduce their staff in attendance, please.

Hon. Cliff Cullen (Minister of Growth, Enterprise and Trade): Deputy Minister Jamie Wilson and Assistant Deputy Minister Craig Halwachs.

Mr. Kevin Chief (Point Douglas): We got Stephen Spence with me.

Mr. Chairperson: As agreed, questioning for this department will proceed in a global manner.

The floor is now open for questions.

Mr. Chief: Looking forward to some more robust questions and some discussions here today.

I'd like to start off, of course, as the minister knows there has been recent polls that are done. There's been a lot of concerns, there's been a lot of questions, of course, about the sale of MTS to Bell. There's a history, of course, with the government's party on MTS. Originally, of course, selling MTS—privatizing MTS and that, of course, a lot of people now kind of reliving some of those moments and are quite concerned. And so I'd just like to start by asking the minister if him, or the government, have received any assurances that there'll be no job losses with the sale of MTS to Bell.

Mr. Cullen: I thank the member for the question.

It's obviously been an interesting discussion we've had over the last couple weeks in terms of the Bell offer to buy MTS. I know they—the members opposite want to relive history and—but the—MTS is now a public entity and can be purchased by anyone who wants to buy shares. And, obviously, I think in the competition out in the field, obviously, there's companies that are always looking to purchase other companies, and this is the offer that's on the table from Bell.

And there's certainly—a lot of people think that this could be a positive deal for many Manitobans, and I know the government—or, sorry, the opposition is, obviously, afraid of change. I don't know why that is. I guess there's not too much change over the last 17 years. And change can be a good thing. Sometimes the opposition doesn't think that change can be a good thing, but I think there's an opportunity for some good things to happen. And I think, with the billion-dollar investment that Bell have committed to, keeping the headquarters here in Manitoba, I think bode well for the future of Manitoba.

Mr. Chief: So we just seen how important jobs is to Manitobans. In fact, we seen how important jobs is to Canadians. Just in this House this week, the member from Tuxedo, the Minister of Justice (Mrs. Stefanson), brought forward a resolution that was—got all-party support in the Chamber about

fighting for those jobs here for Air Canada. We see federally the Conservative government—the Conservative Party working with the federal NDP party to oppose the changes to the act that the Liberals are trying to bring in, and I think that where the concern is, is when it comes to jobs on the sale of MTS to Bell, is the fact that we seen the government particularly indirectly the Premier (Mr. Pallister) of Manitoba standing with them and endorsing the deal.

Now the question simply is: I am sure that the Premier and this minister got assurances that there'll be zero job losses before fully endorsing the sale of MTS. Is that correct?

Mr. Cullen: I appreciate the question. Clearly, from our perspective, jobs are always important and certainly important for the economy in Manitoba. And I think our new government has sent the signal to the business community that we view jobs and the economy as important, and I will point to the creation of the new portfolio of Growth, Enterprise and Trade. I think we really signal to the marketplace that we're interested in growing the economy, and I think Manitobans are paying attention to that.

And certainly the feedback that I'm getting from the business community is they welcome the new government with open arms. They look forward to the future with optimism, and they look forward to investing money in Manitoba. And any time a company wants to invest money in Manitoba, we will be there to greet them with open arms. We think there's tremendous opportunity here in Manitoba, and when a company such as Bell, in this case, wants to bring substantial investment to Manitoba, a capital investment of a billion dollars over the next five years, we think that's a good thing for Manitoba.

There's tremendous opportunity here. We're really optimistic about the future. I'm hearing some really good things from the business community, and it's our job as a government to make sure we're here to facilitate growth. And we're going to work with our partners in the business community. We're going to work with our partners in the labour community, and we are going to grow the economy. That's our main goal. If you listened to the Throne Speech, you'd recognize the importance that we believe in growing the economy here in Manitoba.

Mr. Chief: So we know the Premier endorsed this deal. The minister just has said, for the record, it was a positive deal. The minister has just said again, for the record, jobs are important. The minister just said there's a future of optimism, and we all recognize

that there's a lot of optimism when people know there's job security.

So I ask the minister: Can he show us a letter? Can he give us an example? I'll even take a strong verbal commitment here today that there was a commitment made to make sure there was no job losses before this government endorsed the sale of MTS to Bell.

*(10:10)

Mr. Cullen: I do appreciate the member's questions. And, you know, what I hear from my communities are, and I've heard it a lot over the years, obviously, you know, MTS, I think, provided a pretty good service to many Manitobans. But there comes a point in time where we need improved service, enhanced service. I know in my region, there was a lot of areas where there was gaps in service, especially in cell service. And Manitobans have come to me and said, you know, we need a better service, better value for the money we're paying here. And, you know, they talk about reliability. And those are the sort of issues that I think this particular deal with Bell will bring to the table. You know, I go back to the \$1-billion investment in capital over the next five years. We've seen the announcement about cell towers along 75 Highway to enhance that corridor. Certainly, people in my region and, I think, northern Manitoba are looking forward to having that enhanced service available to them. And I think this is one of the key components and the positive attributes to this particular deal.

Mr. Chief: So I ask the minister, is it safe to say that there'll be no job losses in this deal because the minister's confirming that there's going to be improved service? So what I'm assuming is, he's saying, of course there's not going to be job losses because services are going to get better for people. So can he confirm that with improved services comes making sure that no one's going to lose their job? Is that why they've endorsed this deal?

Mr. Cullen: Thank the member for the question. You know, we hear from many Manitobans and certainly from the business community as well. I know the business community is looking forward to having enhanced services here in Manitoba. And, obviously, as Bell moves to enhance these services, there's obviously going to be construction around the province, and we look forward to that construction. Obviously, there's going to be some economic benefits over the course of the time when the construction happens. We believe that increased

infrastructure, which many Manitobans have been asking for, will enhance our ability and their ability to do business here in Manitoba which, you know, if the members opposite want to go back to the old, old days, you know, we can do that. We can tear out the technology that's there. We can refuse to take on new technology. But that's not what Manitobans are telling us.

Mr. Chief: So, before the Premier (Mr. Pallister) endorsed the sale of MTS to Bell, before the minister came to the conclusion that this is a positive deal and a deal of optimism, can the minister confirm that they got an analysis of the jobs that currently MTS has for Manitobans?

Mr. Cullen: Well, it's pretty clear the campaign of fear that the NDP have been running for the last few months is continuing. I don't know why the opposition is reluctant to have an investment in Manitoba, an investment that many Manitobans are looking for. I don't know what the—why the government continues on this campaign of fear. If there's issues out there—if the members opposite have some proof that the sky is falling, maybe they would share that with us.

Mr. Chief: Yes, and just—these are—the reason that I'm asking these questions is, clearly, it's not a campaign of fear from us. I mean, poll after poll has come out that has shown Manitobans are concerned about the sale of MTS to Bell.

One, Manitobans are concerned that they could lose jobs. And there were job losses when the Conservative government at the time privatized MTS. So there's a history of it. This is what Manitobans are seeing and knowing. Polls come out that they're worrying about affordability, that their cellphone rates are going to go up. There's polls that are coming out that are saying that it's going to affect data plans.

So the questions that we're asking are based on what is coming out from independent analysis. So all—the question I'm asking is: clearly, you'd have to assume, before a premier of Manitoba would endorse the sale of MTS, that they would have an analysis done to make sure that there would be no job losses in this sale.

Can the minister confirm that?

Mr. Cullen: It's interesting the opposition party wants to relive history and back to the 1990s. No, that shouldn't surprise me, because they've been dwelling on the 1990s for the last 17 years. And

you'd think, at some point in time, the opposition would get over that, but, apparently, they're not. So it's a little frustrating from our perspective, but, if they want to harp on the 1990s, well, we'll talk.

An Honourable Member: It worked well for them last election.

Mr. Cullen: Yes, that's right. And, speaking of polls, the last poll—April 19th—didn't go so well for the naysayers from the 1990s.

Mr. Chair, I know the people—the members opposite keep talking about polls, and I look at the—one of the latest polls and it said, there, that 40 per cent of Manitobans actually had no opinion on the takeover. So I would assume that many Manitobans, you know, aren't necessarily concerned about this particular purchase.

Mr. Chief: So, just so the member knows: when the sale of—when the Conservatives privatized MTS, there are still impacts of that today. So we're not reliving anything; there are still impacts of that.

But one of the impacts of that is that people believe that, if that was going to stay a Crown corporation, owned by the public, connectivity would be better. That's what people believe today. And they believe that in members opposite's own ridings, including the member for La Verendrye (Mr. Smook), where people believe that, if this would have stayed as a public—publicly owned, as a crown, the connectivity would be better.

