

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

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

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The Honourable Daryl Reid  
Speaker*

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

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

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, March 20, 2014

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

**Mr. Speaker:** Please be seated.

**Point of Order**

**Hon. Andrew Swan (Government House Leader):**

On a point of order, Mr. Speaker.

**Mr. Speaker:** On a point of order.

**Mr. Swan:** I just want to recognize—because we don't always get a chance to do this in this House, as we sometimes use hyperbole, sometimes we may all go over the top—we had a great discussion this morning, a great debate on a motion brought forward by the member for Brandon West (Mr. Helwer), seconded by the member for St. James (Ms. Crothers), and this House unanimously adopted a resolution calling on the federal government to work with us on trying to come up with a driver's licence for military personnel.

So I realize this afternoon we may be a little bit less co-operative. I just wanted to put on the record that it was a really great moment for this Legislature.

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

**Mr. Kelvin Goertzen (Official Opposition House Leader):** While technically it doesn't fall under the rules of a point of order, I expect you'll find—not to do your job, Mr. Speaker—but I also want to echo the fact that it was a great motion brought forward by the member for Brandon West, who always in our caucus and in the community advocates strongly for the appreciation and the rights of our fine men and women who serve us overseas, at home, whether in areas of aggression or whether in areas of peacekeeping, and I appreciate that the government supported the motion. I give particular accolade to the member for Brandon West for not only this motion, but his continued support of our fine men and women in the military.

**Mr. Speaker:** On the point of order raised by the honourable Government House Leader, I thank honourable members for their contribution towards the point of order. I did not hear a specific rule that may have been breached, so I must respectfully indicate or rule that there is no point of order. But I do appreciate the sentiments that were offered

here this afternoon, and I hope that the trend of co-operation will continue through the coming weeks of the Legislature.

**ROUTINE PROCEEDINGS**

**INTRODUCTION OF BILLS**

**Mr. Speaker:** Now, on the next order of business, routine proceedings, introduction of bills.

**Bill 48—The Sioux Valley Dakota Nation Governance Act**

**Hon. Eric Robinson (Minister of Aboriginal and Northern Affairs):** Mr. Speaker, I move, seconded by the Minister of Mineral Resources (Mr. Chomiak), that Bill 48, The Sioux Valley Dakota Nation Governance Act, be now read a first time.

*Motion presented.*

**Mr. Robinson:** It's indeed an honour to welcome—and I know you'll be doing the official announcement of Chief Vince Tacan and members of his community to this Chamber, and I'm very happy to welcome on behalf of our government as well.

This agreement that we've just introduced, Mr. Speaker, is the first ever self-government agreement in the prairie provinces, and this may be a model for other First Nations in the province of Manitoba. Negotiations have been ongoing since 1991. Manitoba came to the table in 1993.

And there are two main agreements in this: first of all, the governance agreement between Sioux Valley Dakota Nation and Canada which recognizes the Sioux Valley Dakota Nation, Dakota Oyate First Nation and their government, and it establishes a government relationship between the Sioux Valley Dakota Nation and the Government of Canada.

The second one, which is very important, is the Tripartite Governance Agreement between Sioux Valley, Manitoba and Canada. It formalizes our province's agreement and makes Manitoba a party to the self-government arrangements.

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

Any further introduction of bills?

## PETITIONS

**Mr. Speaker:** Seeing none, we'll move on to petitions.

### Beausejour District Hospital— Weekend and Holiday Physician Availability

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

And these are the reasons for this petition:

(1) The Beausejour District Hospital is a 30-bed, acute-care facility that serves the communities of Beausejour and Brokenhead.

(2) The hospital and the primary-care centre have had no doctor available on weekends and holidays for many months, jeopardizing the health and livelihoods of those in the Interlake-Eastern Regional Health Authority region.

(3) During the 2011 election, the provincial government promised to provide every Manitoban with access to a family doctor by 2015.

(4) This promise is far from being realized, and Manitobans are witnessing many emergency rooms limiting services or closing temporarily, with the majority of these reductions taking place in rural Manitoba.

(5) According to the Health Council of Canada, only 25 per cent of doctors in Manitoba reported that their patients had access to care on evenings and weekends.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government and the Minister of Health to ensure that the Beausejour District Hospital and primary-care centre have a primary-care physician available on weekends and holidays to better provide area residents with this essential service.

This petition is signed by R. Hladur, R. Hladur, W.A. Zillman and many, many more fine Manitobans, Mr. Speaker.

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

Any further introduction of petitions?

## COMMITTEE REPORTS

**Mr. Speaker:** Seeing none, we'll move on to committee reports.

### Standing Committee on Public Accounts First Report

**Mr. Reg Helwer (Chairperson):** I wish to present the First Report of the Standing Committee on Public Accounts.

**Clerk (Ms. Patricia Chaychuk):** Your Standing Committee on Public Accounts—

**Some Honourable Members:** Dispense.

**Mr. Speaker:** Dispense? Dispense.

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

#### Meetings

*Your Committee met on the following occasions in the Legislative Building:*

- February 25, 2013 (2<sup>nd</sup> Session, 40<sup>th</sup> Legislature)
- May 8, 2013 (2<sup>nd</sup> Session, 40<sup>th</sup> Legislature)
- March 19, 2014 (3<sup>rd</sup> Session, 40<sup>th</sup> Legislature)

#### Matters under Consideration

- Auditor General's Report – Operations of the Office for the fiscal year ending March 31, 2013
- Public Accounts for the fiscal year ending March 31, 2011 (Volumes 1, 2, 3 and 4)
- Public Accounts for the fiscal year ending March 31, 2012 (Volumes 1, 2, 3 and 4)
- Public Accounts for the fiscal year ending March 31, 2013 (Volumes 1, 2, 3 and 4)

#### Committee Membership

*Committee Membership for the February 25, 2013 meeting:*

- Ms. CROTHERS
- Mr. DEWAR (Vice-Chairperson)
- Mrs. DRIEDGER
- Mr. EWASKO
- Hon. Mr. GERRARD
- Mr. HELWER (Chairperson)
- Mr. JHA
- Mr. PEDERSEN
- Hon. Mr. STRUTHERS
- Mr. WHITEHEAD
- Ms. WIGHT

*Substitutions received prior to committee proceedings on February 25, 2013:*

- Ms. CROTHERS for Mr. ALLUM
- Ms. WIGHT for Ms. BRAUN
- Mr. EWASKO for Mr. CULLEN

*Committee Membership for the May 8, 2013 meeting:*

- Mr. ALLUM
- Ms. BRAUN
- Mr. CULLEN
- Mr. DEWAR (Vice-Chairperson)
- Mrs. DRIEDGER
- Hon. Mr. GERRARD
- Mr. HELWER (Chairperson)
- Mr. JHA
- Mr. MARCELINO
- Mr. PEDERSEN
- Hon. Mr. STRUTHERS

*Substitutions received prior to committee proceedings on May 8, 2013:*

- Mr. MARCELINO for Mr. WHITEHEAD

*Committee Membership for the March 19, 2014 meeting:*

- Mr. FRIESEN
- Hon. Mr. GERRARD
- Mr. HELWER (Chairperson)
- Hon. Ms. HOWARD
- Mr. JHA
- Mr. MARCELINO
- Mr. MARTIN
- Mr. PEDERSEN
- Mr. WHITEHEAD
- Mr. WIEBE
- Ms. WIGHT

*Substitutions received prior to committee proceedings on March 19, 2014:*

- Mr. MARCELINO for Mr. DEWAR
- Mr. MARTIN for Mr. SCHULER

*Your Committee elected Mr. WIEBE as the Vice-Chairperson at the March 19, 2014 meeting.*

**Officials Speaking on Record at the February 25, 2013 meeting:**

- Ms. Carol Bellringer, Auditor General of Manitoba
- Hon. Mr. STRUTHERS

- Mr. John Clarkson, Deputy Minister of Finance

**Officials Speaking on Record at the May 8, 2013 meeting:**

- Ms. Carol Bellringer, Auditor General of Manitoba
- Hon. Mr. STRUTHERS
- Mr. John Clarkson, Deputy Minister of Finance

**Officials Speaking on Record at the March 19, 2014 meeting:**

- Ms. Carol Bellringer, Auditor General of Manitoba
- Hon. Ms. HOWARD
- Mr. Jim Hrichishen, Deputy Minister of Finance

**Report Considered and Adopted:**

*Your Committee has considered the following report and has adopted the same as presented:*

- Auditor General's Report – Operations of the Office for the fiscal year ending March 31, 2013

**Reports Considered but not Passed:**

*Your Committee has considered the following reports but did not pass them:*

- Public Accounts for the fiscal year ending March 31, 2011 (Volumes 1, 2, 3 and 4)
- Public Accounts for the fiscal year ending March 31, 2012 (Volumes 1, 2, 3 and 4)
- Public Accounts for the fiscal year ending March 31, 2013 (Volumes 1, 2, 3 and 4)

**Mr. Helwer:** Mr. Speaker, I move, seconded by the honourable member for Morris (Mr. Martin), that the report of the committee be received.

**Motion agreed to.**

**Mr. Speaker:** Any further tabling of—or committee reports?

#### **TABLING OF REPORTS**

**Mr. Speaker:** Seeing none, we'll move on to tabling of reports.

**Hon. James Allum (Minister of Education and Advanced Learning):** I'm pleased to table the Supplementary Information for Legislative Review for the Department of Education and Advanced Learning, 2014-2015 Departmental Expenditure Estimates.

**Mr. Speaker:** Any further tabling of reports?

## MINISTERIAL STATEMENTS

**Mr. Speaker:** We'll move to ministerial statements.

**Hon. Flor Marcelino (Minister of Multiculturalism and Literacy):** March 21st—

**Mr. Speaker:** Hold it. We have to distribute it first.

**Hon. Andrew Swan (Government House Leader):** Yes, on House business, Mr. Speaker. I understand that the minister about to make her ministerial statement has neglected to have sufficient copies for this House. I'd ask for leave that she be able to present her statement on her very important issue in any event.

**Mr. Speaker:** Is there leave of the House to permit the minister to continue with her member's statement with the understanding that we will obtain photocopies and distribute them to the appropriate members of the Assembly? *[Agreed]*

### International Day for the Elimination of Racial Discrimination

**Ms. Marcelino:** Thank you, Mr. Speaker, and I thank all the members of the House for allowing me to read my ministerial statement.

\* (13:40)

Mr. Speaker, March 21st, as declared by the United Nations, is the International Day for the Elimination of Racial Discrimination. On that day in 1960, in Sharpeville, South Africa, 69 people were killed by police during a peaceful demonstration against apartheid laws.

Each year in our province we recognize March 21st with thousands of young Canadians who are participating in a number of activities that spread the message of eliminating racism in the world. It is through their passion and drive for change that our future will be defined as one without boundaries and full of endless possibilities.

Canada and Manitoba have come through dark periods in our history to an era which is defined by the celebration of our diversity and the promotion of mutual respect for our fellow citizens regardless of their culture, religion or race. With over 250 ethnocultural community organizations, 148 languages spoken and over 150 different countries represented in our province, our government is recognized as being at the forefront of successful multiculturalism policy and programming. We are dedicated to building bridges, relationships and connections among communities so that barriers

of racism and prejudices are eliminated from our society.

I encourage all members to take part in the March 21st Human Rights Film Festival activities, starting today until March 22nd, and be inspired to promote peace and understanding throughout Manitoba and the world. This unique event will address issues regarding racism and social inequality, promote dialogue around these issues and foster cultural understanding and reduce prejudices.

It is evident that we are moving towards creating a society where people of different faiths and cultures are respected and appreciated. Today we reaffirm our commitment to promote the peaceful coexistence of people of all backgrounds.

Thank you.

**Mr. Doyle Piwniuk (Arthur-Virden):** Mr. Speaker, our province, our country, much of the world have made a tremendous progress on reducing racism; however, racism is still with us. Many—too many people still feel pain of being judged by their race. Too many people are stereotyped and too many people are treated like second-class citizens around the world.

As a diverse and welcoming society in—Manitoba is uniquely positioned to show the world that the people in all backgrounds can come and make it—come together. We are rightfully proud of the openness and acceptance that Manitoba's known for. Even here, however, there is still more progress to be made. As leaders in our communities, each of us in this Chamber have a unique position to make a difference.

Mr. Speaker, I want to tell a story of myself and my own back home. My son, who has Jamaican descent, came home one day and said that he was called the n-word. And I felt that there was no—zero tolerance for that in our community, our community that's diversified and with a lot of different backgrounds, from First Nations to European—Eastern Europeans to—now with Filipino population moving in, Jamaican population moving in, Ukrainians. And I was going to take zero tolerance for that, so I went to the principal and made it—made a point that this was what happened. And I really have to honour the junior high—Virden Junior High school principal, Mark Keown. He made the point of going to the teachers and telling the teachers that this was what is happening, and the teachers made a speech to their—all the kids in the classroom,

and at that point my son got an apology from the person who called him that word.

And I would feel very honoured that our society is changing for the better. And I would like to—I'm standing here to—for an open and accepting society in recognizing the worth and dignity of every person by affirming that we all are welcomed. By focusing on our common humanity and our shared future, we can and we will eliminate racism.

Thank you.

**Hon. Jon Gerrard (River Heights):** Yes, I ask leave to speak to the minister's statement.

**Mr. Speaker:** Does the honourable member for River Heights have leave to speak to the ministerial statement? *[Agreed]*

**Mr. Gerrard:** Mr. Speaker, I join others to recognize that there has been much progress made in Manitoba, that we have many things in the area of multiculturalism—Folklorama being an outstanding example—which have worked very well to bring a better understanding of who we are as Manitobans and the diversity that exists within our province.

We have, coming this year and opening this year, the Canadian Museum for Human Rights, an outstanding example of what we hope to have: a province which recognizes human rights and which builds on approaches which will end any racism that exists.

But, as I think most members know, we still have some examples of racism, and maybe it is time to work together to look at where those are still happening and what we can do about it in a positive way. And I would open up a dialogue with other members in this Chamber to see what can be done in this regard.

Thank you.

**Mr. Speaker:** Any further ministerial statements?

#### Introduction of Guests

**Mr. Speaker:** Seeing none, we'll move to guests.

We have guests with us today in the public gallery where we have members of the Westwood Warriors women's hockey team along with their coach, Mr. Kelly Hiebert, who are guests of the honourable member for Kirkfield Park (Ms. Blady).

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

#### ORAL QUESTIONS

**Mr. Speaker:** That's all the guests I have to introduce at the moment, so we'll proceed directly to oral questions.

#### STARS Helicopter Service Contract Tendering Process

**Mr. Brian Pallister (Leader of the Official Opposition):** Well, we've known for a while that the government will stop at nothing for a self-serving photo opportunity, Mr. Speaker, but the AG's report yesterday proved that.

In its reference to the untendered STARS contract, we truly saw the definition of the NDP as the spendP. This is the ultimate impulse buy, urgency motivated by the proximity to an election, \$159 million over 10 years when the cost per mission, according to the Auditor General, are a sixth as much in other provinces. The government, reported by the AG, did not follow its normal tendering practices, broke its own rules and proceeded to hide the contract information from the people of Manitoba.

This is a massive waste of money, recklessly putting lives at risk, obviously self-promotional in nature. A campaign expense, it should have been, but it came at the expense of the people of Manitoba and the taxpayers of Manitoba.

Which minister presided over that debacle?

**Hon. Greg Selinger (Premier):** Mr. Speaker, the member wasn't here, but many of us were in 2011. That was the year we had the largest flood in the history of Manitoba, and during that flood, just like we did in 2009, we felt a helicopter service was fundamental to the security and safety of Manitobans. And we brought that service to this province and it provided life-saving resources to the people of Manitoba.

In June of 2011, we decided to continue that service as we negotiated a long-term contract. And during that period of June 2011—members may forget this—there were many states of emergency going on all across this province. Municipalities were struggling to recover from the flood. Many of them were still experiencing very high rates of water around Manitoba.

And it was a prudent—it was a prudent—decision in the public interest to continue to have that STARS service in Manitoba, because it was there to save lives. And during that eight months while we were

negotiating that contract, over a hundred missions were flown by STARS which helped Manitobans.

**Mr. Pallister:** The Auditor General says at six times the cost of other provinces; I guess the government's urgency cost Manitobans in many ways.

The former Health minister who presided over this mess is the poster child for self-promotion and wasteful spending, but she's not alone over there. And the Auditor General's report is clear in this. The Auditor General investigated several departments and found that dumb shopping is commonplace among that government.

Manitobans, however, are smart shoppers, Mr. Speaker, and they do a thing that this government needs to try: comparison shopping. They actually take the money they worked for and saved, and they go and they compare options and then they shop smart. The government didn't do that. Manitobans do that. Especially, they do that on the big stuff, and \$150 million is big stuff.

\* (13:50)

Now, the Auditor General said that the spendP unjustifiably waived competitive bids half the time in their sample, denied Manitoba companies access to government contracts and opportunities to create jobs in Manitoba, broke their own rules and then covered up the information 87 per cent of the time.

So a government that's in a big rush to spend, in a big rush to tax, but after 15 years, why is the government in no hurry to get value for money from the tax dollars they take from Manitoba citizens?

**Mr. Selinger:** Mr. Speaker, during that very difficult spring for Manitobans, we decided to continue an important life-saving service in Manitoba called STARS. That service had a stellar record in Alberta. It had performed very well in Saskatchewan. It had performed very well in Manitoba in 2009, and up until June of 2011 it had performed very well in Manitoba, meeting the needs of Manitobans.

Those helicopters went into locations that could not be reached by land, particularly at a time when water was everywhere to be found around Manitoba and many roads were still washed out, many roads were still not serviceable.

We decided to keep that service going. Over a hundred patients received that service, and we realized then that this service was essential to the health and well-being of Manitobans and decided to have continuity in that service.

That service is important to Manitobans. It is important today, it is important then, and we will continue to provide helicopter service in Manitoba, unlike the members opposite who would cancel it.

### Canadian-Manitoban Immigration Agreement Resolution Senior Staff Involvement

**Mr. Brian Pallister (Leader of the Official Opposition):** Well, our plan would be to get value for money for Manitoba taxpayers. It seems like the wheels are falling off the Rallygate cover-up bus.

Just last month, the Premier of Manitoba said on February 3rd to The Canadian Press, he said, I quote, my office was not involved. But that's untrue. And now this Premier's senior political staffer is said to be directly involved. In fact, several emails were exchanged between the Premier's top political staffer and the Immigration minister specifically discussing the organization of the protest rally which the Premier says his office and staff had nothing to do with.

So why did the Premier and his Cabinet members cover up the fact that political staff were, in fact, helping organize the rally? Why?

**Hon. Greg Selinger (Premier):** Clearly, the Leader of the Opposition has heard none of the previous answers I've given to these questions.

It's very clear Cabinet, caucus, senior members of staff, political appointees in terms of special assistants and people that work for politicians in Manitoba, on both sides of the House, quite frankly, Mr. Speaker, were involved in inviting people to come down to the Legislature to hear this very important debate about the future of immigration in Manitoba, a program which has been a tremendous source of economic vitality in this province. We've been clear about that from day one.

The minister—the former minister has herself been clear that she gave direction to the civil service to invite people down here. She has taken responsibility for that. She has apologized for that. The record is clear in this regard.

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

**Mr. Pallister:** The Premier's senior staffer told her to bring it on, Mr. Speaker. So it's a cover-up.

The Premier's story that he didn't know doesn't hold up either. The contradictions in his story make



it apparent that he must have known—that he must have known—the facts of the case.