Now, the minister just confirmed that northern Manitoba is going to have better connectivity. I'm assuming that that's what—that he got that confirmation before fully endorsing this deal, so can he confirm when the construction of the infrastructure will start for those northern communities?

Mr. Cullen: You know, clearly, Bell have indicated the commitment already on Highway 75 to improve service there. They've committed to \$1 billion in capital. That's real capital that they've committed to over the next five years. That's different than the capital that—I know the members opposite claim that MTS was going to put into the province. A lot of that was just maintenance work. This is actual capital investment.

So we see that capital investment in Manitoba being a good thing for Manitobans and for northern Manitobans.

*(10:20)

Mr. Chief: So, just so the minister knows, he confirmed that there's going to be construction and better connectivity in northern Manitoba. Highway 75 is in southern Manitoba.

So I just want to ask the minister again: Can he give us the dates that MTS or Bell, I am assuming Bell gave him, on when the construction in the northern Manitoba infrastructure would start?

Mr. Cullen: You know, we recognize there's issues with service in rural and northern Manitoba. And there has been for 17 years. And we went to the government to ask them to do something in terms of connectivity in rural and northern Manitoba. For 17 years the NDP did nothing about it. There was, obviously, promises along the way that connectivity would increase. But that never happened. That never happened under that government.

So 17 years, all kinds of excuses, lots of promises, nothing happened. We think this—under this deal, good things will happen.

Mr. Chief: Well, like, I'm glad that the minister thinks we think—I think his words were, just now, we think this might be a good deal—I'm assuming that before the Premier (Mr. Pallister) of Manitoba fully endorsed this deal, he'd have a certainty that this is a good deal, not a we think this is a good deal.

So can I ask the minister, he has talked about \$1 billion in capital investment, could he give me the breakdown of MTS's previous capital investment and now the new capital investment?

So I'd like to know the—what MTS's capital investment was before the sale of—to Bell, and now what Bell is committing to. Exact numbers, please.

Mr. Cullen: The members opposite seem to be making some statements and maybe some assumptions that, you know, things would be better under a Crown corporation. I don't know where they're getting this information from. If they had some proof of that, you know, I'd be willing to have a look at it.

But things have changed in 20 years in Manitoba. And 'hoping' that maybe the—and luckily, I think, we've had a change in government and we've had a change in direction. And we've had a change in ideas. And I think because of that change there's optimism in Manitoba. And we're excited when the business community wants to come and invest money in Manitoba.

And, as I said before, we are working with our partners in the business community. We're working with our partners in labour. And we are going to continue to work with those partners because we believe that will prosper Manitobans at the end of the day.

And there's—any time when people want to invest money in Manitoba, we will stand with them and make sure we can facilitate their development, which, in the long run, will benefit all Manitobans.

Mr. Chief: So the minister asked for some proof on Crown corporations and how it saves money versus privatization. I just want to say for the record for the minister that Manitoba is one of the most affordable places to do business, one of the most affordable places to live, because of the combined heat, electrical and Autopac, which are all publicly owned. So there is proof that, over and over again, that, you know, when our Crowns are public, publicly owned, the affordability for Manitobans are there.

Now, I ask the minister—he just said that he will stand with any businesses that are willing to invest money into Manitoba, I guess, like the Bell folks—so I want to ask the minister, will he stand by those statements even if that means that Manitobans are going to lose jobs?

Mr. Cullen: You know, the campaign of fear continues. And it's unfortunate, I think, that, you know, we're trying—the opposition members seem to be trying to scare Manitobans, and I don't know what the logic is for that.

We certainly believe in jobs and the economy here in Manitoba, and we think positive things will happen. We have to make sure that we are competitive with other provinces as well, and there's a lot of things that we have to do in the future to make sure that we're competitive with other provinces to entice investment—*[interjection]* If the members have a look in the—a look at the stats, you know, we've got 8 per cent provincial sales tax here and all kinds of other tax implications that aren't favourable to the business community, and we've seen it in so many industries where investment is going to other provinces instead of here. And it's time for this new government to chart a new course and attract some business to the province of Manitoba, and that's what we're going to do. You know, if the opposition wants to stand in the way, they can do that, but we're going to move the economy forward, and we're going to work with the business community to do that.

Mr. Chief: So, just want to say for the minister, he talks about a campaign of fear, just so the minister knows, I'm not interested in campaign of fear, I just would like for him to know that there is independent research that shows that there is concern over this deal, particularly because the Premier (Mr. Pallister) of Manitoba and his government fully endorsed this deal. In fact, Angus Reid came out with a public interest poll. Research and data collected says that a new public opinion poll of 450 adults in Manitoba conducted finds they disapprove of the deal that would break up the province's largest telecommunications company, a majority of Manitobans. Just so the member knows, I or anyone in our caucus, wasn't part of this poll, this research. A majority of Manitobans say the proposed sale will be bad for prices. Nearly half would say would be bad for the amount of competition in the marketplace. Fewer than one in five say the deal would be good for the province as a whole.

So I just—just so I'm clear, so the minister knows, it's not the opposition saying it. It's not the NDP caucus saying it; it's—Manitobans consistently say it, done by independent research. So just so the minister knows, that's where these questions come from. So here, simply put, the No. 1 concern that we're hearing from Manitobans is their cellphone bills are going to increase. So I ask the minister: Did the minister and the Premier, on behalf—when he endorsed the deal on behalf of Bell, did they get confirmation that cellphone rates won't increase?

Mr. Cullen: I'm not sure which poll the member opposite was referencing. I'm—that may have been the poll that came out just a few days after the announcement was made of the potential Bell purchase of MTS. If that, in fact, was the case, I think Manitobans have had some time now to digest the facts and, hopefully, they've ignored the campaign of fear from the opposition and actually looked at the facts.

And I'm sure once Manitobans understand the facts of this deal, they will be more interested to sign on to the benefits that this will bring to the—to Manitobans. And, notwithstanding that, there's still competition in the marketplace, and, you know, consumers will be allowed choice, and that's what it's all about. I don't know what the opposition members have against choice. *[interjection]* Oh, you want a—

Mr. Chairperson: The honourable member for Point Douglas (Mr. Chief).

Mr. Chief: Okay, just so I can be clear again, I think the minister thinks that this research that was done was done a long time ago. It actually—the research by Angus Reid, public interest research, was on June 1st, like, a Wednesday. So this is pretty current stuff.

* (10:30)

Now, what is the—what are people saying about this? They're saying, hold the phone. Most Manitobans disapprove of the BCE-MTS merger. It goes on to say, June 1st, 2016: If it were up to Manitoba residents, they'd be hanging up on Bell Canada's planned 3.9 purchase of the Manitoba telecom system—services.

So we know the Premier (Mr. Pallister) endorsed this deal. At the time, I couldn't—most Manitobans couldn't figure out if he was there on behalf of Manitobans or if he was on behalf of Bell. We weren't sure who he was representing.

But I have to ask the minister: Before fully endorsing this deal, did they confirm with Bell that Manitobans cell prices wouldn't increase?

Mr. Cullen: If the NDP, when they were in government, were so sure that a Crown corporation would serve Manitobans better, they had the opportunity to go and purchase MTS back, and they didn't do that. Now—now—they're coming to the table, trying to relive the 1990s.

You know, we look at what Bell is bringing to the table here. In terms of the broadband home Internet fibre plan, it's going to be 20 times faster than that of MTS. I would expect, if Manitobans want faster service, they'll probably sign up for that plan. If they don't, you know, there's opposition out there. They can select a competitor and purchase their services through that competitor.

Mr. Chief: So, just so I can say this again for the minister, I'm not talking about the 1990s, but since he brings it up, we know what happened in 1990s. His Premier sat at the Cabinet table. They privatized MTS. His friends got richer while the rest of Manitobans pay more. And the reason that we are seeing independent research saying Manitobans want to hang up on this deal is that because, again, they see the Premier, just recently in the new government, endorse a deal.

Now, the responsible thing to do is, if you're going to endorse any deal, you want to make sure that you can confirm a couple of things on behalf of Manitobans. You want to be able to confirm there

will be no job losses for Manitobans. You want to be able to confirm that cellphone bills won't increase. You want to be able to confirm the affordability will be there. You want to be able to confirm dates of when the infrastructure is going to be built and where it's going to be built.

So I just want to ask the minister again: His government endorsed this deal. Will he confirm that cellphone rates will not increase?

Mr. Cullen: I appreciate the question.

You know, Bell, in their deal, are certainly offering some new products to Manitobans and to the business community which looks like it should certainly be added service, expedited service, potentially—probably more reliable service. And I think that's the sort of thing that Manitobans are looking forward in—to having when they look at their service providers. So I think, you know, this will provide Manitobans with even greater options.