Here are the facts. His senior staff was involved in helping organize the rally. They were involved. He meets daily with his senior staff, but claims—still claims they were not involved as recently as just now.

Now, so is he claiming, then, that his senior staff helped organize the rally without his knowledge?

**Mr. Selinger:** Mr. Speaker, I've put this on the record many times. We all were involved in inviting people down to the Legislature. That's what members opposite were doing as well. I remember them asking for passes to the gallery so their guests could hear the debate.

Caucus members, Cabinet ministers, senior staff, members of Parliament were all involved in this important debate about the future of immigration in Manitoba, a program that even this year, even with caps, has brought 14,000 newcomers to the province of Manitoba.

Mr. Speaker, we thought that resolution would be broadly supported by all members of the House. Sadly, only this side of the House stood up for this program. Only this side of the House stood up for the program and the vitality and the future of Manitoba. The members opposite turtled on that question.

**Mr. Pallister:** It's an unbelievable cover-up, and this Premier is unbelievable. He knew. He had to know. He meets with his clerk of the Executive Council daily.

A senior civil servant named Ben Rempel is accused of directing civil servants to attend a partisan rally, this government says, on his own initiative. Therefore, he told 500 civil servants to take the day off. He told 500 civil servants to support the NDP. He told—blame a senior civil servant for almost two years. And the Premier wants us to believe that Manitoba's senior civil servant would not have known.

Come on. Mr. Speaker, it's unbelievable. He's hiding behind the senior civil servant in the Province of Manitoba. He's hiding behind all civil servants. He's done it for 17 months. The clerk would have learned the innocence of Mr. Rempel within minutes of the accusation being made. Everyone knows that.

Would the Premier stop hiding and get to the facts? Would he simply admit that he used a civil servant as an excuse for something his

government did and he hid behind that civil servant for 17 months and counting?

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

**Mr. Selinger:** Again, Mr. Speaker, I invite the Leader of the Opposition to read Hansard. I invite the Leader of the Opposition to look at all the responses I've gave.

When the federal government decided to change the way the immigrant settlement services program was offered in Manitoba, we resolved to bring a resolution in front of this Legislature to debate that. We resolved to invite people down to the Legislature to hear that. That's what the Legislature's for. It's a place of public debate about public policy.

And the immigration program and the settlement services are very important dimensions—very important dimensions—of the reality and the economic vitality of this province. The New York Times calls Manitoba a hub of parka-clad diversity. That's because of the immigration program.

We believe it's an important program. We believe people should be able to hear the debate on that program, which is why they were invited down here. And when that time came to support that program, the opposition went underground.

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

**Mr. Pallister:** And when the time came to be accountable for a decision made by the government to politicize the civil service, they ran and hid; 17 months, he knew.

We've obtained a copy of an email sent by Rachel Morgan, head of Cabinet communications, on April 19th, 2012, at 1:21 p.m. to Ben Rempel. The purpose of this email was to confirm that Mr. Rempel had followed up on the plan to send out rally invitations.

Now, the evidence is clear. Why continue the cover-up?

This is an issue of the Premier's own making. The Premier's top political staffer knew. The Premier's top communicator knew. The top civil servant of the Province knew or he's incompetent. Senior civil servants knew. Political staffers knew. Everybody around the Premier knew but him. It's unbelievable.

Does this Premier really want Manitobans to believe this? Or will he simply admit that he knew that his government had politicized a civil servant in this province on the day it happened?

**Mr. Selinger:** Again, Mr. Speaker—

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

**Mr. Speaker:** Order, please. The honourable First Minister has the floor.

**Mr. Selinger:** Thank you.

Again, Mr. Speaker, we were very clear that we did invite people down to the Legislature to hear this important debate. And that was done by Cabinet ministers, that was done by caucus members, that was done by senior political staff. Members opposite also invited people down to hear this debate.

The former minister directed individuals to be invited through her civil servants, and she has taken responsibility for that and apologized for that. We've always acknowledged that we thought people should be at the Legislature to hear this important debate. The minister has acknowledged that she herself directed civil servants to invite people down here and has apologized for that. The record is clear in this regard.

#### **Canadian-Manitoban Immigration Agreement Resolution Senior Staff Involvement**

**Mr. Cameron Friesen (Morden-Winkler):** Mr. Speaker, yesterday the Minister for Finance stood in this House and she said that her conscience was clear.

But today there are further developments. There's new information requests that are revealing that an email sent from the member for Riel (Ms. Melnick) to the senior-most political staffer of the NDP was seeking approval prior to sending an email to invite people to a rally at the Legislature.

\* (14:00)

I asked the minister yesterday when she first became aware, and today we learn that that email was copied to the member for Fort Rouge as House leader.

Mr. Speaker, the member has said her conscience is clear. Isn't it clear, rather, that something is getting covered up?

**Hon. Jennifer Howard (Minister of Finance):** Let's be very clear with the facts here. The email said we

should, we MLAs, should invite people to hear the debate. I have invited people to this Legislature. The member opposite has invited people to this Legislature. Today there are people in the Legislature that MLAs invited to the Legislature. Every member over there has invited people to the Legislature. I dare say most of those members have used their political staff to invite people to the Legislature.

So let's be clear. The role of an MLA, the role of—and there were MLAs and Cabinet ministers who invited people to hear that debate. There were senior political staff who invited people to hear that debate. There were special assistants who are political staff to hear that debate. Members opposite—

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

#### **Fiscal Management Government Record**

**Mr. Cameron Friesen (Morden-Winkler):** Mr. Speaker, there are so many questions. This is an email that is clearly copied to the House leader, and there are answers that are needed and there are answers that are not being given.

Mr. Speaker, the Auditor General's report includes a chapter that specifically addresses this government's record on debt and deficit. Now, the Auditor General indicates that this government needs to have a framework for fiscal stability in addressing long-term debt and deficit.

Mr. Speaker, under the NDP we've accumulated \$32 billion in debt. They've suspended regular debt payments. They've emptied the debt repayment account. They have raided the fiscal stabilization account and they still don't balance their books.

Mr. Speaker, is the Finance Minister's conscience clear? Why has the NDP government so mismanaged Manitoba's finances?

**Hon. Jennifer Howard (Minister of Finance):** Well, I noticed he dropped his line of questioning pretty quickly when he realized that he was wrong on the facts.

Mr. Speaker, when you look at our record on debts and deficits—and I know the member believes that there was no recession in 2008-2009. I know he takes issue with Finance Minister Flaherty's comments this week that he—that what had happened in Canada in 2008-2009 was the greatest economic challenge since the Great Depression.

The federal government made a decision at that point to go into deficit in order to have stimulus funding available to protect jobs. We made that decision also. That protected jobs. I make no apologies for that.

**Mr. Friesen:** Well, Mr. Speaker, the Finance Minister must acknowledge that when the Auditor General dedicates the resources of her office to focus on government debt and deficit in her annual report, it's because there's a problem.

This government has racked up \$2.5 billion in deficits in just five years. Mr. Speaker, this at a time when government revenues are up, when interest rates are historically down and the federal transfer payments are still stable.

They are quick to tax. They are quick to spend. They are quick to rob Manitobans of the money that they have worked hard for.

Why do Manitobans have to pay more because this government is so badly managing Manitoba's finances?

**Ms. Howard:** If he wants to turn to the Auditor General's report, he will note what she also noted, that Manitoba's net debt per GDP is fourth lowest in Canada and lower than the federal government's debt. She also noted that Manitoba's annual expenditure increase since 2008, fourth lowest among provinces, lower than the federal government, lowest in western Canada during that period in terms of spending. She also noted that our net debt is among the lowest. She noted that the net debt has actually gone down from where it—the debt-to-GDP ratio is better today than it was when we took office.

Those things are also in that report. He should also take account of the whole report if he wants an accurate picture of the debt and deficit in Manitoba.

#### **STARS Helicopter Service Contract Tendering Process**

**Mrs. Myrna Driedger (Charleswood):** Mr. Speaker, this NDP government was slammed yesterday by the Auditor General for not tendering a helicopter EMS service. She said that the NDP were not in compliance with provincial tendering principles, with policies or with legislation. These are very, very serious charges.

I'd like to ask this Minister of Health to explain this arrogant behaviour by this government and tell us: Why did they deliberately and knowingly break the rules and break the law?

**Hon. Erin Selby (Minister of Health):** Mr. Speaker, our focus is always on providing the highest quality patient care. We know this is what matters to Manitoba families.

We also know that in some circumstances, when it is in the public interest, government may enter a contract without a tender, and we think, to bring in a life-saving service such as STARS, it was the right time to do that.

Mr. Speaker, prior to contracting with STARS, it was determined it would take 18 to 24 months to have a different helicopter service up and running. During the eight months between our announcement and signing the contract with STARS, over a hundred patients were flown by STARS. Many of them—many of them—can credit their lives to the service. I wonder which ones the member opposite is dismissing.

**Mrs. Driedger:** Mr. Speaker, it looks like the Minister of Health has not read the auditor's report. I suggest she do that.

The Auditor General also slammed the NDP for failing to prioritize patient safety with the launch of the helicopter EMS service. This NDP government put patient safety at risk with what they did without tendering that contract.

So I'd like to ask the Minister of Health to tell Manitoba families: Was having an election prop more important to this government than ensuring patient safety?

**Ms. Selby:** Mr. Speaker, we know how important this service is to Manitoba families, particularly to rural families. Manitoba families know that we stand beside them walking for the highest quality emergency service we can provide. But, of course, they are wondering where the Tories stand.

During the last election the Conservatives, along with this Health critic, trotted out their health strategy document—and I'll table it now—with a shiny red helicopter on the front. But what I'd like to do is turn your attention to page 10 of this document, and in it they endorse our commitment, saying a McFadyen government will follow through with the commitment to make helicopter ambulance a permanent component of Manitoba's emergency medical services. And I'll table that document as well.

**Mrs. Driedger:** Mr. Speaker, we have no objection to having a helicopter EMS. We support that and

rural Manitoba needs it. That isn't the point of this. It's how this government did it.

Mr. Speaker, they also had a report on their desk in 2009—

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

**Mr. Speaker:** Order, please. The honourable member for Charleswood has the floor.

**Mrs. Driedger:** Thank you, Mr. Speaker, and I would just point out to this government that they sat on the report in 2009 that recommended a helicopter service. They didn't do anything with it then 'til just a year later.

Mr. Speaker, they also, knowing that the cost would be 600 times more than in other provinces, they still went ahead and did this untendered contract. This is shocking, if not a scandalous waste of taxpayer money.

So I'd like to ask this government to please explain to taxpayers: How could her government be so inept in dealing with this issue?

**Ms. Selby:** Mr. Speaker, since arriving in 2011 STARS has thrown over 670 missions, resulting in moving 440 patients, something that the critic and the leader opposite called a waste of money.

Mr. Speaker, they don't have the courage to take a position and let families know where they stand: they're for STARS, they're against STARS. When asked what they would do differently, they couldn't come up with an answer. At the same time, they don't rule out air ambulance service in Manitoba.

The only thing they've been clear on is what they would do if they were in government. They'd bring an American-style, two-tier system of health-care system into this province where people who can pay more move to the front of the line. That's called limousine health care.

#### **Flood Financial Assistance Programs Auditor General's Report**

**Mr. Stuart Briese (Agassiz):** Mr. Speaker, yesterday the Auditor General indicated that the Lake Manitoba Financial Assistance Program had failed the 2011 flood victims.

Would the Minister of Ag, who is responsible for MASC programs, admit today to the failure of those programs?

\* (14:10)

**Hon. Steve Ashton (Minister responsible for Emergency Measures):** Well, Mr. Speaker, I think if the member takes the time to not only look at the circumstances [*inaudible*] but also the Auditor General's report, he will see that we were in an unprecedented flood. We also put in place unprecedented coverage.

Mr. Speaker, we could have turned around and stuck with disaster financial assistance, which would have covered damage to property only. We could have only covered permanent residences, but we put in place comprehensive coverage that provided coverage to the point where we invested, in terms of flood protection and in terms of assistance to Manitobans, \$1.2 billion.

So I want to make it clear, Mr. Speaker. We have accepted the report of the auditor, but what we did during that period of time was we put in place new programs, unprecedented programs, hundred per cent provincial dollars. We make no excuse for that.

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

**Mr. Briese:** Programs in place pre-election, forgotten about post-election.

The auditor also said the mandate of the appeal body was unclear.

I ask the minister responsible for MASC: How does this NDP government expect the appeal process to work if the mandate is designed for failure?

**Mr. Ashton:** Well, Mr. Speaker, I want to put on the record again that I think the member has taken the auditor's report—and we always respect the role of the OAG—and he's misinterpreting what happened with the appeal process.

I want to put on the record that we put Mr. Ron Bell, former president of the AMM—I'm sure the member opposite would appreciate the kind of perspective you get when you're president of the AMM—we gave him a mandate not only to deal with appeals but also to make recommendations in terms of improvements to coverage.

And we enacted during the flood, in real time. We didn't just say no where there was a legitimate claim. What we did is we put in place changes to the program and we adapted the program as we went along.

I want to stress again, we could have rejected that approach; we could have stuck with disaster financial assistance, but we paid out tens of millions, in fact, more than a hundred million dollars' worth of assistance to people in and around Lake Manitoba. That's not a failure, that helped people get—

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

**Mr. Briese:** Mr. Speaker, in June of 2011 the former minister of Ag stood in front of 300 flood victims in Langruth and said there would be multi-year, comprehensive flood programs for the victims.

That was pre-election. Post-election, those promises were forgotten.

Why is it the Minister of Ag broke the promises made by his predecessor?

**Mr. Ashton:** You know what, Mr. Speaker, I notice, again, the member didn't put the f-word in, the federal government, because the Minister of Agriculture, Minister Ritz, said that the federal government would refuse through any federally cost-shared program to provide any other than a one-time payment.

And I want to put on the record we made it clear then, and I want to restate that. I know our Minister of Agriculture at the time, our current Minister of Agriculture, said that when you're into multi-year situations, you have to recognize that.

But I also want to put on the record, Mr. Speaker, for the member opposite that since the flood we have been working in terms of multi-year impacts. We've had recommendations, 126 of them, at task force; we've adopted them. The Lake Manitoba task force, as well. We're working continuously with—

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

### **Offender Supervision Public Safety Concerns**

**Mr. Kelvin Goertzen (Steinbach):** Mr. Speaker, when offenders are released into the community with conditions, they can pose a risk to the community if they're not properly supervised. The Attorney General knows this. I've pointed that out to him many times.

In yesterday's Auditor General's report, Mr. Speaker, it showed that supervision of offenders in the community under this NDP government is not

consistent, it's not effective, and it is hurting public safety.

Why has this Minister of Justice mismanaged this critical part of the justice system and put public safety at risk, Mr. Speaker?

**Hon. Andrew Swan (Minister of Justice and Attorney General):** We do appreciate the Auditor General's report and the work that she's put into giving more advice on how we continue to improve public safety in Manitoba.

It is important to note—and if you read the report, you'll see—that her greatest concerns are in some of the regional offices, and we know that there is a difference in managing offenders in the city of Winnipeg and managing offenders in many areas, including the North.

Now, what's very important to remember is that in many northern, remote communities, there are not probation officers living in the community. We know that a lot of probation officers have to cover many different communities, many different circuits. We know there are challenges getting in and, indeed, in some cases, people can be weathered out and are not able to get in for a monthly meeting.

Those standards are very strict; they're very appropriate. We know, in some cases, they're not met for reasons beyond the probation officer's control.

We're going to continue working. We're going to continue working on finding ways to improve the communication and improving management of offenders.

**Mr. Goertzen:** Well, he's been working for 12 years, and the problem keeps getting worse.

The Auditor General's report showed that because of high caseloads that offenders were not being supervised to the required standard.

So what did the Attorney General do? He decided to lower the standard in three different regions in terms of supervision. Lowering the standard meant that offenders were not being supervised to an adequate level.

Why did the Attorney General choose to lower the standard of supervision and, as a result, put public safety at risk?

**Mr. Swan:** And if the member had reviewed the report and listened to my last answer, he would've understood that the Auditor General was speaking

about some of the real challenges in some of our regional offices.

But I wonder why—as the member for Steinbach chirps from his seat—why is it that he voted against support for the Warrant Enforcement Unit, to give the RCMP and Winnipeg Police Service a dedicated unit to make sure that people that actually posed the greatest risk to public safety are being brought in if they don't show up for court?

Why did the member for Steinbach oppose resources for the Gang Response and Suppression Plan, which now allows probation services and our police here in the city of Winnipeg to monitor 100 individuals who posed the greatest risk to public safety, to make sure they're complying with orders, to make sure they're living where they should be, they're not involved with people they shouldn't be, and if they breach those orders, to ensure their return to a correctional facility?

Why did he vote against those initiatives?

**Mr. Goertzen:** Well, I voted against the budget because the Auditor General says your department's in shambles when it comes to supervision.

Mr. Speaker, when offenders are released into the public, they have a risk assessment done on them to see how much supervision they should have. The Auditor General said in her report that more than 30 per cent of those risk assessments were late and, as a result, they had supervision below the standard that they should have had.

Can the Attorney General tell us how many offenders were released into the public who had a risk assessment high and had supervision lower than they should have had, and how many of them committed crimes again against the public?

**Mr. Swan:** Mr. Speaker, if I had enough maps of Manitoba with me, I'd table them so the members opposite can understand the issues that had been raised by the Auditor General with respect to different offices. I wonder why—I'm sorry I don't have copies to table, but I'll bring them for the opposition members who don't know where the—where northern Manitoba is.

Now, I wonder if the member for Steinbach will explain why he opposed resources for the Winnipeg auto theft suppression program, which resulted in auto theft in Manitoba going down by about 85 per cent. The member for Steinbach was still running around talking about bait cars, which even

the city of Winnipeg police said were not an answer, and instead he chose to oppose the investments for probation services, police, the Crowns office and MPI.

And I would point out, in terms of taking these safely, the guy who was running around in the jailbird costume in the last election campaign is writing the questions for the Leader of the Opposition in question period.

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

### Teranet Manitoba Request to Table Contract

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, the Auditor General's report exposes just how much this NDP government is trying to keep Manitobans in the dark.

As the Auditor General says, important aspects of the STARS contract documentation were not available to the public or even reported to the minister of Finance. This is a scary practice on the part of the Premier and his minister that persists.

On April the 1st, Manitobans' property registry will be run by Teranet, an Ontario company. This untendered, 30-year contract to Teranet should be available for public analysis.

Will the Premier table today the province's 30-year contract with Teranet in the Legislature?

**Hon. Greg Selinger (Premier):** Mr. Speaker, the arrangements with Teranet have been—had an independent evaluation. They've been deemed to be very competitive. We have an independent monitor, called a register, that ensures that the public interest will be protected in terms of privacy of individuals' personal information.

\* (14:20)

So we've put measures in place, Mr. Speaker, to ensure that the privacy of personal information is looked after, and there was a review of this specific arrangement to ensure that it was competitive in the public interest.

**Mr. Gerrard:** Mr. Speaker, we saw from the Auditor General's report many single-source contracts without adequate justification. We're very concerned that this contract with Teranet may be in this same situation that there wasn't adequate justification for doing a hundreds-of-millions-of-dollars, 30-year contract with Teranet without

tendering it. The Auditor General's concerned about the government following procurement policies and laws.

I ask the Premier: What evidence can he present to demonstrate that his government actually followed the policies and laws of procurement in their 30-year contract with Teranet?