Mr. Chief: So this will provide—the minister just said this will provide Manitoba with greater options. They endorsed this deal, the sale of—the sale to Bell. Are part of that deal going to be more jobs for Manitobans or less?

Mr. Cullen: Certainly, Manitobans—certainly, what I've been hearing is the concept of better service, more reliability, a faster product and issues around safety, as well, in terms of accessing infrastructure and linkages. And those are the kinds of issues that I think a lot of Manitobans are looking for, and I think this particular deal will provide all of those additional benefits, and, at the end of the day, Manitobans, in a competitive marketplace, will have their options in terms of where they decide to purchase their product. And we'll leave that up to Manitobans to decide which products they want to purchase.

Mr. Chief: So, referring to the Angus Reid public interest research again, it was said that residents are anxious—so that's the word they're using—that residents are anxious. More than twice as many anticipate a negative effect on jobs as to anticipate a positive one. So what it's saying is there's a lot of anxiety that people are going to lose their jobs.

I simply want to ask the minister again. Did he get assurances, in writing, that there'll be no job losses for Manitobans in the sale of MTS to Bell?

Mr. Cullen: There's also a survey done that said 50 per cent of the people believe that rates would

stay the same. You don't hear that in the talk from the members opposite, and maybe Manitobans are—bought in to the ongoing campaign of fear from the MTS—about MTS.

You know, I still maintain that there's going to be opportunities in the marketplace for Manitobans to purchase their products, and we look forward to having—giving Manitobans that option.

Mr. Jim Maloway (Elmwood): I'd like to begin by asking the minister some questions about this Bell takeover of MTS, and I'd like to begin by, you know, extending the proposition that unlike how the government is presenting this deal as a—Bell is acquiring a technologically backward sort of poor cousin, that, in fact, the opposite here is true: that what Bell is acquiring here is a—actually a superior asset, an asset with actually equal or better technology, equal or better reach into the population covering as many percentage bases of the population as Bell is servicing in Ontario.

And so the deal is not what the minister and the Premier (Mr. Pallister) have been making it out to be. This is a quality asset. This is an asset that would be attractive to any potential buyer, and I don't know why the minister would want to sell the MTS asset short, when, in fact, it's a superior product.

Would he comment on that?

Mr. Cullen: I'm not going to argue with the member that it's a good asset. Certainly, MTS has its advantages and certainly good-quality people and some certainly good-quality products. And I would suggest to the members opposite that part of the reason for it being a good corporation is because it was allowed to be privatized so that there could be some investment into the company to enhance the product. I think, if it would have been maintained at a Crown corporation under the NDP, it wouldn't have been the asset that it is today.

* (10:40)

Mr. Maloway: Well, Mr. Chairman, the fact of the matter is that there are several components to this deal that are not really good for the Manitoba ratepayers, and I'll just begin with the first aspect of this. He wants to talk and the Premier want to talk about the capital investments of Bell. And they have been selling this deal on the basis that we're going to have \$1 billion over five years of new capital investment in this Bell deal. And what he's neglecting to tell the public is, in fact, the capital investment is already there, that MTS over the last

five years has been providing capital investment in Manitoba of approximately \$200 million a year and, in total, \$1 billion. So MTS has been providing upgrades to Manitoba infrastructure to the tune of \$200 million a year, a total of \$1 billion, which is exactly the same amount that the government is touting for what Bell is bringing to the table. So the reality is Bell is bringing nothing to the table that is new.

And, in fact, if the minister were interested in checking the facts, he would see that over the last five years, in 2011, MTS spent \$200 million in capital investments; 2012, \$222 million; then 2013, 199.5; in 2014, 212.5; and in 2015, 180. So, when you add all that up, that is—I think that's even more than what Bell is planning to spend. So how do these—how do you manage to turn a positive, what we've already got, a positive, and you turn around and you say somehow that what Bell is going to do is the very same thing that we have been doing, and that's the reason to treat this deal as somehow the best deal he's seen in years. So would the minister like to comment on that, please.

Mr. Cullen: We always get nervous when we see the NDP talking about numbers because, quite frankly, we don't believe the numbers that they're providing. We—I know that the last—this past fiscal year, they missed the mark by over \$600 million. You know, they originally had talked about a \$400-million deficit. We finally got our hands on the books; it's over \$1-billion deficit. This was a government in action that never met their targets when it came to budget. And, Mr. Chair, it's overwhelming that a government can miss the mark by \$600 million over the course of just a few months. So I'm a little nervous when the member starts quoting numbers from a statement. I would certainly like to drill down and see exactly what those numbers represent. I know the member talks about capital. But I would like to see the details in terms of whether that was all capital or whether it's some maintenance component to that as well.

Mr. Maloway: Mr. Chairman, I'd like to now ask the minister about the pricing of the product and where it's going to end up. The minister should know, probably does know, that this is a \$3.9-billion deal, that currently the market share held by BCE, by Bell, is about 28 per cent across the country. Rogers is about 16.3 per cent and Telus is about 15.9. And his federal government, the Harper government, in the last 10 years since they were elected in 2006, have developed a policy which was actually a very good

policy of promoting a fourth national carrier. And they promoted that concept to the point where I believe they even gave a fourth option, WIND, a—when it came time to giving out—handing out spectrum—the spectrum bids, they gave WIND—created an opportunity to almost require that WIND got very good spectrum allocations. And that was what the federal Conservatives did, and we, you know, liked that.

And I think in terms of competition and how the Competition Bureau will and should look at this deal, will be in—through that lens, that how—how does a fourth carrier assist in creating competition? And the federal Conservative government of Stephen Harper, you know, believed this, the Competition Bureau believes this which, by the way, is why, if this deal fails, which it might do, it'll be because the Competition Bureau believes that there is going to be less competition, and that's why pricing is going to go up.

Manitoba competitors right now are going to be dropping from four to three now, and, like the minister's saying, well, if you don't like the way things are going here, you know you can always change companies. Well, the reality is you've got one less choice now when Bell buys out MTS.

Let me give you, for the minister, you now, you should have this information, that pre the merger MTS had 50 per cent of the market—50 per cent of the market, and Rogers had 34 per cent of the Manitoba market, and Bell had only 7 per cent. Telus has 9.

So, post-merger, once this merger takes effect, Rogers will now have 34 per cent; Bell will have 40 per cent. They'll have gone from 7 to 40 per cent, and they will have acquired the premier company in Manitoba—MTS—the company that has the lowest rates, the company that has the best coverage in the market and has the highest technology, and then basically Telus had 25.7 per cent.

And, to illustrate the point, Mr. Chairman, Wall Communications—no relation to Brad Wall—at least I don't think so—but Wall Communications, Gerry Wall of Wall Communications was hired by CRTC, one of the regulators in this deal, and to do an analysis of how rates are in the country, and the minister might want to pay attention to this.

That in—as far as Bell is concerned, in Toronto, for a five gigabyte talk-and-text plan, the Bell rates are \$117 a month, and in Winnipeg it's \$65.

So you can see the difference there—\$65 in Winnipeg, \$65 in Regina, where you have SaskTel, a government-owned telco there, and \$117 in Toronto. What should that—that should tell the minister that, in actual fact, that in terms of pricing Bell looks across the country and realizes that in Toronto, where there's fewer competitors, they can jack those rates up to \$117 a month and maintain their share of the market.

But, when it comes to Manitoba and when it comes to Saskatchewan, particularly Manitoba, they can't survive at \$117 a month. Why?

Mr. Chairperson: The honourable member's time is up.

Mr. Cullen: It's interesting that, you know, the member talks about competition, and he seems to like competition in the telecommunications field. That's certainly different than their normal philosophy. The normal philosophy is we should have Crown corporations and nobody else should be allowed to play in the sandbox. It's quite interesting to hear those views this morning, and I think Manitobans value competition and I'm sure they will have still plenty of options when they go to provide their—whatever service they want to purchase. They will have options available to them.

* (10:50)

You know, if the NDP had their way, we'd still have Manitoba—MTS would be a Crown corporation. There'd be no other players here at the table, and there would be no competition allowed whatsoever, and we don't know what kind of service we would have under that Crown corporation.

Mr. Chair, you know, this is the same group of people that gave a \$22-million grant to an almost a \$12-billion corporation to entice them to come to Manitoba, and change the Sunday shopping laws to accommodate that. You know, they talk about competition, on one hand, and then they're spending all kinds of money to bring multinational corporations to the province. It's just irony today.

Mr. Maloway: It is kind of a surprise to us that the minister feels that somehow reducing the number of competitors from four to three is actually increasing competition. It's just bad 'marth'—math on his part.

Now, to—just to get back to Gerry Wall, here. I mean, Gerry—Wall Communications was hired by CRTC, in Ottawa, to do a study. And they determined—and that's—and, by the way, if you're

sitting on the Competition Bureau right now, you're looking at—you've commissioned a report by Gerry Wall and he's 'goven' you information that indicates that Bell, in Toronto, is charging for a 5-gigabyte talk-and-text plan \$117 per month, and, in Winnipeg, it's only \$65.

So the Competition Bureau have to look at this and say: my goodness, why would they charge \$117 in Toronto and only \$65 in Winnipeg? And, you know, Mr. Chairman, what they're going to see—what they're going to recognize is that the reason it's \$65 in Manitoba is because there's more competitors, because there's four providers here. And they're going to extrapolate from that that, when the sale concludes, that those Winnipeg rates are going to quickly escalate to the point where they match Toronto's at \$117. Why is that? Because there's one less competitor.

That—you have Bell who has 7 per cent of the market right now acquiring MTS, who has 50 per cent of the market—50 per cent. Why do they have 50 per cent? Because they're offering the best pricing in town. They're offering the \$65, which is why Bell lowered their rates to \$65. They have the best prices and, also, they have the best plans, because they're unlimited plans. And what you're going to see is the end of the unlimited plans. Bell offers no unlimited plans at all anywhere in the country. They are going to eliminate that. When they take over MTS, they're going to eliminate it.

So not only are you, the consumer, whose 50 per cent of the market right now is owned by MTS, are going to be hit with your rates doubling, but you're also going to have the caps taken off on the data, and so you're going to be paying overages. There's going to be no unlimited data. And I'm waiting for the member for Assiniboia (Mr. Fletcher), because, you know, he and I have been involved, before, in the House of Commons, and I've really appreciated a lot of his comments on the national power grid, which he has great vision in that area. And we had some chat yesterday—or, the other day on the Air Canada. We largely agree on that issue as well. And he was part of the federal Cabinet who promoted the fourth competitor in wireless across the country—went out of their way to make certain that the Competition Bureau, when they gave out the spectrum, they made sure that Wind, the fourth carrier, got a good share of that. They tried to promote that fourth carrier and here is, a few years later, sitting in a caucus that is very insular and already just pre-decided the market, with a premier

who is out promoting a deal. Like, I would think a common-sense approach for a new premier would be to sit back a minute on this deal and see where the public sits on it, rather than jumping out at the first opportunity, promoting the deal from day 1, which, of course, is just not a good deal.

So I want to ask the minister: I would like to know what studies he has done—or the Premier (Mr. Pallister) has done to show that this is a good deal. Surely, with a deal this size, you must have done some studies similar to what the CRTC is doing here with Wall Communications, and I've got some further questions on those studies as well.

Mr. Cullen: You know, the member's been around long enough to understand that business transactions happen every day—every day in Manitoba, and I don't—I'm not sure if the member is opposed to the sale of MTS or whether he's just opposed to the—Bell. I don't know—I'm not sure what the deal is here. They've never really said whether they're completely opposed to the sale or whether they're just completely opposed to Bell. We're not sure if that's the issue or not.

You know, these purchases take place all the time and, obviously, the Competition Bureau is going to have a look at it and see if—see what they have to say about it. I think Manitobans are going to be certainly watching, the ones that are interested. There's still going to be some competition in the field, but I would say Manitobans are also excited about the opportunity that, you know, they could have 40 channels accessible from their smartphone or tablet anywhere in the world, and they have the ability to watch their PVR'd shows on their smartphone or tablet. I think Manitobans are looking forward to having some of that technology available for them.

Mr. Maloway: Well, Mr. Chairman, Brad Wall in Saskatchewan, in view of this Bell takeover of MTS, has initiated a risk assessment to determine what sort of impact the deal might have on SaskTel. I cannot believe that a government, that a new government like this wouldn't at least do some sort of a similar type of risk assessment to what Saskatchewan Premier Brad Wall is doing in this deal. I mean, it's, like, not even Manitoba, it's Saskatchewan. Even the Saskatchewan Premier has the good sense and presence of mind to conduct a risk assessment on a deal in a neighbouring province. Like, the takeover of Bell taking over MTS in a neighbouring province has concerned the Premier of Saskatchewan who's

conducting risk assessment and the Premier of—what's the Premier of Manitoba doing? He's showing up as a cheerleader with his pompoms and jumping up on stage, heralding this great new deal where—What risk assessment has the minister done on this deal? Can he name me one study they've done, one risk assessment they've done that shows that this is a good deal?

Mr. Cullen: I hope the member takes some time to actually read that article that he's got in front of him, because he's talking apples and oranges. The corporation in Saskatchewan, the telephone corporation is a Crown corporation. MTS is not a Crown corporation. There's fundamental differences there and I hope the members—I know—maybe they're still stuck in the 1990s. MTS is not a Crown corporation. That's a fundamental difference between what's going on in Manitoba and what's going on in Saskatchewan, and hopefully the member understands the differences.

* (11:00)

Mr. Maloway: I guess one of the other reasons I would have to say that the government is supporting this deal is that we are looking at a windfall here of financial gain for a number of their friends. I mean, you have the president of MTS is going to be making almost \$9 million, \$8.9 million on this sale. You have the deferred compensation units to non-management board members of probably another \$8.4 million. All money, by the way, Mr. Chairman, who—that is going to be paid for by the ratepayers of MTS. And not only that, you have the banks, CIBC and, I guess it's TD Securities, are going to be earning roughly \$65 million in professional and banking fees to get this deal done, so it's—what 's the minister's comments on that?

Mr. Cullen: Again, I think the member's been around long enough to understand—should understand how business works, and this is a business transaction, and just to remind the member that MTS is not a Crown corporation anymore. As long as they still want to maintain that it is a Crown corporation, that's—that was 20 years ago and times have changed, and people want to do business. I think with a new government, they want to do business in Manitoba, and we look forward to that.

And, you know, we'll let business seek out opportunities and they'll do—business will do what business will do, and we're not going to stand in the road of allowing business to do what business does.

Mr. Maloway: Mr. Chairman, well, the minister just demonstrates how out of touch he and his government are here on this issue. I mean, you know, seriously, this deal—and it's a \$3.9-billion deal, which is going to result in 50 per cent of the Manitoba cellphone users, which is what the market share is right now, having their rates double, their unlimited plans being eliminated, so they're going to be paying surcharges every munch, overage charges every month, and this deal is being approved. Like, you know, the minister has to understand that this is not an automatic. It's true that the shareholders are going to be meeting on June 23rd in The Fort Garry Hotel to approve their side of the deal, the MTS, right? And, presumably, Bell is going to have a similar meeting to approve their side and it needs like sixty—66 and two thirds per cent of shareholders.

Having said that, when all of that happens and the deal gets approved, it all has to go through the industry and trade department in Ottawa, Industry Canada; it has to go through the Competition Bureau; and it has to go through the CRTC. The fact that it has to go there—it's not the free-enterprise deal that the minister's pretending it is, that, oh my gosh, we have to let it happen. It's free enterprise; we can do nothing about it. Yes, you can do something about it, Mr. Minister.

This deal has to be approved, and if the CRTC believes the—gets the information that says it's a bad deal, then they're going to deny it, and these two companies are going to have to renegotiate what will be a better deal for Manitoba, including, as the—my colleague has mentioned, a guarantee of job—of no layoffs.

I mean, you know, as part of the deal right now—the minister should understand, as part of the deal right now, to sweeten the pot, what BC has done is voluntarily given a share of its customers off to Telus. That's what it's done, because even they are smart, way over the minister's head on this business deal. They know they can't get it through the Competition Bureau the way it was, just a straight takeover, that it wasn't going to fly. So to sweeten the pot, they've already said, we're going to hive off a chunk of our business to Telus to give that illusion that we have a competitor here, which, of course, we don't. But that's what they've done.

So why would this government—why wouldn't the government err on the side of Manitoba consumers and file an intervention asking that this deal be improved, that it be looked at, instead of just

hands-off, oh, I'm sorry, we got—we have nothing to do with this.

So I would ask the minister to comment on that, please.

Mr. Cullen: You know, as the member does point out, obviously, this deal has to pass a couple of hurdles. And, obviously, there's a couple of federal watchdogs, if you will, that will have a look at this in terms of the CRTC and, obviously, the Competition Bureau.

So there is, as the member does point out, there is some checks and balances in the process. And we'll be interested to see just what the outcome is, from those particular watchdogs, and see what the comments are. And we'll see what they say of this particular deal going forward. So we're interested to see what the outcome of that is, as well, if it is ratified by shareholders.