**Mr. Selinger:** We did have a review of the arrangement before it was entered into. The review indicated that it was a reasonable set–arrangement. It generated a \$75-million benefit to the people of Manitoba immediately.

It provided for a very significant upgrade to the software that provides the service to the people that use it in Manitoba. That software upgrade was done without additional capital expense by the Province of Manitoba, which avoided further debt incursion in the Province of Manitoba, and it put in place a register to protect the privacy and the public-interest privacy of citizens of Manitoba and ensure that that was properly complied with.

So several important measures were taken to ensure that the Teranet arrangement met the public-interest test, Mr. Speaker.

**Mr. Gerrard:** Mr. Speaker, with STARS, the Auditor General now estimates the contract's worth–or will cost \$159 million, much more than initially advertised.

The problem is that this government continues to hide the facts. If the government were actually following appropriate procurement policies, they should have released the Teranet contract and given us the actual cost, which is probably going to be much larger than the STARS helicopter contract.

Will the Premier commit to following the procurement policies and the laws of Manitoba, and can he provide a date when the Teranet contract will be available to the public, and the real value of this contract?

**Mr. Selinger:** Again, Mr. Speaker, the Teranet contract had an independent review. It generated immediate benefit to the citizens of Manitoba of \$75 million. It has a dividend–or a payment of \$11 million a year and rising over the term of the contract.

It provided access to state-of-the-art software to improve the quality of service for the people using the service. It was a net benefit to the people of Manitoba. It ensured that employees of The Property

Registry retained their pension, their benefits, the collective bargaining representative that they had. All of these measures were carefully considered in the transaction, and a register was put in place to ensure the privacy of information that was being asked for by the public.

So all of these measures have been put in place, and I'm sure that we'll be happy to discuss it with the member as we go through the Estimates process.

### **Apprenticeship Training Hiring Bonus and Tax Credits**

**Mr. Dave Gaudreau (St. Norbert):** Mr. Speaker, as a journeyman now, I know what it was like to go through the apprenticeship system, and I can talk for hours on the benefits of it, but, unfortunately, I only have 45 seconds.

When the Leader of the Opposition was in power, unemployment hit almost 10 per cent back then, and it was really hard to get an apprenticeship, and I know that first-hand.

But what we know now is that more Manitobans are working than ever and our economy is performing well, with steady growth and good jobs. The unemployment rate is 2 per cent less than the national average, and over the next five years we're going to invest \$5.5 billion in core infrastructure, and we are committing to adding 75,000 more skilled workers into the workforce by 2020.

Can the Minister of Jobs and the Economy please inform the House of the fantastic announcement today on apprenticeship?

**Hon. Theresa Oswald (Minister of Jobs and the Economy):** What a great opportunity it is for me to stand in the House today to announce that we have, in fact, today announced a new \$1,000 bonus for businesses willing to take on apprentices for the first time, Mr. Speaker, which is going to enable even more young people to gain that really significant and important opportunity to work their way through to journeymanship.

We also know, Mr. Speaker, that today we are expanding apprenticeship tax credits. They'll be made permanent and improved to a 'standardied' rate of 15 per cent to a maximum of \$5,000. Employers are very delighted about this.

Mr. Speaker, the bombast and the bellowing from members opposite matters not. We know their do-nothing agenda. We'll build hydro; they'll decline it. We'll build infrastructure and jobs; they'll–

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

**Farmland School Tax Rebate Cap  
Impact on Families**

**Mr. Ian Wishart (Portage la Prairie):** Mr. Speaker, this government is busy advertising, encouraging all landowners to apply for a reduced education tax credit rebate. But they're not so quick to pay out these rebates. Many families are arbitrarily capped, husbands or wives refused, brothers farming together refused, parents or children refused.

Can the Minister of Ag tell us why they are so tardy with their payouts?

**Hon. Ron Kostyshyn (Minister of Agriculture, Food and Rural Development):** Let's go back in history here, back to the '90s.

I want to tell the members opposite, and to the member that brought the question forward, when I started farming and I was getting my tax notices, I would like to ask the members opposite, where were they when they talked about education tax? It was 2004 when this government brought forward the education tax relief in the land.

So I'm asking them, where are they today and where were they when they were in the '90s, if they're so proud of being the party that represents the rural? This is a government that brought it forward. Where were they?

**Mr. Wishart:** Actually, Mr. Speaker, that's not a hard question to answer, because before they started cutting back on funding education, education tax was very small.

I have also been reliably informed that one particular ethnic group received no payments despite having applied up to four months ago.

Can the minister tell us why all Manitoba farm-Manitoba's farmers who are members of the Hutterite brethren are not being—are being ignored by this government?

**Mr. Kostyshyn:** I guess the simple math of this is we are at 80 per cent, they were at zero per cent, and there's no further discussion about that.

**Mr. Speaker:** The time for oral questions has expired.

**MEMBERS' STATEMENTS**

**Mr. Speaker:** It's time for members' statements.

**Westwood Warriors Women's Hockey**

**Hon. Sharon Blady (Minister of Healthy Living and Seniors within the Department of Health):** Mr. Speaker, I'm honoured to welcome to the Legislature today some outstanding young athletes from my constituency. They are the talented members of Westwood Collegiate's women's hockey team.

Last week, these girls skated into high school history by winning the Winnipeg Women's High School Hockey League B Division Championship title. This marks the first time the Westwood women have won the league championship.

It was an exciting three-game championship series between the Westwood Warriors and the Lord Selkirk Royals. And in the third and final game, Westwood's stamina, spirit and ferocity led them to a well-deserved 9-2 win over the Lord Selkirk Royals.

From the start of the season this team had incredible chemistry on the ice, winning all but two games. They worked hard all year long, dragging their hockey bags to many 7 a.m. practices at Keith Bodley arena. But that's—but it's their camaraderie and teamwork, fostered by game-day team lunches, that made a real difference on the ice.

I want to give special congratulations to Alicia Prociuk, a rookie grade 9 student who proved that age is no barrier in being named team MVP. I'd also like to recognize Nikki Lillies, the team's top scorer with 42 points in the regular season.

Coaches, this is your victory too. You volunteer your time and inspire strength and confidence in these young women. For that we commend you.

Mr. Speaker, this year, four players on the team will be graduating, and no matter where life takes you I encourage you to always make time for the sport you love. To the rest of the team, we hope to see you in the championship game again next year.

Congratulations to the Westwood Warriors hockey team. Way to go Warriors.

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

**Ms. Blady:** To close, Mr. Speaker [*inaudible*]

**Mr. Speaker:** Hold on. Hold on. Hold that—hold on. Hold on one second, please.



The honourable minister, I don't believe the record picked up your last comments there, so I'd ask you to repeat it.

The honourable Minister of Healthy Living, to conclude her member's statement.

**Ms. Blady:** Thank you. I hadn't anticipated such a wonderful enthusiasm from the Chamber, so I hadn't had the chance to put the last line in asking to ask for leave to include the names of team's athletes and coaches so that they appear in the Hansard.

Thank you.

**Mr. Speaker:** Is there leave to include the names of the team in the Hansard proceedings of today? *[Agreed]*

*Westwood Warriors Women's Hockey Team: Denae Boucher, Avery Baker, Breanna Rannard, Brooklyn Dulyma, Riley Dunn, Haley Proteau, Holly Grant, Kristen Winter, Chelsea Zapotochny, Alicia Prociuk, Lexie Erickson, Nikki Lillies, Brynn Todd, Emily Hollins, Claudia Stagg, Lauren Fulham, Kelly Hiebert (Coach), Kristina Braun (Assistant Coach), Kristine Goldhawk (Assistant Coach).*

\* (14:30)

**Mr. Speaker:** Now the honourable member for St. Paul.

#### **University of Manitoba Bisons Women's Volleyball**

**Mr. Ron Schuler (St. Paul):** It's with great honour that I rise today in the Legislative Assembly of Manitoba to recognize the tremendous achievement of the University of Manitoba's women's volleyball team.

On Sunday, March 7th, 2014, the Bisons won the 2014 Canadian Interuniversity Sport National Championship. The Bisons managed to upset the reigning six-time defending champions, the University of British Columbia Thunderbirds.

Rachel Cockrell of the Bison Herd was awarded championship MVP after a spectacular 18-point performance.

The Bisons not only won the big game but they went undefeated, not losing a single set of play. The sheer athleticism and dominance displayed by these admirable athletes speaks to a tradition of excellence that the University of Manitoba athletes has displayed at the national level. This is the seventh national title for the women's volleyball team and

the 40th national title for the University of Manitoba Bisons.

The girls have brought tremendous pride to our province and to the city. In fact, Winnipeg mayor Sam Katz has presented the team with the City of Winnipeg Outstanding Achievement Award Medals to honour their stellar performance.

On behalf of the Progressive Conservative caucus, I would like to congratulate the University of Manitoba Bisons women's volleyball team on their amazing showing and their newly minted title.

I would request leave to table a list of all the athletes and coaches that played and coached on the University of Manitoba Bisons 2013-2014 women's team and include their names in Hansard.

**Mr. Speaker:** Just so I understand clearly, the honourable member of St. Paul wants to have the names of the team members included in today's Hansard and not tabled.

**Mr. Schuler:** Yes, Mr. Speaker.

**Mr. Speaker:** Then is there leave of the House to include the names referenced by the honourable member for St. Paul in today's Hansard? *[Agreed]*

*Players: Rebecca Kohler, Jessica Roberts, Jordana Milne, Erika Sandor, Sydney Purvis, Rachel Cockrell, Caleigh Dobie, Crystal Mulder, Brittany Habing, Mariel Garcia, Miranda Schmidt, Danika Picklyk, Emily Erickson, Taylor Pischke, Sarah Klassen, Atira Clunis*

*Coaches: Ken Bentley, Head Coach; Mike Maidment, Assistant Coach; Matt Bar, Strength and Conditioning; Terry Harlow, Strength and Conditioning; Mandy Los, Athletic Therapist; Albert Amante, Athletic Therapy; Alexis Remillard, Athletic Therapy*

#### **Brandon Women of Distinction**

**Mr. Drew Caldwell (Brandon East):** Mr. Speaker, the annual Brandon YMWCA Women of Distinction awards serve to recognize women who have had a significant impact on our community. This year, 13 women of Brandon were nominated as YWCA Women of Distinction.

I attended the gala dinner last week at the Keystone Centre along with the Premier (Mr. Selinger) and the Minister of Agriculture, Food and Rural Development (Mr. Kostyshyn). I'm very proud to report that the—to the Legislature that the two women from Brandon took home awards that night.

Gail Cullen was named a woman of distinction for her lifelong dedication to the people of Brandon. Gail is the executive director of the Brandon Friendship Centre and has worked there since 1984. Over the years she has volunteered with more than 20 different organizations in Brandon and throughout Manitoba.

Lois MacDonald was Brandon's other award recipient. Not only is Lois passionate about Brandon, but she cares deeply about showing off the great things Brandon has to offer to the rest of our province. Lois has been the manager of Brandon Riverbank and Brandon Tourism for 14 years, was a founding board member of Brandon First, a past president of Tourism Manitoba and serves on the board for Travel Manitoba.

Mr. Speaker, the range of work women in Brandon—excuse me—were—sorry—the range of work Brandon women were nominated for this year was remarkable, from preserving the Michif language to promoting the rights of students with special needs to growing successful high-tech companies in Brandon.

Congratulations to all 19 women nominated this year, and a special congratulations to Gail Cullen and Lois MacDonald.

Congratulations also to Karen Peto, executive director of the Brandon YWCA, and the team that brought together another successful Women of Distinction gala awards. I know these awards only give us a glimpse of your work, but I also know there are countless people in Brandon who can testify to the difference you've made in their lives.

Thank you.

#### **International Storytelling Day**

**Mr. Wayne Ewasko (Lac du Bonnet):** Mr. Speaker, today is international storytelling day, and as much as I love stories, and as much as all Manitobans love stories, the story Manitobans heard in 2011 is one they would rather forget.

Mr. Speaker, in the last election, 37 NDP MLAs told a story at the doorsteps of their ridings. In their story they said they wouldn't raise the PST. In their story they said they would balance the budget by 2014. In their story they said they would eliminate education taxes on property for seniors by 2015.

At the time, many Manitobans wanted to believe this story. The story sounded good, Mr. Speaker. The story sounded true. But it turns out the story told by 37 NDP MLAs was a fictional one. It wasn't a true

story. It was a story about deception. It was a story about dishonesty. It was a story about disrespect. The members for Assiniboia, Brandon East, Burrows, Concordia, Dauphin, Dawson Trail, Elmwood, Flin Flon, Fort Garry-Riverview, Fort Richmond, Fort Rouge, Gimli, Interlake, Kewatinook, Kildonan, Kirkfield Park, Logan, Minto, Point Douglas, Radisson, Rossmere, Seine River, Selkirk, Southdale, St. Boniface, St. James, St. Johns, St. Norbert, St. Vital, Swan River, The Maples, The Pas, Thompson, Tyndall Park and, of course, Wolseley, all told this dishonest story.

Now the NDP has a new story. It's the story about the infrastructure they underfunded for over a decade. It's a story about taxicab medicine. It's a story about the STARS. It's a story of collective amnesia, Mr. Speaker. Manitobans are tired of hearing stories from the NDP. There's only one story Manitobans want to hear from the NDP and that's the story of the NDP leaving government and being replaced by the Progressive Conservatives. If we let the NDP get away with their dishonest stories, what will we be teaching our children? It's time for a PC story, a story of reducing the PST, a story about respecting Manitobans, a story about a hopeful future for our province.

Let's not keep Manitobans waiting to hear that story, Mr. Speaker. Call an election.

#### **International Francophonie Day**

**Mr. Dave Gaudreau (St. Norbert):** Now, let's actually recognize a real day. Today is International Francophonie Day. Mr. Speaker, 150 years before our province formally became known as Manitoba, this region was dotted with French communities. Today, people across Manitoba are celebrating French language and francophone culture through International Francophonie Day.

More than 42,000 francophones call Manitoba home and over 100,000 people are fluent in both English and French. Our government is committed to the preservation of their unique heritage, identity and language.

We know how important it is to make sure that families have access to French language early, in early childhood education, grade school and in university courses. In the last few years, we've seen a record number of students enrolled in both French and French immersion programs. Between those two programs and French courses in school, almost half of Manitoba students are speaking French. It's

amazing not only to see Francophonie culture develop but also how many non-francophone students are learning the language.

Our commitment also means ensuring francophones can access important government services through bilingual service centres. In 2012, we passed legislation guaranteeing that bilingual language services will have a permanent role in our province.

In September of 2013, Manitoba co-chaired the 18th ministerial conference on Canadian Francophonie in Winnipeg. The theme was Early Childhood Development and explored the importance of early education to the vitality of the francophone culture.

Mr. Speaker, in all of these initiatives, we help support our province's francophone community, but it is the strength and vitality of francophone Manitobans themselves that has created such a vibrant French culture. I have the chance to experience this first-hand in St. Norbert, which is one of the oldest francophone and Metis communities in Manitoba.

I want to commend the work done by the amazing people in the Manitoba's francophone institutions, including le société francophone Manitoba, Université de Saint-Boniface, la Maison Gabrielle-Roy, les Franciscaines missionnaires de la Marie and more. You are a unique part of Manitoba's culture, and today we celebrate your contributions to the province.

Thank you, Mr. Speaker.

### House Business

**Mr. Speaker:** The Official Opposition House Leader, on House business.

**Mr. Kelvin Goertzen (Official Opposition House Leader):** On House business, Mr. Speaker.

In accordance with the rule of 31(9), I'd like to announce the private members' resolution that will be considered next Thursday as the resolution on Lack of Transparency on Provincial Park Cottager Service Fees and Rents, brought forward by the honourable member for Agassiz (Mr. Briese).

**Mr. Speaker:** It has been announced that in accordance with rule 31(9), that the private members' resolution that will be considered next Thursday is the resolution on Lack of Transparency on Provincial

Park Cottager Service Fees and Rents, brought forward by the honourable member for Agassiz.

Now, grievances.

### ORDERS OF THE DAY

*(Continued)*

### GOVERNMENT BUSINESS

**Mr. Speaker:** Seeing no grievances, we'll move on to orders of the day.

**Hon. Andrew Swan (Government House Leader):** Mr. Speaker, could you please call a Committee of Supply for this afternoon, and just to remind everyone, for Friday morning, as well, at 10 o'clock.

**Mr. Speaker:** I thank the honourable Government House Leader.

Just a reminder to the members that it's my understanding that the House will also be sitting on Friday morning, as well as the continuation of today's sitting, and that we'll now resolve into the Committee of Supply.

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

### COMMITTEE OF SUPPLY (Concurrent Sections)

### INFRASTRUCTURE AND TRANSPORTATION

\* (14:50)

**Mr. Chairperson: (Mohinder Saran):** 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 Infrastructure and Transportation.

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

**Hon. Steve Ashton (Minister of Infrastructure and Transportation):** I was going to respond to some of the questions from yesterday first, some of which I will table, some of which I will read into the record and some of it would take us the rest of the afternoon if I was to actually read it in detail.

Terms—the question came up list of staff minister's office and the deputy minister's office. I'll just run through this quickly.

Minister's office: Shirley Frank, administrative secretary; Andrew Tod, special assistant; Donna

Kildaw, executive assistant; Robert Pontanares, administrative secretary; Jason Schreyer, clerk 4; Darcy von Axelstierna, administrative secretary 3; Chris Pawley, planning program analyst 3; and Kurt Penner, who's currently on sick leave, and, actually, Andrew Tod is covering for Kurt Penner, who's on sick leave.

Deputy minister's office is Anne Lenius, administrative secretary; Debbie Howard [*phonetic*], administrative secretary to the deputy minister; Terri Hooper, administrative officer for Wendy Van Loon, administrative secretary to the deputy minister; Shannon Bewick, administrative secretary; Rachel Almero [*phonetic*], administrative secretary; Carly Hildebrand-Dyck, administrative secretary.

And a list of other staff in the department are technical appointments: Phyllis Praiser [*phonetic*], Charles McDougall [*phonetic*], Elaine Embury [*phonetic*] and Robert Ballentyne [*phonetic*]. And I can provide the positions in terms of that.

I do have a list of vacant positions which is fairly extensive, so rather than read it into the record, I think when the critic sees it he'll understand why I'm reluctant to read it into the record, but what I can do is in terms of the summary information addition to tabling the specifics, I can indicate the number of full time equivalents in the department and this is on page 16 of the Supplementary Estimates: 2,454.01 regular is 1,368.75, term, 58.01, the departmental employees 1,027.25. The employment count in those FTEs at March 3rd, 2014, is 2,650, and the higher number is due to the more than one employee primarily in departmental positions which are driven by program requirements.

Vacancy rate is only calculated on approved, regular FTEs. Our current vacancy rate is 12.73 per cent. Again, that's with regular FTEs. Term and departmental employment fluctuates because they're driven by program requirements throughout the year and are not tracked; that's the particular case for seasonal employees.

I do have a list of government-owned buildings. I'll just summarize it again. Critic wanted a list; he's going to get a list. But, just to give you some sense, it ranges for everything from, in Winnipeg. Government House, they are responsible for that; various properties on Midland, Arthur, Lily Street. We have major office on Portage. We have buildings and offices on Pacific, Whyte Avenue, Main Street, Dublin, Doncaster, Market Street, Evanson, Rupert, Vaughan, Osborne, in The Forks, at Bannatyne

Avenue, Stradford, Memorial, Portage Avenue, Osborne.