Mr. Maloway: And, I mean, I guess that's my point, like, why would you—why would the Premier (Mr. Pallister) want to prejudge the deal? Like, why—you say it's a free enterprise deal, why would you want to prejudge it and say, well, it's a good deal, without any studies, without any real studies on the issue, and say, well, it's a good deal, and start cheerleading for the deal; when, in fact, it's got to get through—it has to get through the Competition Bureau and the CRTC, when, clearly, there's a reduction in competition involved here and it may not make it through.

So, then, why are you cheerleading for a deal? Why are you abandoning the 50 per cent of cellphone users in Manitoba who have the best rates in the country, have the best plans in the country? Why are you just walking away from these people and leaving them out in the cold when you don't have to?

That's my question.

Mr. Cullen: You know, in consultation with people in rural and northern Manitoba, they've been pretty clear to me that they want improved service. There's no doubt in my mind that they want improved service and reliability.

I reflect, back in my home community; we used to have pretty good cell service coverage, but that was back in the days when we had the analog towers—or analog system, and the towers were associated with analog delivery.

Mr. Scott Johnston, Acting Chairperson, in the Chair

When the decision was made to go—to upgrade to the digital format, the range of the towers became an issue because they didn't travel as far. So we ended up in a situation where—and my community is right in the middle of three towers, so we have some of the worst cell service in Manitoba.

And I can tell you that people are paying their bills every year—every month, are extremely frustrated with the service they've been getting. And I've had numerous discussions with the past chair of MTS, and he understands the issues, but they weren't prepared to make that commitment in terms of infrastructure.

You know, I look at other areas of the province. Of course, you get down closer to the US border and cell service delivery creates—has its own issues down there in terms of overlapping with the US and lack of Manitoba coverage. So there's significant issues there as well.

And, certainly, we look at some of the provincial parks—there's, in some cases, little to no coverage in some of those areas.

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So people have been telling me that they want increased service and reliability, and I'm optimistic that this particular deal will provide that for them. I'm not saying that there isn't other companies out there that could offer that sort of service. Maybe there is. But this is the deal that's on the table right now, and I think a lot of Manitobans are interesting—interested to see what that will mean in terms of enhanced service.

Mr. Maloway: I'd like to deal with some of the capital investment issues that the minister is talking about because all of the criteria that I've looked at here indicate that MTS is, like, on track to match anything that Bell could possibly come up with. I mean, MTS has made substantial capital investments in fibre to the node, fibre to the home networks. It's expanding its 4G HSPA and light networks in cities and communities across the province. It's got networks covering, like, 98 per cent of the province and 78 per cent of the population. There's—the MTS is, I think, currently on track right now in the next year, year and a half, two, to reach its goal of covering 90 per cent of the population. I mean, this, Mr. Chairman, is, like, without this deal.

I mean, and I don't deny that Bell wants this asset. I mean, if I were Bell, I'd want this asset too because it's a very attractive asset. It's not one that

they're going to have to dump a lot of money into upgrading any more than MTS has been upgrading in the past. It's going to have 90 per cent of the population covered by 2018, which is just, like, two years from now. And I have to ask the minister what he has to say about that because I can tell you back when I know John Manley was the Industry minister, so that's going back a few years now, but I was on the broadband committee for the province. And at that time, I mean, we were doing fibre builds here that were years ahead of what Bell is doing. And these are very important networks that, you know, MTS has control over and now Bell is going to acquire just by taking over the company. So what does the minister have to say to that?

Mr. Cullen: Well, I can say, first of all, it's probably a good thing that MTS was privatized, so they do have some very good assets. I'd hate to see what that corporation would look like if it was under NDP control as a Crown corporation after—over the last 20 years. Technology is obviously a very key component of the telecommunications. We're obviously looking forward to what this new technology will mean to Manitobans and, in particular, the business community in Manitoba. We think the new technology will provide Manitoba businesses a very important tool to help them grow their business and, in turn, help grow the economy here in Manitoba.

We know under this deal and—that there's going to be an ability to link Canadian businesses to sites across the country. And we think that's a key component to make sure that our business community is engaged and it's competitive with other jurisdictions. And we don't want to be seen or we don't want to have our industry or business community being tied to any older technology which could lead to stifling their growth. So, obviously, we want to make sure that Manitobans and the business community have access to the new technology that will be, hopefully, available in the very near future.

Mr. Maloway: Well, Mr. Chairman, the reality is that Manitoba started improving the fibre build situation here way in advance of what Bell did in Ontario. And the result is that, you know, we have a pretty robust system in Manitoba of dark fibre cable being laid across the province. And I know, for example, that, you know, in the United States we have school boards that, you know, lay the dark fibre, I think, right on the ground because it's a lot cheaper than trenching it and putting it on public thoroughfares, and they'd turn around and they lease

out—they lease out capacity to telcos, how about that, and they lease out capacity to the schools and hospitals; unlike our system where we give all the dark fibre over to the telcos who then go and charge the bill to school divisions and bill the hospitals.

And how is that good economics, Mr. Minister, if that's the system you're going to have here, where we're going to be leasing all our space back from Bell? Is that what's going to happen here in Manitoba?

The Acting Chairperson (Scott Johnston): Just a reminder to all honourable members to direct their comments through the Chair.

Mr. Cullen: It's an interesting question the member raises for sure, and his point about education is well taken. We had a good discussion yesterday about education in Manitoba and certainly the challenge that many rural and then particularly northern communities are facing in terms of delivering education, and we firmly believe that technology should be an enhancer for providing education in remote communities, and optimistic as technology develops that we can make sure that we are providing that connectivity to those schools so that the students have the ability to be connected with other students and make sure that they can take part in the learning that I think is so valuable.

And I think I'm optimistic again that these types of business deals as they come forward in fruition will provide some of the—that infrastructure that hopefully we can be using in our remote communities to enhance education.

Mr. Maloway: The reality is we don't—I don't have any disagreement with the minister on that point, but the reality, though, is that you don't need Bell to do this, you know, MTS is doing a fine job already. As I explained it, MTS has been ahead of Bell and a matter of fact, MTS investment in high-speed broadband 'networks' has been greater than Bell's for years, and the irony, of course, is that Bell is really a laggard here and it's taking over a leader.

And I just want to know what sort of guarantees this province is going to exact from Bell as to what sort of service they're going to provide to the hospitals of the province, to the municipalities of the province, you know, and the schools, because, as I said in the United States the school divisions, now I don't know how many in the States but I did look at a few of them a few years ago, and the school divisions themselves were laying the dark fibre and

they were turning around and doing lease agreements leasing a capacity, some of that capacity back to the telcos and to the school—to the hospitals and the municipalities.

I mean, a totally different model and a different network, and you're the government so surely you could be intervening on this deal and making some provision through the CRTC that—to sweeten the deal that Bell has to provide, you know, good access or better capacity to our hospitals, for example, or our school system. And I'd just like to know whether the minister would agree to look into that and get back to us as to what the status is right now and where it could be if this deal goes through.

* (11:20)

Mr. Cullen: The member raises a very valid point. I think, as we move down the road, if this deal is approved by shareholders and by the other regulators, I think we can have that discussion with Bell, if that happens to be the outcome, in terms of what can be done to enhance service to hospitals, to municipalities and to our education system. I think there's an opportunity there to have that discussion for sure.

And we could probably have that discussion with any carrier as well, in terms of what they're willing to provide, you know, to those various aspects, various communities. So I think that dialogue will probably be undertaken fairly soon, and, you know, from our perspective, as a portfolio that's designed for growing the economy, I think that's probably a key role that we can take within our purview. And I certainly look forward to having those discussions on how we make sure that technology is there to help us enhance the economy of Manitoba.

So a very valid point the member raises, and that's something that we will be undertaking.

Mr. Maloway: Would the minister then endeavour to make a representation in writing to the CRTC on this point, that the deal should involve some guarantees to Manitobans, to Manitoba schools, to Manitoba hospitals, to Manitoba municipalities for a commitment as to price and capacity for broadband? And would the member get back to us on that within a short period of time?

Mr. Cullen: I'll take the member's comments under advisement.

Thank you.

Mr. Tom Lindsey (Flin Flon): I just have a couple questions on this impending MTS-Bell merger, as well, and the effects that it may have on Manitobans or possibly the opportunities it may have for Manitobans.

I come from the North. One of the things that we heard a lot of during the campaign, from people that live in the North, which—just to make sure that the minister understands, that Highway 75 is not in the North. You've talked about increased service for people along Highway 75. I haven't heard any commitment or any talk of a commitment from Bell about increased service availability for people in, I don't know, Lynn Lake, Leaf Rapids, Tadoule Lake.

Did the Premier (Mr. Pallister) or the government get any commitments from Bell that there would be increased service to people living in northern Manitoba, and, if so, what were those commitments and when are they supposed to take place?

Mr. Cullen: We're going to need some discussion time here.

Appreciate him raising that concern. Certainly, people in my community, as well, and the rural areas are facing similar challenges to what's happening in northern Manitoba. We're, you know, very optimistic that with the \$1-billion investment over the next five years that we will see enhanced service to rural and northern Manitobans. We—you know, if this deal is successful at the end of the day, I think it's a really good opportunity to have further discussions with Bell. And, if it doesn't, you know, we'll have, obviously, discussions with whoever the carriers could potentially be for northern Manitoba.

As I made the statement before, I think, in terms of economic growth, we want to make sure that the technology is available for all Manitobans. And that's something that, I think, our department can take a real lead role on in terms of making sure that as many Manitobans as possible have access to the technology that they need to enhance business, enhance workforce or provide education, health care, whatever the case may be.

So I think the member's right. I believe there's opportunities for us in terms of the technology advancement and I think it will, in the long run, benefit all Manitobans.

Mr. Lindsey: I thank the minister for his response and I guess I didn't hear that this government had gotten any commitments from Bell that there would

be any investment in northern Manitoba. They—they've got a commitment that there will be some investment in southern Manitoba. The minister has indicated that he hopes there'd be some investment, but there—if I understand what the minister said correctly, they did not get any commitments from Bell that there would be investment in northern Manitoba. They did not get any commitments from Bell that the people of northern Manitoba would have not just better service, but they did not get any commitments from Bell that the people in northern Manitoba would have any service because right now they don't.

Mr. Cullen: And I do appreciate the comments from the member, and I know the challenges that we're facing. I would suggest that, under this deal, I don't think the services will be any worse than they are now and I think the same thing holds true for my particular area.

You know, it's always a challenge when we go to these—the companies and, you know, we ask for enhanced services. And obviously they try to make a business case for it, and that's always the answer you hear from the business community, right? It's about the business case.

So we—I think it's a really good time for us as a new government to enter into some dialogue with potential carriers to see what we—what kind of arrangements we can make for so many of these remote communities. I think as technology improves, I think that provides us with some opportunities, and I'm optimistic that that will come at a reasonable price and then we can have this greater connectivity which, I think, will benefit all Manitobans.

So I'm looking forward, as a new government, as a new department, to have serious discussions with various carriers and look at various technologies that I hope will enhance service to Manitoba.

Mr. Chair, I'm wondering if we could just take a five-minute break.

The Acting Chairperson (Scott Johnston): Is it the will of the committee to take a five-minutes recess? *[Agreed]*

The committee recessed at 11:29 a.m.

The committee resumed at 11:39 a.m.

Mr. Chairperson in the Chair

Mr. Chairperson: The committees are back in session.

And, honourable minister, are you—okay—the honourable member for Flin Flon (Mr. Lindsey).

Mr. Lindsey: I guess I want to pick on something you said before the break. You said, in jest, perhaps, but that service would be no worse under this deal. But we already know that that's not true. We already know that unlimited data will be a thing of the past. Therefore, service will, in fact, be less.

* (11:40)

So did your government get any commitments that service would be enhanced or at least maintained at current levels? It appears not, but did you get any commitments that unlimited data would stay in effect for people?

Mr. Cullen: I appreciate the question from the member opposite.

You know, we really don't know what the future holds in terms of what—what kind of packages that service providers will put together. Obviously the marketplace will dictate what type of products that they're going to put on the market. Obviously there will be competition—there will continue to be competition in the marketplace for different types of products and it will be up to the respective providers to determine what kind of products they want to bring onto the marketplace, and obviously the consumers then will decide which product they prefer. So I think a lot of the services and the packages that will be provided will be dictated by the demand from the marketplace.

Mr. Lindsey: I guess I'm struggling here that—before the Premier (Mr. Pallister) came out as the cheerleader for this deal, did he or anybody in the government do a comparison between SaskTel, MTS and Bell as to things like rates, service—particularly service, as far as it goes in the North, and SaskTel's ability to provide fibre where others perhaps haven't?

Mr. Cullen: And I appreciate the member's question. Clearly, different corporations will provide different services, and I'm sure there's been plenty of discussions over the last few years in terms of companies that may be looking to purchase other companies. I'm sure that there's been companies over the years look at MTS to purchase, and I'm sure there's probably companies that have looked at the—the Crown corporation in Saskatchewan to purchase, so I'm sure there's been some options on the table.

And I'm sure there was even some conversations about MTS and SaskTel and what kind of relationship might occur there. So I'm sure there's been lots of discussions over the past. At the end of the day this is the deal that's on the table, and obviously it has to go through a process to be ratified, first of all with shareholders, and then through the federal watchdogs as well. So we'll see how that works its way through the process.

Mr. Lindsey: That's really not much assurance to the people of Manitoba that you're pretty sure that somebody's done some study somewhere. I don't think that that should be an acceptable answer for anybody in Manitoba that this is the deal as it is and therefore we should just take it. It doesn't provide any kind of job security. It doesn't provide any kind of rate security. It doesn't provide any kind of service security or enhancement. I mean, you talk about a billion-dollar investment that certainly there's been no commitment to invest anything in the North.

With everything that you've answered so far today and previously on MTS, I don't see where the government has any choice but to stand with Manitobans and stand against this deal, the same as you did for the Air Canada deal, which was bad for Manitobans. This deal is also bad for Manitobans.

Will the government stand and send communication to the Competition Bureau that, in the government of Manitoba's opinion, this deal is, in fact, bad for Manitoba and should be stopped?

Mr. Cullen: I appreciate the member's comments.

You know, it's pretty clear the opposition feels this is a bad deal. And I guess from our perspective is, you know, if you've got proof that this is going to be a bad deal for Manitobans and if you've got some kind of analysis that shows that from a reputable organization, you know, maybe that's something you could share with us. Or, you know, I did note the letter that the member had sent to the Competition Bureau. I didn't see any relevant information as far as background attached to that.

So, if you're basing the assumption that this is a bad deal, you know, we'd like to see some proof that it is, in fact, a bad deal for Manitobans. So, if you've got some proof of that, we'd like to see it.

Mr. Chief: I got to change some—change it up here a little bit. We've heard concerns. The—as we know, this is a summer season, a lot of young people, a lot of parents and grandparents helping their kids and grandchildren find summer jobs. They—a lot of

them are trying to make a little extra money for themselves, help their families out. A lot of them are looking for jobs for the summer. A big part of that last 17 years, we've been able to increase minimum wage. The minister of Labour had always been the lead minister in making sure that we were connecting with different groups, different people, taking first-hand, including the business community, on the importance of a minimum wage increase.

I ask the minister today: Have they ruled out a minimum wage increase for this year?

Mr. Cullen: I thank the member for raising that issue.

And the member is right; it's exciting time for a lot of young folks heading out to try and find their first summer employment. And we certainly hope that works well for them.

Obviously, from our department's perspective, we're interested in growing the economy and we want to make sure that we have a good economy and, you know, if we have a good economy, we have lots of job opportunities for our youth, and we think that's key. So we're doing everything that we can to make sure that we provide opportunities for the business community.

*(11:50)

You know, without the opportunities in the business community, we don't have people working. So we have to ensure that we're doing everything in terms of a framework to make sure that business is open in Manitoba. And I think we've sent that message, as a new government, and we're optimistic we can work with our business partners and certainly our labour partners to grow the economy and create good jobs for all Manitobans.

In respect to the minimum wage, we're—the other side of the coin that I'm hearing from the business community is be careful in terms of raising the minimum wage, because what happens is we only have so much money to spend on salaries. So, if you keep increasing the minimum wage, it takes away my ability as a business owner to employ more people. So we have to be careful where that balance is there, and that's the real feedback we hear from the business community. And that's particularly true for students looking for summer jobs.

Those are the kind of things that we hear from the business community. So they're telling us: Be careful what you do. There's got to be a balance there

in terms of increasing the rate versus the payoff of not employing as many people. So that's something that we're recognizant of.

The other thing that we've done in this budget is lower taxes, and what we've tried to focus on are the lower-income earners. So what we're looking at doing, as we move down the road, we are going to be increasing the threshold in terms of where you start paying tax. We think that's the right way to leave more money in people's pockets, especially those that are making salaries on the lower end of the scale. So we think that's an easy way and a right way to leave more money in the hands of people, especially young people.