We have the court offices, of course. I won't get into the full detail, but that includes the court offices in and around Broadway. We have a number of buildings on Provencher and including the Franco-Manitoban Cultural Centre and others, the Vaughan detention centre. We have various premises on Assiniboine and on Portage Avenue again.

We have quite a few buildings throughout the province, many of which are corrections facilities. Look at Beausejour, for example, significant number of particular properties there. Highways, yards, garages throughout the province, I won't list them all, but I think the members have some sense of that.

Some communities, we have employee housing, especially in northern communities. Corrections, again, Headingley, which of course is one of our major facilities and the various components of that. We have, again, a certain amount of employee housing for more remote communities where housing is an issue.

On the health side, in Selkirk, the Acquired Brain Injury, Selkirk Mental Health Centre. We got into that yesterday. That doesn't fall under this department. I've various of the buildings in Selkirk too. Notre Dame, of course, Red River; that falls under this department.

I could run through Land Titles Building, the ag building in Boissevain, you know, similar buildings; in Brandon, again, on the north hill. I won't list all the particular properties, but we're responsible for those. Quite an extensive list in Brandon, including the highways yard and numerous offices.

We also have various facilities in Dauphin, Land Titles Building, Minnedosa courts building. I'll try to give the members sort of a sense of the kind of buildings more than all the details. Corrections facilities, actually, in Portage in courts facilities. Health, the MDC. Again, that's under this [*inaudible*] the buildings, an extensive number of buildings. And Churchill Town Centre where we are responsible for that; the Town does manage it for us.

We also are responsible for a number of nursing stations in remote communities, some of which are actually on First Nations due to the '64 agreement. The Pas, significant corrections facilities and the campus. And, of course, in Thompson, much the same thing. We do have the UCN campuses in Thompson and The Pas.

So a wide variety of offices. I'll table that.

Yes, and in terms of the—on management vacancy rate and more general, government is still committed to maintaining the stated target of eliminating 600 positions over three years, and we're on track to meet that. So that's something that we keep in mind with our specific issues.

And other issues that were raised—yes, I can deal with Emerson. There were a number of questions on Emerson. The 2 million referenced project is for infrastructure enhancements in respect to improvements to the CBSA facility. It's aimed at reducing wait times, alleviating traffic congestion. That's what—that's actually the customs facilities. It ties in improvements being made on the US side where two additional commercial lanes are under construction. Engineering is under way and expected to—CBSA construction improvements will begin in 2015, take two years.

And as for further improvements for traffic entering the US, an engineering firm has been hired to develop a functional plan for long-term improvements. The long-term plan will take into consideration the concerns of the Town of Emerson—I mentioned that.

Yesterday—I am going to get the member the map of Highway 1. We're working on our smaller scale version. We do have a large one, if the member—and we have this one, if the member wants both sides. The member wants a larger copy, we probably can get one of those, too, to hang in his constituency office, so that's available.

And, oh, yes—and the question came up in terms of gateway and border projects at—over—in terms of federal-provincial funding: PTH 1 intersection improvements at Headingley, 2.126 million; PTH 75 concrete rehabilitation, 294,000; PTH 10 at PTH 125—the member knows that area—there's some localized paving, the total again was—on that is 2.4 million.

So that's the current list we're able to get, and then there's still some other issues that were raised we're going to respond to or get information, and again we're in Estimates tomorrow, so we may have—*[interjection]* oh, sorry, one more. Oh, the Brandon bypass—we can't leave out the Brandon bypass. We've confirmed that—the issue that was raised was whether there would be any complications with First Nations land in that area. We've confirmed that any land that would've been needed for the future bypass

will not require land from the First Nation. Their land is outside of the area, and that does mean that we will be basically in a position to proceed just on normal land acquisition. And I believe this is—but that's the latest.

**Mr. Reg Helwer (Brandon West):** Thank you to the minister for that information. It'll give me some reading overnight. I may have some more questions on it again tomorrow; we'll be back here.

I believe I have some other colleagues that have some questions to start on this afternoon.

**Mrs. Leanne Rowat (Riding Mountain):** Just a quick question of clarification, for procurement, housing would fall under the department of housing, or would procurement fall under MIT?

**Mr. Ashton:** There is an element of procurement that falls under MIT. We do have a procurement office that deals with, for example, office supplies, you know, a full range of materials as well. But individual departments, for example, Housing, they will have control over contracts, et cetera, so they will procure, you know, the contractors they need, you know, for housing.

We do provide a wide range of services as well, in terms of Aboriginal procurement. We have an Aboriginal Procurement Initiative across government, but it's—the Aboriginal—or both the Aboriginal Procurement Initiative and our procurement branch don't deal with all procurement. You know, in the broader sense, it's really more on the supplies and services end.

**Mrs. Rowat:** Just for clarification, and so that I'm clear, so if a Manitoba Housing unit was looking at renovations or upgrades for a community, they—those tenders would then go through the—Manitoba Housing, or would they go through your department?

**Mr. Ashton:** Manitoba Housing would deal with it directly. The only element of housing we deal with is what I referenced. In our—in the properties, we do have some employee housing which is actually MIT housing directly. But apart from that, we don't deal with the housing side.

\* (15:00)

**Mrs. Rowat:** A question with regard to policy on smoking while in vehicles—government vehicles. Could the minister indicate to me what that policy is with regard to smoking? There's a number of pieces of legislation that have gone forward over the last

few years, and just wanting to know if there is a policy and if it's being enforced.

**Mr. Ashton:** Yes, actually, I'm going to—I'm going actually to double-check on that, and I know there's a working group just looking at a number of issues on smoking involving government buildings. I'll double check with the official policies in terms of government vehicles.

**Mrs. Rowat:** Thank you, because that's an issue that has come up as critic, that there's been issues with regard to smoking in MIT vehicles, and just wanting to know what the policy is, if it's across the board. And I appreciate that, if you can get back to me as soon as possible on that, I appreciate it.

With regard to—one further question with regard to the Shellmouth Dam act. I don't know if you have staff here or if you're willing to discuss the intent of the—there was a letter of intent for compensation that went out and February was the deadline. I'm just wanting to know if the minister can give me an update on the intent to claim, as it's called. It's been over two months since that deadline, and just wanting—ratepayers—or ratepayers and families along the Assiniboine are very interested in knowing when that will move forward.

**Mr. Ashton:** Yes, what I was going to say is we have scheduled to get EMO here tomorrow to administer this. But if the member has any questions, I'd be more than glad to take them under notice tomorrow so that when EMO is here tomorrow we can answer that right off the top. So I'll take that first question as notice, and if there's any further questions that involve either EMO or, in this case, you know, this is administered through EMO, I'd be glad to take them under advisement and then we'll provide answers tomorrow.

**Mrs. Rowat:** I appreciate that, and if you can provide that information tomorrow, that would be most useful. I know that some producers have filed their claims early and received letters of recognition, others haven't. So, I guess, the long story short, you know, I believe applications are in. Some have been recognized, others have not, but the most important piece is that the money hasn't flowed yet. So they're wanting to know what the status is of that, and if you can give me a timeline, I think these individuals would appreciate that.

**Mr. Doyle Piwniuk (Arthur-Virden):** Mr. Minister—[*interjection*] Oh, Mr. Chair, sorry.

I just want to ask the minister, why did it take so long for the Coulter bridge that's by-located near Waskada, Manitoba, in my riding of Arthur-Virden take so long to start and then also complete, the actual completion of the bridge itself?

**Mr. Ashton:** Well, I think the real story there is how we were able to get a project that would normally take five years done in less than three years. I want to stress that we made a priority of this bridge. We did have some issues with weather. We had some issues with the contractor. But I want to stress that this bridge was a high priority, and I can get into the full, you know, detail of what we did in that very short period of time, but I'm very proud of the department was able to get this done in less than three years.

You know, if you look at any time frame for a bridge anywhere in the province, under normal circumstances you're talking five years-plus. And I know it was very much a disruption for surrounding communities. I went out there and met with people at the time. We did everything possible to expedite it. We did—and, certainly, it's important to note that this bridge will be there for decades to come. It's been designed not just to be a replacement bridge, but an improvement for the area for many years to come.

And I want to stress, as well, you know, clearly, we couldn't control the flood. We had 80-plus bridges across the province—this was one of them—that were impacted by the flood. But what we did do was we said we would move on an expedited basis. And as the member knows, we have—we've done that, and I think that's a significant achievement for everybody that was involved in the project.

And, no, I'm not taking credit for it personally. When you're a minister, to my mind you're only as good as your staff. And our staff, especially on our bridge side, did a terrific job. And you've got to remember that they were working on this project while they were simultaneously working on projects throughout the province. So I, you know, I want to put on the record that to get it done in that period of time is a significant accomplishment.

**Mr. Piwniuk:** I also had another question for the same bridge. The oil industry was prepared to do a temporary bridge so that, the inconvenience, because it's a big industry, the oil industry, in the corner—southwest corner of Manitoba.

And we have a huge industry that's growing, it's employing a lot of people, a lot of local people who

actually drive—needed that bridge—had to make extra 40-minute drive. It cost a lot—the oil industry, a lot of money, but they were going to do a temporary fix and then—what—just give a good opportunity to do the actual bridge itself. Why wasn't that accepted?

**Mr. Ashton:** Well, the fact is, we took seriously the proposal but to have put in that bridge—the engineering analysis was that it would cost upwards of \$5 million for a temporary bridge. *[interjection]* I want to correct the member, industry was not going to pay for the bridge. They had offered to contribute. The assumption was it would be a million-dollar bridge. We engaged in discussions with the industry.

I want to indicate, by the way, that we not only had the specific discussion on this, we have a new element of our budget which allows for cost-sharing with industry on provincial highways. We have one program for municipalities, cost-share provincial highway work that meets their priority, another for business. So we did look very seriously at it, but the reality when we looked at the specific impact—it would have been in a range of \$5 million and it was, you know, well-intentioned offer. But, when it comes to actually proceeding, you have to look at what the best engineering analysis is. We have some of the best engineers anywhere in terms of bridges and when you factored in all of the geo-technical issues, the access issues, we would have been looking upwards of \$5 million and, again, that would have been a significant cost factor, well and above any of the contributions that would have been there for cost-sharing.

And I want to stress, again, our goal was to get the permanent bridge in place as soon as possible and apart from some minor delays, and, again, we have had some issues with the contract over the last period of time, we did, I believe, a remarkable job. Our people—our staff did a remarkable job to the point now where that bridge is operational. *[interjection]*

**Mr. Chairperson:** The member for Arthur-Virden. First, whenever you want to speak, make sure you raise your hand, so I can recognize. So, sorry about that.

**Mr. Piwniuk:** Mr. Chair, I just wanted to ask the minister, what was the actual budgeted amount for the bridge and what was the actual cost of the bridge now that it's going to be completed on March 29th, is going to be the opening? But also, I also want to know is why was it done in the coldest month, to pour concrete, which would cost a lot of extra

money, especially when the bridge could have been done sooner?

**Mr. Ashton:** Yes, we're still getting the final actuals in the—the budget was for about \$10 million and there were some—there was a combination of both weather issues and issues with the contractor, and we are still dealing that—with that in terms of contractor. I don't want to get into the full details here but, you know, there were some difficulties, you know, I can say in a general sense. But I do want to stress again that this project was done in a very expedited manner and the main part is it's going to be open well-ahead of any normal kind of schedule for doing a bridge.

When I went out and met with the people in the surrounding area, I can tell you, basically, that the number one commitment there was to get this done ASAP, which we did. And I'm very pleased, I mean, we're looking at the bridge being open now within the next two weeks so, you know what, we're not putting up any big mission accomplished banner, but quite frankly to have gotten this done, in this time period, is a remarkable achievement for everybody that was involved, and I certainly want to thank all the people from surrounding communities, industry in the surrounding area. I mean they certainly were very clear on, you know, how important this bridge was.

\* (15:10)

We have delivered, and apart from some relatively minor delays on the back end of the project—and I explained why, overall, to my mind, this is how you do it. You know, you say you're going to get done in an expedited manner and that's what we did.

**Mr. Piwniuk:** Mr. Chair, I just wanted to also ask the minister, too, about why our roads in the oil patch—which is in, again, the southwest region, in the Arthur-Virden constituency—in such poor conditions, especially examples of Highway 3, Highway 10, Highway 256 and Highway 83? We produce a lot of revenue for the Province, and it seems like we're not getting it back.

Knowing that the roads are now in—are beaten up by bigger equipment from the oil industry, also from farming, too, because of the—now with less grain elevators, farmers have to transport their grain further away, so they need semitrucks. But the roads weren't made for that.

But we do produce a lot of revenue for this corner, and why is it that it's taken so long for these

roads to—seems like we're getting patch jobs and it's dangerous for residents, our population's growing for the size of the number of roads there are out there and it's a very concern to their—our local constituents.

**Mr. Ashton:** First of all I just want to put on the record that this department and this government is concerned about all areas of the province. And I can tell you, I come from an area that probably produces as much, if not more, in the way of tax and royalties for any other area. You know, quite frankly, when we look at what needs to be done in terms of infrastructure and transportation, we look at the needs of every area. We don't look at what's produced in the way of revenue, what isn't. We look at the needs of every area.

And I want to stress one thing here: if you want to take the southwest—we've four-laned to Saskatchewan border, Highway 1—our government, we announced earlier this year a significant investment in Highway 10. That was one of our first major announcements. And this came out of our \$5.5-billion capital program; it is going to be part of our program this year which is going to be more than a billion dollars on core infrastructure. And there will be further announcements in the southwest as well.

And I want to stress, by the way, that I certainly appreciate the member, you know, as a new member and speaking for his constituency, and I certainly respect any MLA talking in terms of that. But we've also done something that perhaps the member has a slightly different perspective on than we do—we actually put the revenue up for it. And I know the member didn't agree with that and voted against the subsequent budget—I know he wasn't a member at the time of the original budget—and there's significant investments in southwest Manitoba.

That's how you do it. You develop a plan; we've developed a plan. You put in place the revenue; it's not the easy part, but you find a way to deal with it.

And I can assure the member that there has been significant work in the southwest and there's going to be significant work—starting from the Peace Garden and pretty well all the way through his constituency, particularly on Highway 10. And there are further announcements coming up in the area.

We have been working with the oil industry, and we certainly have been aware of some of their needs. And I can tell you that we—in addition to the capital commitment to that area, we have met—first time ever—with the Saskatchewan Cabinet; we had a joint

Cabinet meeting twice. The first item of business that we had on the transportation side was that would bring greater harmonization between the two provinces in terms of load restrictions, including spring load restrictions.

We have developed a standard RTAC weight for both provinces—first time ever. And we've also significantly shifted the way that we deal with spring road restrictions because one of the biggest concerns to the oil industry, we still have—they have trucks in Saskatchewan, similar trains, similar climate and trucks here in Manitoba that ran across substantially different regimes going from one province to another. And we did that by going more on a science-based approach; in fact, legislation we brought in last session also provides a quicker turnaround and more flexibility.

So I disagree that we have not been focusing on the southwest. We've been focused on the southwest—I would say quite frankly that if you were to look at the Arthur-Virden constituency and what we've got lined up in terms of capital investments over the next period of time, outside of maybe the Morris constituency with the work on Highway 75 and the Headingley bypass, there's probably going to be more investment in the Arthur-Virden constituency than virtually any other constituency in the province—not because it pays more or less taxes. We don't look at that. What we look at is the need and the evolving need.

And, I want to stress again, we even have a new program that if the oil industry or any other component in the southwest or any other part of the Province wants to partner, we have \$25 million in our highway capital program that we can assign tomorrow. And we—by the way, we already got some significant take up, particularly from municipalities. We've already approved a number of grants on that. And we're in discussions with communities like Steinbach about their own needs on the highway system. So, we do pay very serious attention to those needs.

And, you know, I haven't even mentioned the Coulter bridge, the \$10 million, the Killarney bridge, you know, that—the southwest corner—we put more money into the southwest corner, I think, probably, again, in the last couple of years than virtually any other area of the province.

Is there more work to be done? Absolutely. That's why we have a five-year plan and that's why we're going to roll out more announcements, and



there will be more announcements in the southwest. And, I certainly invite the member to look at some of those announcements. If we have events, maybe we'll invite him to be at the event as well too.

Because, again, this is, you know, something we take very seriously in our department. And, quite frankly, I'm very proud of the work we've done in, you know, in terms of Killarney, the work we've done in terms of the Coulter bridge, and the work we're doing on Highway 10, the work we've done on Highway 1, there's more work coming up there as well. And stay tuned, there's going to be some further announcements coming up in the next period of time as well.

**Mr. Ron Schuler (St. Paul):** Always a pleasure being at this committee. The minister and I have spent many hours talking about infrastructure, quality time speaking about infrastructure projects in Springfield and other communities.

One of the projects that we have spoken about often is the overpass at the Perimeter and Highway 59. I've raised with the minister and the department often the challenges there. It's quite a major intersection with a lot of commerce passing through there. Certainly, with the Esso tank farm supplying the North Dakota airports with jet fuel, they tend to take that way around to access the highways going to the United States. And we've seen quite a few trucks, because of the sharp turn, the drivers didn't anticipate that it was that difficult of a turn, and that the trucks would lay themselves down. That's happened often. There's a lot of accidents on that stretch right there. And, years ago, they actually started pushing soil around, built a hill and then flattened it out, and that was the extent of it. And, I think, we've been talking about this bridge between seven and 10 years already, and it's on, it's off, and I know we've had the open houses already.

Could the minister update this committee on where that particular bridge is, which is very important for commerce here in the city and for the province?

**Mr. Ashton:** Yes, well, and I'm just looking at the committee and I'm just wondering if there's any coincidences who's at the committee. I'm not going to reference who's here, but I see a certain northeast Winnipeg emphasis, and surrounding area as well, on both sides of the table.

And, certainly, I've been in discussions just recently with the Minister of Labour and the

member for Concordia (Mr. Wiebe). Let's be very up front in terms of the open houses we did have. There were a lot of concerns expressed about some of the original designs. The intent, I think, that everyone has is common, which is to have both a way to handle the growing traffic pressures in that area, as well as some real opportunities on the active-transportation side, and hooking into Birds Hill Park. So we took a lot of that feedback. I can tell you we're actively working right now on a number of options. I'm anticipating within the next very short period of time, we will be in a position of actually finalizing our preferred option based on the feedback we did receive.

It's also important to note, too, that what we're trying to do is also lookout, not just the next five, 10 years, but decades out ahead. And there's a real need to ensure that we have a proper traffic-management plan for that entire area. So you're going to see some significant movement on this in the next period of time.

\*(15:20)

And I just want to stress again, and I know I've had this discussion with the Minister of Labour, my colleague the minister-member from Concordia, and I know certainly you would appreciate it as well—the member would appreciate it. When we do the open house, we take the feedback very seriously. We had a discussion yesterday on 1 and 16, some of the feedback that came back. There were some significant concerns expressed about some of the proposed original designs. We took those seriously and we're going to make sure that we go back with the design. It may not make everyone happy. I realize that not—you know, you can't satisfy all of the concerns, but I think we'll be significantly better than some of the original designs, and the key focus, again, the primary focus, is on managing the traffic pressures which we know are growing.