And, when we look at the comparison where—across the country where people start paying income tax, we are at the—certainly at the low end on the spectrum. So our goal is to move it up there so it's at least sort of in the Canadian average. And we think that's a logical way to allow people to keep more of the money that they're actually earning. So that's certainly our goal.

The other thing we're doing, as well, is kind of the bracket creep, too, to make sure that as thresholds change as you move up, we're going to make sure that those are adjusted for inflation as well, which I think is the right thing to do; again, that allows hard-working Manitobans to keep more money in their pockets.

Mr. Chief: I thank the minister for the response.

Do you want to let the minister know that there, of course, are many businesses and many business owners that actually support a minimum wage increase? I think, over 17 years, we have seen a minimum wage increase and how that has actually not only got more people working but what we saw was not businesses employing less; in fact, we saw businesses employing more.

The other thing that we know is that when you increase the minimum wage, those people who are earning that money actually spend more, and they put it back into the economy. So it's actually a way to grow the economy.

So I'm asking the minister: Have they ruled out the minimum wage increase this year and, if they have, are they going to be increasing minimum wage next year?

Mr. Cullen: Mr. Chair, I think we're getting into a labour discussion here. I'm just—I'm going to invite my ADM down for consultation as well.

I see that Manitoba's minimum wage is sixth highest in Canada at this point in time, so we're sort of in the middle of the pack on this one.

So—and also, certainly, we've had some comments from the CFIB and, obviously, this is a major impact to the small- and medium-sized businesses, and that's the issue that they're raising in terms of the payroll costs. So there is—there's obviously a couple ways to approach the minimum wage, but that's certainly the comments we're hearing from the business community.

Mr. Chief: I thank the minister for the question, Mr. Chair.

Will the—will this minister commit to going out and talking first-hand with labour groups, with people who earn minimum wage?

There are people that are, of course, in the retail trade. There is, of course, food services industries but, more importantly, there's the member's own colleagues for things like—for programs like Green Team, and they have a major impact in their communities.

So will the minister be taking the time to go and talk to these groups to make sure that he gets to hear first-hand how a minimum wage increase can impact their lives?

Mr. Chairperson: Before we continue, could the minister introduce his staff member that just joined the committee?

Mr. Cullen: I welcome to the table Dave Dyson, who's our assistant deputy minister on the labour side.

I do thank the member for the question. And it's a valid question, for sure.

We have been engaged in a fairly comprehensive consultation program over the last three years under our new leader. And we've heard a lot of—having a lot of feedback from many Manitobans on a lot of issues. And, obviously, the minimum wage does come up from time to time. And there's a few different approaches that are thrown out there in terms of, you know, having a flat rate for minimum wage or looking at a tiered system or looking at different levels within different sectors. So there's a

lot of ideas out there and a lot of approaches that can be taken when we look at minimum wage.

We continue—we will be continuing that dialogue with Manitobans. Our government has taken the view of being open and transparent. And we look forward to having continued dialogue with all Manitobans. And we've had a really good dialogue, certainly, from my perspective, and the perspective of the department, with a lot of Manitobans in the business community and on the labour side. And we will continue to have those dialogues.

I've made the commitment to both business and to labour that I will have consistence and ongoing dialogues with them. I'll invite them into my office for discussions. And I will raise this particular issue when I meet with them at the next opportunity to have that discussion about minimum wage. And I think it's a very positive discussion to have. And I'm looking forward to their feedback on it.

Ms. Judy Klassen (Kewatinook): In respect of truth and reconciliation's request, one of the mandates was for everyone to be educated in our people's history, my people's history, the indigenous history.

I'm just wondering what your knowledge is in respects to—do you understand why my people are in the position they are in today—poverty stricken? Poverty stricken.

* (12:00)

Introduction of Guests

Mr. Chairperson: Before we just continue, I just want to acknowledge the grade 4 students from General Vanier School.

Welcome to the Legislative Assembly.

* * *

Mr. Cullen: I appreciate the question from the member.

Obviously, there was some very important recommendations put forward, and as we go through the truth and reconciliation, the process of reconciliation, there is a lot of things that have to be addressed as we move forward. And on the point about education, I know there was a recommendation there making sure that we're teaching the history in—across the country, so we're making sure that students understand the history, which I think is critical. So it's my understanding that the Department of Education, through the minister, are working to

implement that component in the curriculum where we make sure that students have an understanding of the history and kind of how we got to the point we're at. So I think that's pretty critical.

I will say a little more on education. You know, we firmly believe education is a way up for many Manitobans, and I think especially true in northern Manitoba, so I know we made a commitment to education in this budget. We've increased the budget by 2 and a half per cent, so we are certainly committed to education. We recognize the challenges in northern Manitoba in terms of education. We had a really good discussion yesterday about what the Frontier School Division, some of the challenges that they are facing. And we've certainly made a commitment to have the dialogue with them as well, what we can do as a government to enhance education in northern Manitoba. At the end of the day, we're interested in results as a government. And results, to me, in education are making sure that we keep our kids in class, we make sure that they are educated well and when they do graduate grade 12 that they have the fundamentals and the basics that they need to engage in the job market. So those are kind of the measuring sticks that I see as we move forward.

We also had the, you know, the conversation about apprenticeship programs and that they're—a lot of those programs are being moved into high school. I think that's been a very positive fit for a lot of students and I think we're committed to making sure that that apprenticeship piece of the puzzle works as well for students and I think it's worked well. We want to make sure it continues to work well. So we recognize there's challenges in northern Manitoba. We want to work with the communities and we have to work with the federal government as well to make sure that we are addressing those challenges. At the end of the day, for us, as our department is focused on growing the economy, we have to have students that are ready for the job market. And, you know, that is, to me, is a key component of how we grow our economy, and I think it's also a key component of how we grow the northern communities as well. We know there's a lot of unemployment in northern Manitoba, and I firmly believe that education will provide people the opportunity to become employed.

So I think we have to make sure we get the fundamentals right. We have to invest in education and prepare our students as well as possible, knowing full well there's challenges. And it's going to be an ongoing process to engage communities, to

make sure that we're providing what we need to provide as government to make sure that we have kids in school and, hopefully, graduating at the end of the day.

Ms. Klassen: Speaking of fundamentals, one of our key issues in—is our access to capital. The majority of people in the North need to be educated in financial literacy. Accessing credit from North West Company who only provides rates of interest at 28 per cent—it's unheard of down south here.

If you're on social assistance, people drown in that kind of system, because their credit soon becomes shot. And so they can't rightfully apply for any kind of financial products after that. I remind you that North West Company is our monopoly in a lot of our areas. They're our—also our only means of financial institution.

And I—facing reality, 90 per cent of our people are on social assistance. So what the northern does is they put any monies coming in from social assistance government cheques onto something called a We Visa card, and even to call, and that's our only option of checking balances on these cards, it's five bucks right away.

If you want to take money out, if you want to put money in, the fees are astronomical, and that's the only way—that's the only means of financial institution we have.

So, going back to the basics of credit, we need to start promoting financial literacy in these communities so that they could learn all the basics of banking, access to credit, and especially for repayment so that their credit history doesn't get shot by the time they're 19 years old.

So I'm wondering what measurements you have in place or if you have—if this is even a concept that has been floated around in your—on your side of the floor.

*(12:10)

Mr. Cullen: I thank the member for those comments. You touched on a lot of issues there, and I appreciate your comments and your feedback. And I'm hoping we can have an ongoing dialogue there.

I think—I want to touch on the education piece first, if I may. There was, at one time, within the curriculum, a kind of a basic course that taught the fundamental basics of money management, and I thought it was a very good course, because it was the hands-on basic kind of course that I think a lot of

kids needed, because there—may have not be getting that sort of sound advice at home. And it seemed pretty good to me, but it was taken out of the—their curriculum. So students aren't getting that basic knowledge. And it's maybe something that we should have a conversation about, and certainly with the Minister of Education and get his views on, if there's something that can be worked into in a—one component of one part of a class. So it's an issue in terms of curriculum development there, too, which is, I think, very key. And it's not just northern kids that are missing this. It's all kids are missing that component. So a very, very valid point.

In terms of kind of the capital economic growth component, you know, obviously, we're focused on job creation. And we think that's key. And, you know, we talked about education, the next step is jobs and creating jobs and getting people employed. And I think, you know, that's where we have to get to. That's the result at the end of the day. And the more people we can have working, the better for everyone, better for their families, in particular. So that's what we're going to be focused on.

And we think by having one department that's really looking at economic growth we hopefully can facilitate that better. We talked yesterday about our Yes! North initiative. So we're just in the process of unrolling that. We think that can be a real driving force in terms of the economic development component. So just bear with us as we unfold and show this to northern Manitobans. I think it'll be a real opportunity. We're obviously looking at opportunities in rural Manitoba, northern Manitoba.

But you talked about the capital side of things. We recognize, clearly recognize, that there's a shortage of venture capital and capital in Manitoba. So it's a challenge for the business community to get into business because they don't have the capital to do it. We recognize that. And we're taking steps to review that and put some people in place that have a better understanding than what I do in terms of venture capital and how the markets would work. So we're seeking some advice on that and what would work for Manitoba and taking some advice from what other provinces are doing.

So there is—I've had those initial discussions. There is some real positive ideas out there. We just want to get them to the point where we get them all on the table and see what we can develop within our government, within our portfolio, what would work for Manitobans.

So it's a very valid point, and another issue that's not specific to northern Manitoba. We have the same issues across the province. But we recognize it as being an issue and we're taking steps to deal with it.

Ms. Klassen: Looking at page 39 and the objectives, you know, it's not the '70s to—it's not history anymore. We're really looking forward to outside-the-box thinking in respect of our northern communities.

You know, the sale—the talk is that Bell will buy MTS. You say that this is going to benefit all Manitobans. I want to know if access for northern communities has been discussed, and firm commitments, because I see a lot of economic spinoffs if we do get access for economic development, health, tourism, education.

You know, our people in the North, we can have our own call centres up north if that's enabled. You know, Telehealth, in regards to mental—not having access to mental health workers, psychologists or doctors in our own communities, you know.

In Flin Flon, I was privy to go and check out the Telehealth system there through my Flin Flon candidate, the Liberal candidate. She explained that rather than, you know, paying for a Lifeflight for somebody to come and get seen by a psychologist or put in hospital due to a suicide issue, it was more effective for that person to talk directly with a psychologist over the Telehealth system. And there are a number of communities in the North that have the Telehealth, but just not that function.

So that's one of the good benefits if we get access for the North. There's a lot of tourism. There's a lot of outposts in our First Nation communities of Kewatinook. But the problem is they can't do well and be profitable because there's no way to market them. For education, you know, there's Kids Help Phone line that's available for kids that are on the brink of suicide. There's so many resources that can be accessed, and Internet plays a vital role in helping our kids address the issues right away.

Talking about innovation, as well, on that section, I've met with a professor, Barry Prentice. I'm sure a number of people here have heard or have been visited by him with his idea of the sky ships and, you know, I—understand the infrastructure dollars are going to be spent strategically. And I know what that means; I have a business background, you know, making roads to

communities that are in such impoverished conditions. I know what that means, you know.

So perhaps looking at innovative technology such as his sky ships could be worthwhile. You know, solar energy, all that—all the sustainable energy developments that we can do—can happen in the North, but we need promises of access, Internet access, cell service—the same as any Manitoban south of the 51st parallel gets.

So my question is: Are there firm commitments to provide Internet access?

Mr. Cullen: I thank the member for the questions. There was—touched on a lot of different areas there for sure, and I appreciate that. Where to start?

I guess from a—kind of coming back to the economic development side of it, and which I—in my view, innovation plays a key part of this. And I'm excited about the opportunities on the innovation front, whether it be energy, education, whatever 'fawcet' that looks like, I think there's tremendous opportunities there, and especially for northern Manitoba. And the point about thinking outside of the box, I think, is a very valid point. You know, we can continue to do things the way we've done them in the past, but that isn't necessarily been a very positive outcome. And our focus is about outcomes; we want to have results for northern Manitobans, as well.

*(12:20)

So I'll just get back to the Yes! North component, which is going to be economic development. But when you talk about economic development, it encompasses so many things, as we talked about yesterday. So I think it's a very positive initiative as we move forward.

You know, we do have a rural development manager, who is actually based out of The Pas, so obviously and there's certainly a northern flavour to that, as well as rural Manitoba. So we recognize there's issues that have to be addressed, and I think for our perspective is there's been little in the way of a plan for northern Manitoba, a little in the way of a framework for discussion. We think this Yes! North concept will open up that discussion and dialogue for economic development, which again is going to talk a lot about education and those fundamentals.

So there is a lot of interest in this field. And the technology side of things as well we did talk about earlier. I think with the enhanced technology

hopefully available and we're going to do whatever we can to make sure that technology is available to northern Manitobans so that northern Manitobans are connected. And if they're connected it makes it so much easier to do business. And I think that's key for us as we move to the future, in terms of economic development and connecting communities.

And I view that technology as part of the infrastructure puzzle. You know, we talk about infrastructure, sometimes we get focused on roads and water and sewer. But I think the technology component is a very important investment, and we're certainly looking forward to doing that. The cards are on the table. I look forward to having that particular discussion.

We know the Telehealth system has worked pretty well and, if we can, you know, actually save a lot of money from having people travel all over the province to seek health, the more of those facilities we can get into the communities, I think, the better. And that again speaks to that infrastructure message. That, to me, is part of building the infrastructure in northern Manitoba and rural Manitoba. So there's a lot of opportunity there.

The other thing I always want to touch on is the tourism component. Clearly, when we look at northern Manitoba I think there's tourism opportunities there. Our government has made a commitment with the 96/4 plan to reinvest more money in tourism. So there's an extra pot of about just over \$3 million will be available for tourism in Manitoba. A fairly significant portion of that will go to tourism Manitoba for promotion of tourism in Manitoba, obviously, attracting people from outside of the province to come here to spend their money. But there will also be an extra about \$270,000 available for grants, grants back to the specific regions and communities so that specific communities and regions can invest that money in how they best feel will give them the best value for their dollar, in terms of attracting tourism to those communities.

So we think it's a very good plan moving forward. It's—and it is a plan, so you have to start somewhere with a plan and we think that's a good plan for tourism in Manitoba.

Ms. Klassen: So I was only allotted half an hour, but I have so many questions.

My friend lost his leg in a workplace accident. He was subsequently fired, even though he was not

at fault. So the work—the Employment Standards don't seem to apply on First Nation communities and we're trying to fight that system. We're also trying to fight the fact that Workplace Safety and Health—people don't know about those kinds of systems; they don't know that they should be paying into these kinds of systems, so it goes back again to educating northerners about these kinds of programs and services so that it'll all be a healthier Manitoba. It's—and it's not easy just to google anything because it goes back to that fact that we don't have Internet service.

There is a number of foreign interests coming to our tables in our North, trying to help us build, sustainably develop our own communities, according to our cultures and value systems for our own resources, but we're inhibited by a number of numerous provincial acts and we're just wondering what—will you continue with this pattern of keeping us shackled by these acts?

My other question goes to the Yes! North. And, you know, it was jokingly said around the table that your program of belugas and polar bears and tourism, you know, the communities, some of them said, well, when are they transporting these animals to our area, because in our area there is no belugas. So, we don't see how the Yes! North program is going to benefit north of 52nd, south of 58. You know, that's a big area, geographic area of the province that seems to be ignored. And, so, I'm just wondering, you know, I need more things to take to my people; more definite, what kind of economic development you guys foresee.

Mr. Cullen: I appreciate the member's comments and questions. Obviously, we're going to have to continue this dialogue on Monday, but I look forward to that.

First of all, as far as your friend is concerned, that's an issue that we should have a conversation about at some point in time. I—and if we could share that information with the department, we could make sure that that situation is addressed, if you would. So, we will have that discussion.

Just doing a little look on the broadband side of things, it looks like there is some initiatives under way with the federal government as well, in terms of looking at some broadband services for northern Manitoba and they want to engage the province in that discussion. So, we will just follow up to make sure where that's at. But I think it's a key component of what we're talking about for northern Manitoba

because that goes back to your point about education, and making people aware of the various programs. So, I think if we can get these types of services available to northern Manitobans, I think it will enhance the education opportunities and the knowledge of these various programs.

If there's specific issues relative to legislation that is an issue, if you would share those with us, then we can have a look at it. I think that's key. I know we're going through a, certainly, a red tape reduction. We're looking at a lot of different pieces of legislation, especially in the workplace health and safety; it's coming up for a review. If there's something in there that's of concern, please share it with us. So, there's a lot of moving parts in there and

hopefully we'll have an opportunity to continue the discussion on Monday.

We obviously are very interested in northern Manitoba; we're optimistic this Yes! North program concept will open up that dialogue and we can actually get a plan in place where we can get to the point where we're working on results, which I think is the key part.

Mr. Chairperson: The hour being 12:30 p.m., committee rise.

IN SESSION

Mr. Deputy Speaker (Doyle Pivniuk): The hour being 12:30, the House is adjourned and stands adjourned until 1:30 p.m. Monday.

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, June 10, 2016

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