You've mentioned some of these—the other issues as well, the particular type of traffic, but the second is also in the active transportation side. That's a priority for us. I'm anticipating that we should be able to go back to the public within the next number of months, as well, and we have clearly identified it as a priority for the upcoming capital plan. It's never been an issue of the financing. It was an issue that we got a lot of negative response to some of the elements, and a lot of people felt that there should have been, perhaps, a broader scope than what we're dealing with, and I won't get into some of the other

issues that are happening there. The member's, I'm sure, aware of some of the issues with the City of Winnipeg land closure surrounding municipalities. And, you know, that does have an impact on this as well, because resolving some of those issues between the municipalities, I mean, depending on how they resolve, will make a significant difference in terms of the kind of flow of traffic that's happening.

I'm not sure what the current time frame is, but I suspect that we're still a number of months off before that's finally resolved. And the member may be aware there's been, you know, quote, closures. There's a bit of a friction between the planning district—that's an understatement—and the City. So there are some other complicating factors we don't control. But there will be—we're looking at taking—we've narrowed it down in terms of options. We're almost at the decision point on the options, and once we do that we'll be taking it to the public, and I think at this point, by the way, too, once we've done the initial consultation, the next step is to take a plan. You know, there'll be less room for public input, but, you know, there's time for public input; we've had that. I think the real message coming from northeast Winnipeggers and from the member's constituency is that, you now, take the input, come up with the option, but let's get on to building it. And our target is still very much to be moving in terms of construction in 2015, '16 and '17, so I think the member will see some significant construction activity, probably as early as 2015.

**Mr. Schuler:** Yes, and I thank the minister for his answer, and every project has its detractors, and there will be those who feel that—probably should be going back to horse and buggy, and there's those who will be suggesting it should be a 12-lane bridge going both ways. And the minister is correct; you cannot please everybody.

But, in the meantime, it's a very hazardous intersection. It's been hazardous for a long time. I would suggest to the minister, especially when you start getting into the summer months, and from what I hear, you know, individuals who have lived here longer than I, that, yes, actually summer might come, and just stay posted, they tell me, that every year summer actually did show up. And, when that does, the cottage country traffic is unbelievable going north, and it is a hazard what goes on in that corner of the city. And I would suggest to the minister and the department I think the time for round tables and studies and open houses—I think those have been done. I think it is really time to put forward a plan

and start proceeding with the project. This quadrant of the city has been very patient and has waited a long time.

The minister knows that—I think I've been here almost 10 years, suggesting this is a problem intersection because of the kind of traffic that goes through there and the fact that it's so mixed. You have a lot of truck and trailer going through there, and you have campers and families and all that kind of stuff, and I would say to the minister that it should probably proceed with as little delay as possible. This has been on the capital books, from what I understand, for a long time, and for whatever reasons it hasn't proceeded. You know, the kinds of accidents that have taken place there, that alone should warrant some action being taking place.

So I would encourage the minister's department that probably stalling this project, or however you want to term it, it would probably be best if this project was allowed to go forward in a timely fashion.

**Mr. Ashton:** Well, I assure the member it's not being stalled, but there are significant complexities with this. One I should mention, which I haven't mentioned before, and the department certainly has advised me, you know, the utility issues. There's a lot of significant utility issues. There were a number of issues raised in terms of land acquisitions, as well, at the open house. So even that has complications.

Design-wise, it's very challenging. You know, we've got some of the best engineers that you'll find anywhere, but they will say this is a particularly challenging scenario. Because of the footprint, because of the flow, you're also dealing with—you're dealing with, you know, both 59 and, you know, of course, you know, down Lagimodiere. You're dealing with the Perimeter and you're dealing with significant traffic flows in both directions. So that is a complication.

And one of the issues with land is the more broadly you design any of the overpasses, then the more you run into surrounding land issues. So the challenge is then to take, you know, a fairly confined footprint, come up with a design that will manage all the traffic pressures not only in that area, but further north, combine the active transportation. I want to stress again, that's going to happen because, again, that's the link to Birds Hill park which has been part of the vision. It's a very important thing for not just northeast Winnipeg, but people in and around the surrounding communities.

So I want to stress again, we're looking at movement on this as early as next year followed by significant work and probably major construction. I could see moving on this by 2015-16 with major construction by 2017-18. You know, so we're talking within the next five years. It's clearly part of our five-year capital plan, and I just want to stress again that it's not been through lack of work. It's not being stalled. It's the complexity of the issues. It's the degree to which we did listen to feedback from people in the area, and the member is quite right. It's a huge pressure area and it is going to go ahead. We are going to get it done, as I said earlier, and it will be part of the—in fact, it is part of our five-year capital program.

**Mrs. Bonnie Mitchelson (River East):** I just want to follow up a bit on my colleague's questions, my colleague from St. Paul, and I know he's raised this and we've had correspondence back and forth I have had with successive ministers. And, you know, I think I've heard the line before that this is part of the five-year capital plan, and that probably goes back to before the 2011 election. And I remember the flurry and the open house and the consultation that happened just before the last election, sort of giving people, I think, a bit of false hope that something soon was going to happen on that road. And here we are now, three years later, almost, and we haven't seen any movement except for—and I understand. I understand it's a very complicated intersection, that there's a lot that needs to be done to ensure that we do it right, and I have no problem with wanting to do it right the first time. So—but I just—can't blame me for being a little skeptical when I've heard before that it's been in the five-year plan and it's never come to fruition. So I'm hopeful that the minister today is telling me that it is going to move forward and that will happen.

Can I ask—just ask a question, because I'm not quite clear on what the next step is going to be. Are we going to see another open house with another public consultation or, when we go to the community again, are we going to come within months—I think the member said in one of his answers—are we going to come within months of a concrete plan that is being presented by the department or are we just going to look at options or just more consultation?

\* (15:30)

**Mr. Ashton:** Well, I'll assure the member one thing: We already consulted and we did listen. There was another factor, obviously, in terms of—in around

2011-2012, and that was the major flood that we dealt with. And a lot of our engineering resources had been directed—it's interesting, member for Arthur-Virden (Mr. Piwniuk) asked about the Coulter bridge. You know, we've had to put a lot of the same kind of expertise that could go into the design of bridges that have, you know, have been made inaccessible or bridges that have collapsed. I mean, there's a, you know, there's a bit of an element. But our intent now is to move to final design, which is what we're doing, and move to construction.

There's a couple other elements that will take place once we've got the final design. One is the acquisition of any right-of-way that may be additional to any right-of-way that we currently have, you know, rights to. Second is the utilities. We're hoping to get significant co-operation from the utilities on this because, you know, it is a priority. And we're hoping that they will help expedite that aspect of it.

But I want to stress, we're not going to be taking anything to the public other than what will be a final plan. We already consulted, and I hope the member won't come back and say, after we release the final plan, won't accuse us of not consulting the next time. Because, you know, at some point in time you consult, you listen, you go back to the drawing board, you come up with the final design. But I want to assure the member—and I assured my colleagues, you know, I just met with them just recently—that our intent as the department is to move to construction as early as 2015 and to get the job done. And when I'm saying within the five-year capital plan, I'm talking about getting it done within the next five years. And I believe that's doable. And you will see, and specifically to the sort of when it might go to the next public stage, absolutely within the next number of months.

We need to get it finalized and get it out because if we're going to gear up for the initial construction phase in 2015, obviously, we've got various other aspects we have to deal with. I mentioned a couple of them, but also getting the tendering process lined up, et cetera. So you will see the final plan in the next few months. And it will—when I say you, as MLAs, will obviously have access to it, but the public will see, and we're going to build it.

**Mrs. Mitchelson:** Mr. Chair, and I thank the minister for that answer. And I guess because it received honourable mention in the budget speech this year; it says, Budget 2014 also moves ahead

with, and I'll quote: plans for a new interchange at the—on the north Perimeter at Highway 59, improving safeties and congestion and adding a pedestrian overpass at one of Manitoba's busiest intersections.

So I guess my question would be: How much money is in the budget this year for the interchange?

**Mr. Ashton:** I mean, there is money. I can get a specific figure, but there's money in it for design. Design is the relatively small aspect of it. The construction phase is where you put more significant resources in. But it's under active design as we speak. The member will see a final design—not options, not for consultation—this year. And our target, again, and it will step up, and again, it will be fully costed, is going to be over the next number of years.

It won't be an inexpensive project. We know that. None of the elements are inexpensive, whether it's the traffic elements or the act of transportation element. But the member identified correctly, it's not only one of the busiest intersections, if you like, it's also where you have that significant growth in the area, both inside and outside the perimeter.

Member for St. Paul (Mr. Schuler) was talking about one of the other factors, which is seasonal, and of course, we've identified fully upgrading 59 as well, because it is a very significantly travelled highway, particularly in the summer. We've engaged discussions with Brokenhead to—I met with them as well, to manage some of their concerns, but at the same time, the need to upgrade the highway. So we are looking at the significant focus on 59 north.

I'm very pleased, by the way, that over the last number of years we've also moved south. We have four lanes south of the Perimeter. That was one of our first initiatives as a government.

But I want to assure the member, this year we're into, basically, final stages of design, and the intent here is to get construction under way starting in 2015.

**Mrs. Mitchelson:** Just one more question, because I know that, you know, after the initial discussion around the improvements to the interchange—or building an interchange, there has been all the consultation on active transportation which the minister's also eluded to.

And I guess my question would be is the government planning on moving ahead with the active transportation corridor before they do the

interchange and deal with the traffic issue on 59 and the Perimeter? Because I know that they are two separate, individual—my understanding is that they're not—I mean, they are in the same area, but they're not necessarily interconnected. So maybe I could just ask him for a bit of clarification around that.

**Mr. Ashton:** Well, it is a good question, because our goal in this project is to integrate both features. When I say integrate both features, it doesn't mean they're, you know, in the same roadway. But we're clearly here not only dealing with the situation of 59 and the Perimeter and the active transportation element, we're also dealing with managing the other traffic-related issues both south and north, on—particularly on 59. I mean, obviously, you know, the Perimeter is—has to be factored in as well. So one of the issues here is to make sure it's a master plan for all areas.

When you're dealing with a project like this, you know, one thing the department, you know, advises, is if it's done as one initiative, it will result in cost savings, it will allow contractors to, you know, have one assembly. I mean, the biggest factor in any construction project is the assembly cost, you know, getting staff, equipment in place. And, of course, you get economies to scale, you know, larger projects where you can—you know, you can use the same sort of resources on both the highway side and on the active transportation side.

And I want to stress one thing, there really is no time advantage if we were to do it as a separate issue, as well, because it's all interrelated. The active transportation bridge has to be designed in terms of what the expectations are, you know, if—when it crosses any component here on the highway side, you have to determine how many lanes that is, you have to plan out over the future. So actually there's not a real advantage in terms of doing it. So our commitment is to both.

And one of the things that's certainly been a clear message on the active transportation side—that's what we've been asked to do on major projects—right from the start, we made the commitment as government—and that is that you don't view them as one or the other, you view it as a project that includes all elements, all amounts.

And I want to, you know, particularly note that currently people are in a very difficult situation if they want to go to, you know, Birds Hill, because they have to cross a, you know, busy highway. People are doing it all the time. We know it's an

issue. It's got huge potential down the line for active transportation all the way up to and including Birds Hill park, and we've got, you know, the bridge there, you know. So it's got huge advantages, but you know what? We recognize this is all part of the needs in the area; there's huge traffic issues—we're dealing with that. Active transportation is part of the equation, so we're looking at a construction project that will focus in on both at the same time, not one or the other.

**Mrs. Mitchelson:** I thank the minister for that answer. But it appear—and I—you know, I don't have the—I don't have any background in front of me, but I seem to recall some newspaper articles or some information provided out to the community that the active transportation bridge was going to—and I could be wrong on my numbers—somewhere around \$14 million or a significant amount of money that was sort of a stand-alone project that it wasn't related to the interchange. And I hope I'm not way off base on this, but I seem to recall something about that.

\* (15:40)

And there are many in our community—or in my community and in northeast Winnipeg, in general, people that I've talked to that have said, well, you know, I'm not sure that the active transportation piece is a priority over the other piece, getting the interchange built and, you know, taking away the danger and the safety issue that's there right now.

So I'd just like to be assured that—or, I don't know if the department can provide any information for me but I just want to, again, be reassured that we're not going to see an active transportation piece move ahead of the interchange.

**Mr. Ashton:** Well, I want to assure the member they're both priorities, and a lot of the issues apply to the one, apply to the other. I mention about utilities, applies to both. You have to have the ability to move utilities, no matter how you configure it. Land acquisition, applies to both. Traffic planning, you can't plan the one without planning the other, and there are advantages cost-wise, project-management wise, of proceeding with basically both concurrently and we have the budget room for both so it's not a financial issue.

So, it—so, the logic here is to do them concurrently, and it's not a question of one or the other, to my mind, this is an overall package and it's not, you know, car drivers versus active transportation users. In our view, it's both and that's been the recommendation, by the way, over the years

in terms of major projects. We've done a lot of work on active transportation. Not just we, as a government, but sort of working with stakeholders, and we've seen significant improvement in terms of people's ability to access that. And I know the city of Winnipeg has done that, I mean, we have very significant trails that have been established within the city. You've got active transportation on city roads, cross-shared between the city and the federal and provincial government. So, this is not about one or the other, it's going to be about getting both done.

And the logic here, again, is that—you know, there's been various proposals that have been put forward in the past. We've looked at some of them in this department and, obviously, there've been proposals from stakeholders and others in terms of what would proceed. This is going to be a very significant project. We'll have a better idea even when the final cost estimates over the next few months, but it's going to include, you know, traffic issues, and deal with that highway side and we're going to deal with the active transportation, we'll deal with them concurrently.

**Mrs. Mitchelson:** Just one more question, hopefully, maybe one on a follow-up because I know in one of the minister's first answers to my colleague, I think he was talking about some of the issues between the RM of East St. Paul and in the city of Winnipeg and road closures, and that does have an impact on the overall planning on that corner, that quadrant of the province, including the city.

And, you know, I have taken a pretty strong position on, you know—I have no problem with development in East St. Paul as long as they, you know, they can do their development and they can provide access to that development on their roads. But we've had some issue because East St. Paul has wanted to put in a development and a Walmart using city of Winnipeg streets solely as the access to their new development, their proposed development. And I know I've corresponded with the minister and we've had the discussion, and I think it was made pretty clear to me. I think I have a letter on record that says that East St. Paul will not be able to get access off of Lagimodiere or the Perimeter Highway for that piece of property, and I think the minister knows which piece I'm talking about because it has to be—come into play in the discussion around this interchange.

And so I guess my question would be: Has there been any change of heart by the department? Is the department looking at reconsidering in the overall

plan some sort of access to that piece of property off of Lagimodiere or 101?

**Mr. Ashton:** My reference to what's happening there is it's something beyond our control and it would certainly be advantageous if it was resolved in—from the planning perspective. But, if it's not resolved, and I suspect it won't be resolved in the immediate sense, it just means one more, you know, uncertainty in the future. You know, I would encourage municipalities to resolve it. I think that's the intent anyway. I think there are some discussions. I don't know if they're resulting anything. The reason I reference that again is we'd prefer it was resolved. If it isn't, we'll plan and we'll just include that as, you know, one of the issues of uncertainty in terms of the future. But, when you're looking out over decades, I mean, it's just one of the factors.

We're certainly projecting, from any of the analysis we've seen, significant growth in northeast Winnipeg and in the surrounding municipalities. This is, you know, just one friction between the two. I mean, generally speaking, there seems to be a fair degree of co-operation. And I do want to note that through both the—both local government previously and with the surrounding municipalities there's also a lot of work being done now on Capital Region transportation. There's a plan that's been developed.

So I don't, you know, I don't want to leave the wrong impression here. You know, I think, generally speaking, there's been pretty decent co-operation and relations between the City of Winnipeg and surrounding municipalities. This may be the one exception and I'm hoping they can resolve it. It would make our life easier on the planning side. If not, we're still going—it won't hold it up, let me put it that way. We're still going to proceed with the current plan.

**Mrs. Mitchelson:** Just one very quick question. It probably doesn't require too long an answer. So the department isn't looking at any change in position from what they've articulated in the past on that, and I know I would love to see it resolved. But I just want—I know that the community would like some assurance that, you know, either the position is a position that's going to be maintained, or is there any consideration of changing the department's position?

**Mr. Ashton:** If the issue is access to the Perimeter, none of the planning we're doing right now involves access on the Perimeter. What we're looking at is the broader design that does not involve access on the Perimeter.

**Mr. Helwer:** Mr. Chair, well, let's move along to the—back to the new Building Canada plan, and a section in there has an area regarding P3s. The federal government has set aside some \$1.25 billion over five years for P3 projects, and those are projects with eligible costs above a hundred million dollars. And, indeed, they determined that, if a project could be successfully procured through a P3 and would generate better value for money than the Building Canada Fund, funding will be conditional on the project being delivered as a P3.

Now, I recently had some legislation that the government passed last year regarding public-private partnerships, and that act, in my estimation here, seems to limit access to P3s and limit the use of them. Is this going to have an effect on Manitoba's applications for this particular area of fund, and, indeed, are we going to miss out on this area of federal funding altogether because of that act?

**Mr. Ashton:** Well, one of the things that I stressed, by the way, is with the standard funding we're talking about being able to get 50-50 funding from the federal government. This is a program that's been much talked about, little accessed. I am the former minister responsible in terms of federal-provincial construction programs. So even at the time I was minister, and this is going back four years, about three or four years, there was more talk than actual access. So it's obviously not a preferred option compared to the Building Canada Fund generally because we're dealing with 50 per cent versus 25 per cent.

\*(15:50)

You know, conceptually, quite apart from the legislation, we've looked at this option, you know, in the past. We do have design build, what some people consider, you know, similar, some people don't. The real issue is in—on the finance side. Generally speaking, the public sector can borrow more cheaply than the private sector because of, you know, lesser risk. So, you know, we put that in place.

One of the reasons the legislation was brought in was there has been a lack of accountability in the past. Probably the best example of that is the Charleswood Bridge. We still, to this day, don't know what the parameters were, what the commercial arrangements were with the Charleswood Bridge. And to give you some idea of how ill-prepared the government of the day was when the Charleswood Bridge was done as a triple P, it took a special act of the Manitoba Legislature to be

introduced, after the fact, to legalize the private ownership of the bridge, because it is not legal in Manitoba to have private ownership of a bridge under provincial statute. That's been the case for probably more than a hundred years. So, the—you know, and I'm not the minister responsible for the legislation, so I won't get into detail on it. I mean, if the member wants to ask questions on that to the relevant, you know, minister, that's fine.

But, yes, it—you know, and what we look at with any of our projects is the overall best way to deliver and we have had some success with design-build projects. We've had some success with straight tendering, by the way, including to the point of getting a significant number of contracts where we've been under budget by the time we go from what was anticipated to what the private sector delivered.

So we—it's—you know, we basically put in that legislation to have greater transparency. To my mind, transparency shouldn't restrict as an option. If it's a better option, transparency should show it's a better option. For us, though, up 'til this point in time, we've been able to get a lot of projects done efficiently without going to a full triple P that involves Finance, but we've used all sorts of innovative mechanisms. But that's not just on the Highways side; it's on the building side.

We talked about the North Hill yesterday in Brandon. I could point to some other design-build projects that we've been involved with in our broader portfolio. So, it's not a matter of restricting triple Ps. We think it made sense to have broader transparency and, you know, what we do in this department is we look at what works.

**Mr. Helwer:** Mr. Chair, well, then, the minister did mention tendering, and obviously there was a report that came out yesterday from the Auditor General discussing government tendering policies and sole-source contracts, and the department was mentioned a couple times in this particular report.

Can the minister tell me what the policy is for tendering in his department, and is it always followed?

**Mr. Ashton:** Our primary approach is to follow the tendering process. I can indicate, in terms of exceptions, there were a significant number of exceptions in 2011 because of the flood. Probably the best example of that is what we did on the channel. We—when I say channel, the emergency outlet from Lake St. Martin—so we did have absolute

need to ensure, basically, that we were able to get the project done as soon as possible. We didn't have time to go to the tender process.

But we have—from out of experience working with contractors, we're able to identify contractors who provided competitive situations. You know, basically, if you look at the broader basis, apart from a handful of exceptions—for example, we're partnering with Hydro on 280. They cost-shared the initial building; they were cost-sharing the upgrading for, you know, for that highway. As a result, we're—we do have an arrangement that is consistent with the Northern Flood Agreement and Keeyask partnership that involves the communities directly.

But, more broadly, we follow tendering on our construction projects. And, you know, the issue again often is we do have some flexibility in terms of small or very specialized contracts where often you need the expertise, you have a limited number of potential service providers, so in that point, you do go to direct tendering.

But the basic principle in this department is very much one of tendering. A vast majority of the dollar amount of any—in any given year is standard.

And actually I can provide some further information in term—approximately 10 per cent were untendered and I'll just explain because it's coded. It's all done on a criteria base.

First at leasehold improvements are commissioned and done by a—with a contractor.

Second is we appoint consultants for registered pre-qualified contractors, and that's criteria approved by EB.

Third is work required on an emergency basis, which does occur, you know, with our buildings on occasion.

And fourth, and I've referenced this already, is work requiring specialized service provided by a single contractor. There are circumstances where you have—you don't have a competitive situation available. You have one qualified contractor and you proceed.

And the qualification, by the way, includes a number of factors. We brought in the core certification, bonding. There are various elements that go into that, so we—the vast majority of contracts are done through tender, and if they're not done through tender, it's because of one of those four reasons.

**Mr. Helwer:** I heard the minister say 10 per cent of contracts were untendered.

What would be the value of those contracts? Are they small or is there a total value or are they a majority of the contracts?

Ten per cent of contracts making 90 per cent of the value of the department means something quite different.

**Mr. Ashton:** Again, what I'm looking at is the—on the building side. Out of \$56.4 million, that's approximately 10 per cent was untendered.

I will give the member a summary. I mentioned four criteria. First criteria, we had five contracts, \$327,449.05. Code B, which is the second criteria, \$2,164,684.28 for 48 contracts. The third criteria I listed, there were two of them, \$1,854,584. And code D, there were 29 contracts. The total was \$320,161.53. So that again is a breakdown of what I indicated.

And just so I can summarize and make it a bit more useful for the member again, the first was leasehold improvements done by a contract—with a contractor. Second was the pre-qualified contractors. The third was emergency, and the fourth was specialized work. So the bulk of the untendered contracts were either from a pre-qualified list, were very rigorous, specific criteria, or on an emergency basis, which is what you would expect for exceptions to the fact that 90 per cent plus the work on government buildings was under tender.

**Mr. Helwer:** So, looking through the Auditor General's report, I see MIT one contract of 4.99 million dollars that she has concerns about and another further contract of 4.28 million dollars that was untendered, favoured by the department as the department believed it would be too costly to change the vendor for phase 2 of the project. Those are substantially above the numbers that the minister just spoke of.

Could he tell me a bit about those two particular contracts?

**Mr. Ashton:** Yes, that was represent government buildings. I—with the Auditor General, I can undertake. We can go through some of the details in terms of specific items, although my other suggestion was to talk to the Chair of Public Accounts because it's probably more appropriate for discussion in Public Accounts, given the fact that it's identified in the auditor's report. But I don't mean that in a facetious way. I don't know who the chair is.

\* (16:00)

But in—I can provide some background, but it does strike me that any issue that's coming out of Auditor General's report, generally speaking, ends up in Public Accounts at some point in time anyway. So it might be, you know, a more fruitful discussion there. If—it's up to the member. I can undertake to get a detailed response by tomorrow. You know, again, it's—we can do that work now but I think it might be a little bit better outside the broad summary, you know, getting into specifics. Because there are—we can run through the, you know—we could probably spend the rest of Estimates on Public Accounts-related issues. There's quite a bit there that I would be more than happy to deal with both in terms of the MIT side, also the EMO side, and coming out of the flood. So it's up to the member. And, if we do want to get into discussion of it now, I can certainly get some more detailed information by tomorrow.

**Mr. Cliff Graydon (Emerson):** My question is on PR 240 between Roseisle and Miami. There was a bridge that burned, burned in 2012. The fire was caused by MIT employees. I'm sure that there was an insurance policy on the bridge or insurance has been collected. Is that bridge in the budget to be replaced?

**Mr. Ashton:** It is in the capital program. I should let the member know that our primary insurance is self-insurance, but we have identified as a priority, and I—we're going to track down the specific time and I know it's—we've got it listed. I'll double check on the specific timing.

**Mr. Graydon:** If the minister could, he can give it to me in writing, when the priority and what the time—the start date is and the completion date. I would appreciate that.

**Mr. Ashton:** Mr. Chairperson, I'll undertake to do that tomorrow at the start of Estimates.

**Mr. Graydon:** Could the minister tell the committee how many bridges are under repair?

**Mr. Ashton:** I can get a full list if the member would like and what the total number and—I mean, we've got bridges that are damaged, closed, under—or under repair, so I'll try and categorize them. I know the member certainly knows some of them, certainly in his area. We have fairly extensive lists throughout the province. So I'll take it as an opportunity to, you know, give a full update on bridges and we'll try and identify that by tomorrow morning as well. I'll try



and get a detailed response, I can—which I can both put on the record and provide to the member.

**Mr. Graydon:** I'd appreciate that. And if it's not possible by tomorrow morning, there's always next week. As long as I get the numbers, that would be great.

Perhaps at the same time then, can the minister provide the estimate and the current cost for each of the bridges currently under repair in Manitoba.

**Mr. Ashton:** I could provide information on bridges that are currently programmed. You know, obviously, there are some that are in design stage, it would be just conceptual numbers, but I can certainly undertake to go through the capital program. This year, we're also going to be rolling out our full five-year capital program over the next couple of months as well, so there will be further information that we'll have. But I'll see what we can do in the interim as well. I can certainly identify some of the major projects. We had a discussion here about Coulter, you know, there are a number of major projects that are almost complete or have been complete.

**Mr. Graydon:** I'd certainly appreciate that. But the question was, the bridges that are currently under repair, I know that there's some that are probably on the five-year program or on a two-year or three-year, but are not currently under repair. And I was—just would like an update on that, what the costs are and the estimated costs.

**Mr. Ashton:** Yes, I'll see what we can provide. Maybe what I'll do is—I'll have spoken—any ongoing work and any work that's—that we're looking at doing, you know, this construction year, and I'll try and get whatever information is available either by tomorrow, if not, certainly appreciate next week. We'll make sure we get detailed information.

**Mr. Graydon:** Has there been a study commissioned for the crossing evaluations on the Red River by MIT?

**Mr. Ashton:** I assume the member's talking to what the situation is in terms of bridges and crosses on the Red River in comparison to the US.

**Mr. Graydon:** So has there been a study commissioned to ascertain the viability of these crossings?

**Mr. Ashton:** Yes. We're—in terms of an actual study, we are finalizing terms of reference for that, yes.

**Mr. Graydon:** Can the minister tell me when that was started?

**Mr. Ashton:** Yes. We've—we would have been under way about six months ago—six months.

**Mr. Graydon:** Would the minister verify that six months?

**Mr. Ashton:** I just did. I asked the senior departmental staff here, so—the member may be thinking of some internal analysis that may have been done by the department itself.

**Mr. Graydon:** I'll be more specific, Mr. Minister. The investigation would have been titled Red River crossings evaluation study and major crossings corridor evaluation framework. And can you tell me when that started?

**Mr. Ashton:** Again, that was internal work that was done a number of years ago. You know, there's both an internal and an external component to this, but there has been internal consideration of the Red River going back a number of years, and I know the member's aware of not just this particular document, but also the—you know, the broader analysis.

**Mr. Graydon:** So has that study been completed?

**Mr. Ashton:** No.

**Mr. Graydon:** Normally, when these studies are commissioned, what would be the normal time frame to expect them to be completed and presented to you, Mr. Minister?

**Mr. Ashton:** I've learned one thing in this department and many other departments that defining normal is rather a difficult exercise, largely because I'm not sure what quite is normal. I mean, especially when you have a department that has to deal with floods and other foreseen situations. I do want to stress again—I mentioned this earlier—with some other major projects, anything involving bridges, we've had to allocate both for dealing with floods, you know, for major response afterwards, and we are doing work on the Red River as well, so the broader scaled stuff probably takes a bit of a lesser priority.

So it's not a question of whether this would be a normal time frame. Really, there hasn't been a lot normal in the last few years. So, essentially, you know, I think it difficult, you know, to define, and a—not a very worthwhile exercise. In the end, you've got to adjust in real time to what the circumstances are, and, you know, certainly we've had to focus

resources on immediate situations rather than just overall planning.

**Mr. Graydon:** I would suggest that if the minister went to the trouble of putting together a \$5.5-billion budget and a five-year plan, that he would have taken into consideration some of the studies that he had commissioned previously. So, in saying that, maybe normal was a bad choice of words, but would reasonable be a better term—reasonable length of time to have that information in order to put together a reasonable five-year plan?

\* (16:10)

**Mr. Ashton:** Well, I do believe it is a reasonable five-year plan, and it takes into account all sorts of broader issues. I remind the member that it was this government that brought in Manitoba 2020 vision that was really the first major step to getting long-term planning. We have significantly moved on that, from 2007 on, the capital investment matches that commitment, and it's going to be ramped up again.

What you deal with with any of our five-year plans, we have significant elements that are clearly precommitted, but you also have two other components: one is we do build in allowance for evolving issues, and we also do on occasion—we did in 2011; I've been very upfront and mention some other projects as well—we had to reallocate resources to fight the flood directly. And, in some cases, by the way, we not only did it consciously, some cases we had to delay projects you just simply couldn't construct them because of flood impacts or saturated ground.

So we take the best information that's available, but it's a living, breathing document, you know, and certainly many of the kind of issues that the member's referring to are issues we deal with, but we, you know, in the real world, you deal with it in real time. And, quite frankly, even on the broader planning side, it's got to be adaptable.

So I think reasonableness—I will actually define it in this particular case as what's reasonable is to have a plan that makes it a long-term commitment, puts funds in place, meets the priorities of the Province, but is adaptable to specific circumstances, you know, over time. And that includes not only disasters, but that includes growing needs.

And I just want to, you know stress that, for example, you know, the Hartney bridge and the Coulter bridge. We talked about that earlier—not, you know, not planned, 80 bridges damaged, you know,

we're looking at the, you know, the situation in St. Jean. Huge challenges. So in a lot of cases our bigger challenge has been to deal with the immediate circumstance rather than an overall planning horizon.

No offence to the transportation planners, they play an important role, but a lot of our focus has been on real time and real construction and real repairs for a lot of the challenges we've been facing.

**Mr. Graydon:** I certainly understand it, the real-time argument, that you put forward and I understand that you have to be flexible. I also understand that, when you put forward a \$5.5-billion budget, that you want to be realistic. And, in order to put that kind of budget forward, you have to have real information. You have to have the priority information to put that forward.

And then so, when I see this study, when it was commissioned, I'm wondering if it was not important enough to include in the study—or in your budget, or in the formation of your 5.5 million—or billion-dollar budget.

**Mr. Ashton:** Well I think the key thing is any of the elements of this side of the planning side, I mean, a lot of those elements are integrated. I mean, if you look at—I'll just take the broader issue—bridges.

We recognized a number of years ago that bridges were a significant issue. We put in place an enhanced, progressive inspection program. Thank goodness we did. Other jurisdictions had significant failures; we haven't. And, when I say significant failures, significant failures, you know, where you had some rather tragic consequences. And through that process we've identified that bridges are a growing issue; many of them were built in the '50s and '60s and clearly we're into renewal issues and there's also those other complications that you can add into that from the flood—I mentioned, you know, 80 bridges damaged or, in some cases, destroyed during the flood. So, in the broader context, we have identified that and, in fact, if you look at our five-year plan as we roll it out, you will see year-over-year significant increased focus on bridges themselves.

One of the key issues with bridges, by the way, is you also have other elements that you have to deal with—environmental—and that includes environmental approval. So we have to ensure that bridges are designed, you know, over a period of time. They also take some significant engineering design. So I think a lot of the basic principles on

bridges, the broader ones are included in the five-year plan. But, again, the plan is adaptable. And we do—we've shown it in the past, if there, you know, if something comes up and we have a major event, or there are emerging circumstances, we have the ability in the plan, we have the financial ability to, you know, to back it up. We still have limited resources, so you have to make the best use of them. But, you know, the basic principles included, bridges are going to be an increasing challenge. We're putting the dollars into it.

By the way, municipalities, same thing. You can talk to any municipal leader who's got any significant number of bridges. Any of the municipal leaders will tell you that's a huge issue for them. That's one of the reasons why we put in place the municipal bridge program, you know, to certainly help out in terms of that. But, generally speaking, the broader principle is there, far more attention year over year on bridges. And to my mind, that's the—that's what really matters, you know, is making sure we've got the broader sense, but we have the dollars and the wherewithal to deliver. And we are going to deliver on those priorities.

**Hon. Jon Gerrard (River Heights):** A few questions. Let me start in your Estimates book, and in the—with reference to what was in the budget papers in terms of the five-year core infrastructure plan. In the five-year core infrastructure plan it was put that the 2014-2015 budget would have \$707 million for roads, highways and bridges. And I'm just trying to understand where that \$707 million is in the Estimates for spending for Department of Infrastructure and Transportation. You know, I note, for example, on page 139, that you have a capital investment of \$682 million, which is considerably less than the 707, but it also includes many things which are not roads and bridges. So I just—trying to reconcile where that number of \$707 million comes from.

**Mr. Ashton:** What this document—and I'll just be very specific again. You know, the member's talking *The Five-Year Plan to Build a Stronger Manitoba: Manitoba's Core Infrastructure Priorities*. What it identifies here are expenditures that are core infrastructure. So, for example—and I did reference this yesterday—it doesn't include government buildings. And I—early in Estimates I ran through a list of the wide range of buildings this department's responsible. It doesn't include campuses, doesn't include corrections facilities. We're also responsible for MDC, Selkirk Mental Health Centre, a variety of

other buildings—doesn't include those as well. What this does include is basically what it states here: roads, highways and bridges, and there's also a separate line in terms of flood protection.

And I want to stress that when we talk core infrastructure, that was the feedback from Manitobans. They said, what are we going to do on the 1 cent? And I'm not going to get into that debate. The clear message was focus on core infrastructure. So what's presented here nets out other forms of infrastructure. Probably the other thing, by the way, that—other capital expenditures that the member may be aware of that we are responsible for in this department—and projects—would include the water bombers last number of years. That's not included. It's roads, highways and bridges. Any other capital, including equipment, is capitalized. You know, if it's not directly related, it's not included.

\* (16:20)

**Mr. Gerrard:** You know, I understand the points that the minister is making. What I was trying to understand is where in his book of planned spending for this year that \$707 million is located?

**Mr. Ashton:** I can—what I was going to suggest is, you've got, it's on page 139, page 119, 126, your key components what it would be, the capital, highway capital—\$548 million; there's floodway expansion remaining aspect as well, I think it's listed there. We also have—there's components here which are—yes, sorry, the \$2 million is airport capital. We're responsible for 22 airports. Page 119, you've got—which it's maintenance and preservation and then we have \$9.8 million on page 126–9.6 and, on the winter road—what I was going to suggest, I could probably get you—rather than, you know, I—we're bouncing around the various different pages. I could probably get you by tomorrow a just, you know, a clear summary with the identified pages.

But the key element, I just want to stress, doesn't include anything to do with other capital like government buildings. It's roads, bridges and it's—and highways and we have a separate component here as well, too, in terms of flood protection. So that's the basis. And probably the most significant element of that—this is a record capital program. The \$548 million that's on page 139 is a significant increase even over last year which was at a very high level and, you know, probably the most significant increase that people are going to see in this document over the next number of years, there's \$3.7 billion, I think is the full number, that is for highways—roads,

highways and bridges and we do have \$320 million for significant amount flood protection.

**Mr. Gerrard:** Thank the minister and if the minister would provide a copy that could be tabled and, particularly, on page 119 because of the way that those numbers are listed, it would be important to be clear which lines that we're talking about actually qualify in terms of being included in the \$707 million. Okay?

My next question, could the minister—you don't need to provide it now—but give a list of the—there was in that same graph \$125 million additional infrastructure that was spent on core infrastructure last year. Could we have a list of what that was actually spent on, which infrastructure projects.

**Mr. Ashton:** Yes, I'm not sure the—we're shifting off now the five-year plan, right? This is a—

**Mr. Gerrard:** We're on the five-year plan, okay. You've got for the 2013-2014 year forecast spending, you've got a one-point PST commitment of 196; 71 is—was not invested so the remainder of 196 minus 71 is 125, right? Okay, so, all I'd like is a list of which projects that was actually spent on.

**Mr. Ashton:** Yes, I'll see if I can get a list. I'm sure, not sure I'll be able to get it by 10 tomorrow, because, you know, rather—our team—staff's all tied up here, but, yes, I'll attempt to get it by Monday.

**Mr. Gerrard:** Yes, when we're looking at the amortization and the interest, that's obviously over a number of years that this is being amortized. How much, for example, in this year's Estimates of expenditures and amortization of index and interest payments, how much of that was actually on infrastructure that was built this year, as opposed to previous years?

**Mr. Ashton:** We'd have to break it out. You know, in a broader sense, you'll see there's, you know, been a significant increase in the amortization, and I'm sure the member's aware of, you know, the one time when there was no amortization; now we do have it for all major capital. We could attempt to break it out, the difficulty is, you know, what happens is you do have a global amount, but each project is different. For example, you know, a road bed will be—you know, the gravel road bed might last 30, 40 years amortized over that period. You might have, you know, the surfacing amortized at 20. Equipment can vary, again, because you can—you know, you do amortize equipment according to its estimated lifespan.

So what you're doing, you know, with any of these numbers, is you're dealing with a blend of all of the amortization costs that are involved. We have buildings, as well, which are amortized based on their expected lifespan, so it's a bit complex. You know, in a summary sense—*[interjection]* Yes. The total increase on amortization is 22.2 this year. But, again, you know, every one of those amortized items has a different schedule.

**Mr. Gerrard:** I have to go and ask some questions in Finance, so I won't be able to ask much more, but I would at least ask to see if the minister could try and provide, you know, that information, whether it's tomorrow or Monday.

**Mr. Ashton:** Yes, we'll undertake to do it, and I appreciate the question. One I think *[inaudible]* by the way, is the reason we're dealing with the increase in this line is because of the significant increase in capital, and that will be something to be reflected not on this year's Estimates, but in future Estimates, but we'll try and get a detailed response by Monday, if at all possible, so I thank the member for the question.

**Mr. Graydon:** Mr. Minister, I'm—just to help me better understand the procedures for when we take over government. I—how does information get from your department to you when there's going to be different issues that are going to affect a lot of people? How does that happen?

**Mr. Ashton:** As I said—I said it off the record; I'll say it on the record—I'm not sure if you and I will be around when that happens in terms of the transfer. Anyway, enough of the political posturing here.

It depends. It depends on the issue, the circumstance. This is one of the biggest departments in government. We have a very strong executive team. I have regular briefings with the deputy minister, staff, my minister's office. You know, we meet on a regular basis. One thing I really brought up, is good—which this department, I think, has a good working relationship, generally speaking, with MLAs, and that starts with the minister's office and continues through the department as well.

And I look at the member and I, we've had numerous discussions on issues, and I appreciate that. I think a lot of people don't—you know, the general public don't appreciate the degree to which what happens in question period is the tip of the iceberg and doesn't even necessarily reflect the ongoing relationship.

\* (16:30)

And I'm not saying it's not an important part of what we do or there aren't some real differences, but, you know, I would say, generally speaking, there's a significant amount of information that I receive. And I—you don't always get it on every individual situation, but even then I rely on, in a lot of cases, on MLAs, both government and opposition. And I have regular discussions, and I find it's not unusual to find out through the member, you know, I'm not trying to put him on the spot or anything, but there's been a number of times where he has been really upfront in identifying what's happening on the ground, I look at the Gardenton dike as a good example, and another of your colleagues that's been very, you know, very good in identifying that as well.

So, in the broadest sense, you know, I always try to be open to listen and follow-up on concerns when I hear them. Do you hear all of them? No. But, you know what, if there's any significant concern, I always find we're one big, small province. Usually by the time you look at it, at some point in time you find out about things.

**Mr. Graydon:** Just for the minister's information, my health is good and I hope that his is as well. But, if there is a serious issue, I certainly have empathy for him.

But going forward, I'm wondering when a major decision that is going to cost a lot of money, what type of information do you receive before that is done?

**Mr. Ashton:** I just want to ensure to the member I was assuming good health for the both of us. I've learned one thing over the years, and having been through nine elections and having been in government in opposition, I've been in third party as well, and that is the No. 1 one thing you never do is to start counting, you know, the number of seats you think you're going to win before an election because the people of Manitoba are pretty, pretty clear that they make that final decision.

And, you know, I've seen all sorts of oppositions in the past and I've been part of opposition. So you can take this for what's it worth, where, you know, when you start sizing up the, you know, the minister's offices and the perks of power, I tell you it usually doesn't work that way. So don't count your electoral chickens before they hatch is best advice I could give. So, anyway, now we've cleared away the political side of it.

With any major project, any major commitment obviously you have a significant amount of input and that involves on the ground—you go to all the, you know, the technical work on the ground that involves kind of setting overall policies and procedures, and the one thing I've learned in this department is we work in real time. We have to deal with real decisions on a daily basis and we've got to be flexible and we've got to keep our focus in on what really matters.

We had a earlier discussion, for example, with some of the challenges that we've dealt with over the last period of time, some of the things we're dealing with right now. What matters to Manitobans when it comes to MIT, and, you know, I'm not going to get into the broader politics of the core infrastructure program we have, the \$5.5 billion, but [*inaudible*] they expect us to take the best information possible and not only make decisions but to get the job done, and that's our focus, and that's not just my focus as the minister.

I'm really proud of this department and, you know, I'll give the example, during the flood, the honourable member would know this, we had a lot of people working 24-7, round the clock, sleeping in their vehicles. In some cases we had to tell people they had to take some time off, not just people at this table that are probably in that category. You know, this is a dedicated department. They've stepped up to the plate in the past. They'll step up again in emergency situations.

But, on an ongoing basis, too, there's a lot of pride that goes into this, and I can tell you right now that the record capital budget we have, we're getting a lot of people in our department really excited about the, you know, the next few years. There are projects we've moved from 20, 25 years out in the planning horizon to reality.

I'll take one clearest example, the Headingley bypass, and, you know what, there's always tough decisions and for every project you get to do there's four, five others that you can't. So, I never underestimate that, but I always found when I talk to municipal leaders, first thing I say when everybody says, well what about this project, what about that project, I ask every municipal leader I said, what's your capital wish list versus your capital budget. There's always a differential, and I've always said if you've got a capital budget that matches your wish list, your wish list is either too low or your capital

budget is too high because, you know, that's a constant decision.

So I'm not in any way, shape or form saying that there aren't difficult decisions that have to be made when you set that, but the basic approach to my mind is look at the broad picture, set broad priorities, find the money, build it. And that's what we're doing.

**Mr. Graydon:** Well, I'll thank you for that. I also thank you for the mentoring about the credibility between the henhouse and the frying pan.

But it—what I've seen on one particular project—we've discussed this project in the past. But there's misinformation that perhaps didn't get to your office, and I'm wondering why it would stop halfway. And then why there is—people come out and speak to the community, and still put misinformation on a record.

And I know that your staff during the flood worked very hard, as well as thousands and thousands of volunteers worked very, very hard, under very trying conditions. However, when I look at the traffic count on the St. Jean bridge, at 250 in 2011, that was a flood year. That was the one-in-700 flood year, 2011.

So, of course, the Red River was shutting down St. Jean. Then there is no traffic, of course; there wouldn't be traffic. But the years 2001 to 2009 had a higher traffic count than the bridge in Aubigny. But when a department used a number and presented that number to the community, of 250, and says it would cost a huge amount of money—it would cost \$33 a trip on a 40-year bridge—it distorted the figure so badly, that no one believed it, and it was only through FIPPAs that we were able to get this type of information.

Is that the kind of information that you get as well, Mr. Minister?

**Mr. Ashton:** Well, with traffic counts, I know the department looks at the overall historical trend. They don't just take one year.

If there's any misinformation, then I'd certainly appreciate the member identifying that. I—we've had many discussions on this, and I'm not—you know, I'm not going to get into all the details. I want to credit the member for bringing forward the concerns on behalf of the community. It's a complex situation. The member knows that. There's no simple solutions.

And one of the things that we're clearly working on right now, as we speak, is recognizing, you know, regardless of what in an overall planning sense you

might do, in terms of setting up bridges on any river, you've got existing community connections that have been established—business connections—that reflect that. And, we are—we're looking at all of the options. I mean, there are some significant geotechnical issues. The member knows that.

We've taken any and all of the suggestions the member's put forward. And I want to put on the record that I really appreciate—and I'm not being critical of other MLAs—but that the member has been putting forward any and all possible solutions. Because whenever you look at bridge, there's always the issue of are there other alternatives, you know, in terms of access points, you know, how you deal with the overall situation. So, you know, I'm more than willing to follow up in terms of any specific concerns on that information. But I do want to put on the record that we're looking at any and all of the possible options there.

Again, there's no simple solutions but the member's made a very compelling point, that the—you know, this is a historic bridge. There's been a bridge there—not the current bridge—but there's been a bridge there for a hundred-plus years. And I do think, by the way, and I want to, again, in all our, you know, detailed discussions, give the member credit for putting forward.

\*(16:40)

And, also the fact that, you know, we have fewer bridges than on the US side than on the Canadian side; there's—there are more bridges. There's a different settlement pattern as well. And, if you look at the historical development of St. Jean, and if you look at the historical development of the Red River itself—in fact, the member talked a bit about the history yesterday with Emerson—you know, it's original population. People tend to forget how much of the development took place, not at Winnipeg, but at Emerson north. And Winnipeg really—and it could have been Selkirk that could have been, you know, the capital. That was a later development. So there's been development along the Red River south of Winnipeg for 150-200 years. When I say development, I—you know, significant Aboriginal pre-history, but the—you know, in terms of European contact, Metis, I mean, you know, First Nations. So I think that that's something that I want to put on the record that is a point well-taken. You know, whatever you might do in an overall master plan, starting from scratch, there's been a bridge and development's taken in and around that bridge for

years, and that's why the department and the member knows that I've asked specifically that we look at any and all options.

I also want to put on the record, too, that the community's been very focused on solutions. The member's brought forward numerous suggestions, including on the, you know, financial side, various different options. And we're going to look very serious at that.

I want to stress there's been no decision, but that's not a bad thing in this case. The reason's been no decision is because we're still scoping out the options. Part of the issue, by the way, is even conceptual options, you've got to make sure that they can work in an engineering and financial sense.

And there's a reason why the bridge went down. It was—a lot of the huge challenges on the Red on the geotechnical side, you know. People assume it was flood-related. I mean, there's some elements of the flood, but you're also dealing with a bridge that over time has shown, you know, deterioration in terms of how it ended up at that point, not unlike other bridges, but probably more challenging in that location.

And again, I would credit the member. We were—we are looking seriously at some of the suggestions he's brought forward in terms of, you know, possible shifts in alignment, et cetera, that might solve the problem. I'm not sure if we're at the point of saying yes or no in that, but we're looking at it.

**Mr. Graydon:** Well, I appreciate the answer and I appreciate the co-operation that I've had with the minister. I've—prior to the implosion of the bridge, I had many conversations and was assured that there was a plan in place of salvaging part of it and blah, blah, blah.

And I understand also that things do change from time to time. However, when I became aware that the bridge was going to be imploded, it was very troubling for me that the minister didn't know. That was troubling. And, if the minister doesn't know that, then he has to be wondering, what else do I not know. If I was the minister, I would be wondering, what else do I not know. Why wouldn't I be apprised of that? There has to be some type of a report. Someone—there has to be a protocol for reporting.

Is there a protocol in place for these types of—when I say major decisions, that's a major decision. It has a major impact on a lot of people's lives, it has a

major impact on a budget, and it has a major impact on a going-forward basis. There's no question.

I do appreciate the co-operation that I have had with the minister. He's been open to suggestions. And it certainly hasn't been as fast as I would like to—responses—the positive responses—but at the same time, I do appreciate that.

I just question the methodology from the ground to the big office in the corner.

**Mr. Ashton:** Well, in all fairness to the department I'm in, essentially there are what I would call operational decisions that are made based on on-the-ground, engineering, structural assessments and broader policy decisions. If you have a situation where you have any of the components of a failed bridge that cannot be used and might actually be hazardous, that's really a decision that's made on the operational side.

Now, having said that, I do think that there was a significant lack of communication with the community. I think the member raised a very legitimate point when this occurred about the degree to which people in the community felt they should've had more communication not only of what was going to happen but the rationale.

And I'm not being overly critical. You know, when you're dealing with operational decisions often your focus is, you know, on the immediate situation. But I do think, in retrospect, it should have been communicated to, you know, there's a committee working on the bridge. There's municipal leaders. There's—the member is the MLA for the area, and I can assure the member, I mean, we're in the same boat in a lot of ways largely because it was not seen as a broader policy decision. I actually did follow through in terms of what occurred, and I can tell you it's not a decision would of necessarily been made in the minister's office anyway. It is an operational decision, and when I saw the rationale for it I certainly would have concurred with the operational decision. It was the correct thing to do.

The—one of the problems—and you know, again, I'm just going to advise this, you know, the full brief on this. It—the bridge, you know, it had to come down before spring because it could have caused flooding, that was one of the major concerns. And it was seen as the safest option.

Now, the optics of imploding the bridge without any communication of the rationale and to when it was going to occur, I would say I'll—and I'll accept

responsibility, you know, for the department on that side because I think in retrospect that should have happened. So I'm not being critical to the decision itself. I want to be clear, I do think it was the appropriate decision. But I do believe that there were some legitimate concerns in the community that were expressed by the member about how it was done and the complete lack of communication before the fact. I know there, you know, there was communication after the fact. But, you know, if I was living in the community and I saw this happen and I knew how sensitive a situation is, the loss of the bridge, I probably had the same concerns as the member did. I think that was unfortunate and shouldn't have happened, and I know we've done—we made every effort to correct it after the fact, but I will acknowledge there was a significant gap on the communications.

**Mr. Graydon:** I thank you for that. I—we do know that there's going to be significant work done on the bridge on 23 Highway at Morris. It will impact a lot of communities for four months this particular year, this summer and fall. And I have no doubt that the department has tried to make and has made an effort to do the work in the most convenient time for those that are going to be impacted.

However, I'm wondering if a short-term solution to facilitate commerce of a Bailey bridge at St. Jean on that particular site—because both the—both approaches are there and a Bailey bridge across there would facilitate the commerce, the safety vehicles, the emergency vehicles and we do know that it has taken 90 minutes to get from Morris, seven or eight kilometres down the road to find an individual that was down bleeding badly. So—and I know that there's an expense to this type of a bridge, but it would facilitate while the other bridge is being closed and could be removed before the flood waters of the following spring, which would also take away any problem or any possible accidents of an ice road across the river.

**Mr. Ashton:** Yes, we have looked at it, and one of the issues recently with the Coulter bridge, we did look at that. It's an expensive option and does have to be removed—the member's acknowledged that—by spring. Part of the difficulty, by the way, is—and this was the case with the Coulter bridge because we looked at this—to get any kind of safe highway travel, Manitoba highway—like vehicle transportation—it's a very different situation than if you're in a remote area putting in a, you know, a Bailey bridge to have access, you know, for heavy equipment. You've got

to make sure that it's safe for school buses, for, you know, for light vehicles, for trucks, whatever traffic is going to be travelling on it. And that also is an issue in terms of alignments as well. So we did look at it—Coulter. We have looked in the St. Jean situation and it is extremely expensive to get it to a safe level in terms of actual transportation itself.

\* (16:50)

So it's no different with Coulter. Early on, I met with people in the local area in and around the Coulter bridge, and there was proposals coming, I think, from one of the oil companies. But I point it out again. I mean, it's a big difference when you're—you've got to ensure safety for school buses. And, when you're dealing with an industrial situation where you might be able with moving—you have limited movements of heavy equipment under very low speeds and in controlled situations. So that was what we looked at the Coulter bridge. We have looked at it in St. Jean bridge. I appreciate—it's something we should have looked, you know, looked at and we have. It's a legitimate suggestion.

I'm a great fan of Bailey bridges. We use them on the winter roads where appropriate. Thompson used to have a Bailey bridge when I was a kid. Actually, we used to have a one-lane bridge across the Burntwood River. They are called Acrow bridges now, I know, but it's the same thing that was used in the Second World War by the military. They unfortunately, again, to get to a safe standard for passenger vehicles, for light vehicles and for the heavier vehicles that might use it, the cost is prohibitive, and it lasts for one season because you have to get it down for flood reasons.

**Mr. Graydon:** Can you give me an idea of what that cost is?

**Mr. Ashton:** I'm advised 3 to 5 million. Coulter, we did look at it there, was, I think, 5 million. So, generally speaking, 3 to 5 or even higher.

The issue again is often the approaches as well as the bridge itself, but you also have to have proper placement of the bridge. But, yes, we have looked at it. I—as I said, it's—I'm advised 3 to 5 million, perhaps even more in that specific location.

**Mr. Graydon:** I would certainly appreciate the Coulter bridge if you were building it in exactly the same spot. And, yes, so then it's going to—you're either going to have to build new approaches and move that Bailey out of the way, but here the approaches were fine. The approaches are good.



They can handle—I've seen the Bailey bridge in the municipality when I was on council, no weight restriction on it, single lane. It was quite safe. Many a school bus drove across it. Combines drove across it. Loaded trucks drove across it. Single lane, it's—and that's basically all that's required to facilitate the commerce. It's going to be really impacted by driving 14 kilometres one way or a restricted road another way. And it's a huge inconvenience, but, more importantly, it's a huge expense, and it has the potential to bankrupt one operation.

**Mr. Ashton:** I appreciate the difficulties, and one other thing I want to assure the member, too, is, quite apart from the temporary Bailey bridge option, that we're looking at any and all permanent options. So I—even if it doesn't necessarily work in terms of Bailey bridge, I'm not saying that there's been any negative decision on anything else.

**Mr. Graydon:** There was a hydrology study commissioned for the Red River. Has that been completed?

And that study was part of lifting 75 Highway out of the flood water and facilitating access to Centre—excuse me, CentrePort. Has that been completed?

**Mr. Ashton:** We're anticipating the report, let's see, finalized in the next few months. There's been a significant amount of work done to bring down the number of potential options, so I'm anticipating the next few months. And then it's our intention at that point to also go to the public on it.

**Mr. Graydon:** Mr. Minister, the—for a number of the areas that have small—have had small bridges for whatever reason, they've been decommissioned, whether they burned by accident. And I know that some of these have had insurance claims. They weren't MIT bridges, but they still had insurance claims, and they haven't been replaced. And I'm wondering why. And I know that there's a cost, there's a huge cost to replace things like these, but at the same time, for agricultural use, a level crossing would be adequate.

Is there a reason why there's objection to that from the department?

**Mr. Ashton:** Well, in a broadest sense, you know—and I'm not going to apply this to every single situation. I mean, the—you know, and we have had various situations throughout the province where this has been exactly what's been proposed.

One of the difficulties with the level crossings in a lot of circumstances is actually impact on the surrounding hydrology. I mean, you know, in terms of aggravating floods, it can be a significant issue. And in a lot of cases, as well, what we're also looking at is, if you compare our experience, say, when a lot of these level crossings were, you know, were put in place, there's been a reason why, in many areas, why there's been sort of a move to actual structures, because if you don't have, you know, a sufficient elevation, you can impede the hydrology. But you also don't have the access over a significant period of time. So I know it's—you know, certainly, it's often put forward as an option.

And there's still level crossings out there, especially on municipal roads. But, generally speaking, and one of the things we are doing in our budget is we're trying to put in enough resources so that we can actually upgrade to current standards, you know. Because level crossings, really, while they might have sort of fit in the '40s and '50s in terms of what was, you know, an ongoing standard at the time, they've become, then, sort of the leak—you know, the weak link.

And I appreciate maybe the member's also talking about non—you know, non-highway situations, which I can't really speak to. But, generally speaking, on the provincial highway system, yes, level crossings just don't meet the kind of standard we need to, you know, to have the kind of traffic we move.

**Mr. Graydon:** No, I understand on a provincial highway that you wouldn't expect to have a level crossing. I expect, then, that we should have services provided for what is necessary.

But on a number of the municipal roads where there has been a bridge over a MIT drainage ditch, then there is a level crossing that would serve a good portion of the year. And in many places, those roads aren't operational in the wintertime. They're not opened in the wintertime. Yes, in the flood time or in the spring runoff, no one's going to be driving through it. But at seeding time, at harvest time, they're accessible and certainly take the strain off of other municipal roads and the maintenance on other roads where you have to drive nine miles to get two miles. That's—those are the specific level crossings that I'm referring to.

**Mr. Ashton:** Yes, no, I appreciate that's for the provincial waterways. One of the issues there is, actually, on the environmental side. We do often run

into difficulties in getting the environmental approvals, which is one of the issues that, you know, we try to deal with at DFO. We've got a better relationship with DFO, I would say. Is it perfect? No.

And we're also obviously looking at our overall capital requirements. One of the issues that we're dealing with and overall challenge related to purchases, actually, back to our previous discussion, is really focusing on damaged bridges, you know, as well. So there are some complicating factors.

But, no, I certainly appreciate that the member's talking about some very specific situations on waterways. And that's the main reason, actually, really. The biggest problem is the environmental.

**Mr. Graydon:** I was under the impression that the relationship with DFO in today's world was much better than it was three, four and five years ago. Is that not the case?

**Mr. Ashton:** Better administratively. There's been a real shift. But the federal government has significantly cut back staff, so one of our bigger concerns now is—

**Mr. Chairperson:** Order. The time being 5 p.m., I'm interrupting the proceedings.

The Committee of Supply will resume sitting tomorrow morning at 10 a.m., with the understanding that this section will deal with the questions on EMO.

## FINANCE

\* (14:50)

**Mr. Chairperson (Rob Altemeyer):** Will the Committee of Supply please come to some semblance of order.

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

And a little bird has told me the minister would like to lead off with an opening comment, so—

**Hon. Jennifer Howard (Minister of Finance):** I just—if I can just ask the indulgence of the committee, I don't remember where it was yesterday, it could have been here, it could have been PAC, but I made a mistake on the record and I want to take the opportunity to correct it.

I think the question, some time yesterday, was about where and what piece of legislation was the extension of the time of the economic recovery. I think when I was asked that question I said it was in BITSA. I was mistaken. The time, the extension of time for the economic recovery, was actually in Bill 20, where that was extended to March 31st, 2016. So I just want to put that on the record.

**Mr. Chairperson:** We thank the minister for that correction. The floor is now open for questions.

**Mr. Cameron Friesen (Morden-Winkler):** When we concluded the Estimates yesterday afternoon, I was actually in the middle of a response and so I thought I would have opportunity to lead on it this afternoon, but I'll do that now.

I know at that time yesterday, we had been in the middle of looking at the Estimates of Expenditure and Revenue and I was on page 77, and we were having a discussion about amounts accruing to government from government business entities, including the Crown corporations and other government agencies and at the time that we had ended, the minister had just managed to put some false information on the record. And so I just want to make sure for posterity that we were clear that what I was doing yesterday was clearly asking her questions about amounts that were accruing to government and those are good questions to ask. They're important questions and questions that Manitobans deserve an answer for so I do want to indicate to the minister that when she does try to put words in my mouth, I'll be careful to correct the record so that we can all be clear about what we're talking about.

I do want to, also, just repeat my surprise to learn that the minister indicated yesterday that when it comes to Manitoba Hydro and a 1 per cent payment that accrues to government as a result of the fact that Manitoba government, in essence, facilitates the loans to the corporation, that there was in the minister's response—she said, there was no activity being done to develop, to plan, to look ahead and to consider the impact on the revenues of government of a capital expansion plan within the corporation which would be larger than anything that had ever been seen before and when we factor in the two transmission dams, the transmission line, a conversion station and now, also, a US line that is being built with—by the corporation, those payments that are accrued to government would be very, very large.

I wonder if I could ask the minister just one more time: Was she able to go away and discover any other information or does she stand by her statement yesterday that they've done no planning to think about what revenue would accrue to government as a result of a \$25-billion hydro expansion plan?

**Ms. Howard:** I did have some time to do a little bit of work on this issue and I have some additional information I think will help put this in context. One of the things I discovered is that this guarantee has been in place from Hydro when provincial government's borrow on their behalf since 1962-63. That's when it first came in to play. So that might be interesting to the member opposite.

And I—and looking over time, actually, between the time of 1989-90 and '98-99, the government of the day actually quadrupled the rate at which it charged that debt guarantee fee, and they saw the money that came in from that go up by six times in that time. So I think that kind of context might be useful for the member opposite.

But on his question, the way that this works is the provincial government borrows money on behalf of Manitoba Hydro because the provincial government can get a better rate on that money. The money that Hydro pays back in recognition of the interest that we pay and the debt-guarantee fee goes to reduce the public debt charges. That's where you'll find it in the budget, and so it isn't something that we put into the revenue projections. It isn't something that we plan on that's not part of the revenue projections. It is whatever it's going to be in that year and if we—but that's how it works. So it's not as the member's suggesting part of the revenue projections of government.

**Mr. Friesen:** Then just also to clarify, according to the information that the minister has provided, so the government is not in any negotiations or discussions with the corporation in terms of any adjustments to that 1 per cent amount should the debt of the corporation double as a result of a current indicated plan of expansion? And I refer her back again to the Auditor General's end report that was released yesterday. I'm on page 101 of the report looking at a chart that has to do with Manitoba Hydro consolidated borrowing requirements. And that chart shows that the amount of debt carried by the corporation would, in fact, double and—more between this year and even 2018—which is coming up fast—or I should say double from 2013 to 2018 and—as result of this capital plan.

So there are, at this point in time, no discussions about perhaps reducing the amount of that payment, so the corporation would continue to pay exactly at that same fixed rate for the benefit of having the government borrow money on its behalf. Could the minister just clarify that?

**Ms. Howard:** I would invite the critic to ask that question of the Minister responsible for Manitoba Hydro (Mr. Struthers). He'll have opportunities to do that I'm sure.

But I will say, you know, based on what I have observed in the past, the government of the day throughout the '90s quadrupled the rate that it was charged at. So I assume from time to time there are discussions about the rate, because when I look at it it went up by four times as much at the rate at which it was charged.

But I would say in terms of—I think what the member is asking, the—what is in the budget is based on the actual borrowings that's done on behalf of Hydro. It's not based on a projected borrowing. So that isn't part of—we don't forecast out based on their projections. We put in the budget what the actual rate is based on the actual borrowings of Hydro.

**Mr. Friesen:** I thank the minister for that, and I will look forward to actually going through the Estimates and asking the critic responsible there. But, of course, I think the minister would understand and agree that when it—when this amount is indicated in her own budget and is indicated in the Estimates of Expenditure as a negative amount, that means that it is revenue coming into there as a line item, 7.(b)(2), and so I would say there was a good case to be made that it is part of our discussions here and should be part of our discussions here.

But, in any case, I will move on at this point. I think probably now is as good a time as ever to perhaps revisit the issue that we had an opportunity yesterday at the Public Accounts to discuss, and the minister started this afternoon by talking about the balanced financial strategy and in particular about the period of economic recovery. We had some discussion on that yesterday at committee based on a response provided by the former deputy minister of Finance who was responding to an inquiry first raised at committee last year when the annual reports were last before the Public Accounts Committee. And the response provided by the deputy minister showed that the period of economic recovery had been defined as ending in 2014, March 31, and the minister has now corrected her statement from

yesterday indicating that, for whatever reason, the period of economic recovery has been redrawn by her government, that it was first indicated being a period of approximately three or four years. I'm not exactly finding the exact start date here on page 15 of the budget under that rationale, but, for whatever reason, it's now been extended by another two years. Now, of course, we both understand what the implication of that is. The implication is she's not required to make a scheduled debt payment during the time of the period of economic recovery.

My question for the minister, first of all, I guess—there's a few questions arising, the first question would be on what basis was the decision made to prolong the period that she defines as the period of economic recovery. What were the factors?

**Ms. Howard:** I'm going to start with going back to the question the member had been asking, and I'm going to refer him to page 77 of Budget 2014, and because I think it is important to understand the topic of borrowings on behalf of Manitoba Hydro and other organizations, so if you take a look at S7 there, you'll see at the top there's the amount of interest on debt, on capital assets, on other things and then that amount is offset by the amount that is paid from organizations for which the government borrows money, including Manitoba Hydro, Manitoba Housing and Renewal Corporation, Manitoba Agricultural Services Corporation. That's how that works. It is not, as the member suggests, free-floating revenue that just gets used wherever. It is used against the debt, and that is clear—clearly represented, I think, on page 77. So I just want to be clear on that for the member.

And on to the member—the rest of the member's question, yes, the economic recovery period was extended. It was extended through to March 31st, 2016, and it was very clear—clearly discussed in the lead up to the last budget. In the last budget, we spent many, many, many, many, many months discussing the piece of legislation that did that. So I'm surprised it's news to the member opposite. I don't know how much more debate we could have had that he didn't know about it, but I will talk about it now.

The reasons for extending the period of economic recovery, and I know the member doesn't believe in the great recession, doesn't believe anything happened, so that's fine, he's entitled to those delusions. But the truth is, and Minister Flaherty just this week in his farewell letter referred

to that period of time as the greatest economic challenge in the history of Canada since the Great Depression, and did refer to that time as the great recession. And the federal government at that time took a decision, as we took a decision, to provide stimulus funding to ensure that the economy didn't fall greater behind and that people lost jobs in great numbers. I know—I'm sure that was a difficult decision for that government to make. I'm sure Mr. Flaherty faced many people in his caucus and his Cabinet who said that wasn't the right decision.

\* (15:00)

We faced people who said it wasn't the right decision. In fact, the member for Tuxedo (Mrs. Stefanson) at the time said that wasn't the right decision, that instead of doing what every other government in the western world was doing by providing stimulus funding that, no, we should cut the budget by half a billion dollars in one year in order to achieve balance. That was their position then.

Then, we went into the election campaign, and the position that the member opposite campaigned on then was that the economic recovery period should be extended to March 31st, 2017. We didn't take that advice either, but we did extend it to March 31st, 2016, because, in our view, the alternative to that would've meant a few different options, any of which the member's free to support. It would've meant cutting deeply into the services that families count on. It would've meant throwing people out of work and prolonging the recession. That is what the experience of other governments who chose a path of deep austerity and deep cuts—that's what they're experiencing. Many of those countries have experienced what's known as a double-dip recession. Instead of moving into a period of recovery, they've actually deepened the recession.

So we made a different choice. In making that choice, we laid out a path and a plan to achieve balance in the '16-17 budget year. We continue on that path and on that plan. Budget 2014 gets us further down that road by investing in the things we think will create economic growth, like training for skills development, like infrastructure, but also responsibly looking at how we spend money as efficiently as possible. That is the plan that we're on. It is a plan followed by many, many governments around the world to deal with the effects of what was, in the words of Minister Flaherty, the greatest

economic challenge in this country since the Great Depression.

**Mr. Friesen:** So we're kind of pursuing two subjects at once, because the minister took the liberty to answer a question and then answer another question. So I'll do the same and I'll just address one thing she raised in her response, arising from page 77 of the Estimates of Expenditure.

So she's said I'm looking in the wrong place to see the amount accruing—I guess, the net amount accruing to the government as a result of the payments by Hydro. So, in the interests of being totally clear there, then, can I just ask her, then, what is the total amount accruing to government because of the 1 per cent arrangement on borrowings by the government? And what was that amount, just for comparison, for the last fiscal year and perhaps the fiscal year prior to that?

**Ms. Howard:** I'm happy to provide that information for the member. We'll get it for that and we'll provide some comparative context for him.

**Mr. Friesen:** And if the minister does not—can the minister actually confirm that they don't have that information available to them at the Estimates table this afternoon?

**Ms. Howard:** I want to provide as complete information as possible. I think that's what the member would expect, so we'll take the time and make sure that we have the complete information for him.

**Mr. Friesen:** I think the minister will acknowledge that I always want to check things when she says she's happy to provide it, and I'd be happy to receive it. I guess I'd also be happy to receive it as soon as it's available, so I wonder if the minister could confirm that she would be able to provide that information in the context of the Estimates in the coming days, prior to these Estimates closing.

**Ms. Howard:** As soon as I'm satisfied I have the complete information for the member opposite, I'll be happy to provide it.

**Mr. Friesen:** And I'm an optimist, so I'm going to assume that's a yes.

The other part of my question, though, had to do, then, with the other part that the minister was bringing up, and that was about the period of economic recovery being expanded—increased by two more years. And I wanted to ask the minister,

then, if she could indicate, what would've been the indicators of economic decline upon which the decision was undertaken by Treasury Board, or wherever the decision was made, to, indeed, make the decision to include that as part of Bill 20 and extend the period of economic recovery? Where were the indicators of economic decline?

**Ms. Howard:** Well, I mean, I just—I can—I know that the member opposite—I respect his intelligence. I can't believe that he honestly does not believe that there is a recession in 2008-2009. Like, I just—I'm having trouble accepting that. Do you honestly not believe that that happened, because I can provide and table evidence to it if that's what you require, but it seems to me, if we can't agree on some basic facts, and that is that there was a recession, that that created a downturn in the economy, that it created challenges all over the world, including Manitoba, it's going to be hard for us to proceed. I mean, we can continue to—I can continue to try to prove to you there was a recession, but it's kind of like trying to prove to you the sky is blue. If you don't accept some basic fact, we're going to have some difficulty.

I would say, throughout the country, growth was slower than expected. The recovery has taken longer than expected, not only in Canada, but certainly, I think, that's also been true of the United States. It's also been true in Asia. It's certainly been true in Europe. When we sit down and meet with economists and people like the Governor of the Bank of Canada, they also express this, that the recovery is taking longer. We are in a period of recovery, but the other thing that is expressed is that you want to be very careful not to provide damage to that recovery by doing things that destroy jobs, by doing things like cutting deeply into public services, by ending or freezing or stopping any kind of capital construction. In countries that have followed some deeper austerity, they have experienced protracted and prolonged difficulties.

So, when we saw that the economic recovery was taking longer, not only in Manitoba, but in all provinces and in the country, we knew that the choice we had was to either make deep and drastic cuts to the services that families count on, services like health care, services like education, or the choice that the previous government made to stop building any kind of health care capital. Those were choices that we believed weren't right for Manitoba families, but also would have run the risk of either throwing us back into a recession or prolonging the recovery even longer.

So we decided, on that basis, that we would continue to manage the deficit, continue to fund the services that Manitobans count on, continue to look for ways to spend more efficiently, and that we would bring the budget to balance in '16-17. We would do that in a responsible way, without the kind of deep cuts that hurt families and that, frankly, hurt the economy. That's the basis upon which we made the decision.

**Mr. Friesen:** Mr. Chair, I know that the minister and I, you know, there is no dispute around the fact that there was an economic downturn globally, but the minister seems to get very edgy—the minister seems to get very edgy—whenever we ask any questions about the Manitoba situation. And we can understand why she would be that edgy. She wants to very carefully steer around any talk about the indicators of downturn in the provincial economy. I remind her the economy for which she has taken the responsibility, because we would assume that, if there was a decision made to enact a period of great concern and call it the period of economic activity, there would be factors in there, factors that would have been considered at the highest level of government, factors that would include perhaps a sharply rising interest rate. Perhaps those factors would have included sharply declining federal transfer payments, and perhaps those factors would have included sharply declining revenues by government.

But I want to turn to page 20 of the budget and direct the minister there because, when we actually examine the actual revenues accruing to government for the period of time that she is talking about, we don't see the evidence of those declining revenues. As a matter of fact, what we see is steadily increasing revenues. Now, if I look at the income tax revenue generated by government for the fiscal years ending '10, '11, '12, '13, we see, without exception, increases to those revenues. If I examine the next line of the revenue and look at other taxes, we see steadily increasing, not declining, for no year, neither '10, '11, '12, '13, do we see a decline in revenue. Rather, we see an increase in revenue. As a matter of fact, even from '12-13 to '13-14, we see that from the actual to the forecast there's an 11 per cent projected increase in other tax revenue.

\* (15:10)

We see the same thing in fees and other services, and we see the same thing in federal transfers, that

there is no loss of revenue that is significant. It is all increasing or very slightly adjusting.

So I know the minister would—you know, gets a little bit chippy about this subject. And, of course, you know, you bet, when we look at the world economy, we saw some economies that were in real trouble. We saw economies like Greece—*[interjection]* Yes. We saw economies like Ireland and Spain. But the minister tries to put herself in the same category. The difference, of course, being is she did not have control of an economy that was experiencing a downturn according to any of the fundamental indicators of the financial performance of the economy.

So I just want to ask her again, in terms of trying to generate a rationale to justify what she calls the increase or the expansion of the period of time known as the general—or, I should say, the period of economic recovery, what were the indicators of downturn—not federally, not internationally, but in the province of Manitoba?

Here's a Finance Minister sitting on—presiding over rising revenues, steady interest rates. She told us yesterday at committee—or it was shared at committee yesterday that the interest rates on all the debt are very consistent, very well thought out, no surprises there, and the federal transfers payments were going up. As a matter of fact, there were commitments. There was even increases to the health and the social transfer.

So on the basis of all that, what were the factors considered around the table of those most seniors members of government that led them to know with certainty that they had to increase by two years the length of time under the economic period of recovery?

**Ms. Howard:** I'm amazed, it's—I thought we would be here weeks and weeks and weeks trying get the member to agree that there actually was a recession, because not three or four days ago in the House—and I will pull the Hansard for him—he acted like I had said that something completely unusual had happened, that he'd never heard of it when I talked about it. He scoffed that there had been such a thing as the recession. So today, thankfully, he has admitted that there was actually a recession. So I thank him for that. It's not easy to admit when you're wrong, and I thank him for finally letting go of his absurd point of view that there was no recession.

And then, I mean, I guess I have to challenge his perception that Manitoba somehow is alone and an island and insulated from the effects of the global economy. That just isn't the case. Manitoba is a place that trades with other countries, with other provinces. So what happens in other countries and other provinces affects us here. When we saw the downturn in the housing market in the United States, there was less demand for things like windows and doors. That affected the economy here. That affected employment in the manufacturing sector. We're still seeing softness in the manufacturing sector.

And when we went and heard from the governor of the Bank of Canada this is something that has been seen throughout the country, that those manufacturers throughout the country that you would have expected during a period of recovery would be investing, would be finding new production methods, would be developing new machinery, that hasn't happened the way that anyone would expect. And the governor of the Bank of Canada, in the discussion, didn't have an explanation for that. It is something that's happening throughout the country.

So I think when we became clear, looking globally, looking throughout Canada, knowing that Manitoba is in Canada and trades with other provinces and trades with other countries, when we saw those economies softening, when we saw that growth had not returned to where it was before the recession—which now the member opposite agrees happened—when we saw that that hadn't happened the way that anyone would expect, we believed that the right course of action was to continue in the period of economic recovery so that we would be able to continue the investments, not only in public services that families count on, but so that we would not be making the choices that I know the member opposite embraces—to fire people, to cut services, to stop building and to throw the economy into deeper, longer, greater recession.

Now, the member opposite says that he looks at the books and he doesn't see that there was a decline in revenue. And I would say that the fact that Canada fared better than many countries through that recession, the fact that Manitoba fared better, is because all governments—the federal government, provincial governments—made a decision when the recession hit to go into deficit in order to invest in stimulus. And if you look at the charts that show employment during that time period, you will see that that decision meant that people kept their jobs. Some people still lost their jobs, but far fewer people

than would have happened if we had done what the members opposite suggested at the time, and not done nothing, not invested in stimulus and instead cut half a billion dollars from the budget.

So yes, Manitoba fared better than many places in the world through the recession. Canada fared better than many places in the world through the recession. And I give full credit for those decisions to the federal minister who made a very difficult decision, I'm sure, in a caucus that was ideologically divided on going into deficit, that that was the way to preserve Canada's economy and our economic place in the world. And we made that decision also. And when we saw that the recovery was taking longer, we decided that we should also take longer to recover, that we should avoid causing a shock to the economic system, prompting layoffs and prompting a deeper and longer recession.

Now, the member opposite says, well, you didn't see rising interest rates, and that would have been a sign that the economy wasn't good. Very much the opposite, actually. If interest rates were rising, that would be a sign of economic growth, in fact. The Bank of Canada's interest rates are low, and we have nothing to do with that or no influence on that, but it is an indicator, when you look at the low interest rates, that economic growth has not come back to where we would've hoped or where we would have expected to. And interest rates remain low because a recovery is taking longer. That is the fact. It's the fact throughout the country, it's the fact in Manitoba, it's the fact throughout the world.

**Mr. Friesen:** The minister, of course, indicated earlier that the period of economic recovery would have began, I think she had said, in 2010 or 2011.

So my question for her, then, is, knowing that a debt repayment amount is not required during the period that her government has made amendments to the act and indicated as a period of economic recovery: What was the debt repayment amount made by government in the year prior to the beginning of this period of time indicated by government as the period of economic recovery?

So in the last year of the debt repayment being made, what was that amount made by government?

\* (15:20)

**Ms. Howard:** Well, first of all, I want to just correct the record for the member. Payments to the debt continue to happen during the economic recovery period. They don't happen from the debt recovery

account, they happen from the fiscal stabilization fund.

And I will go on to explain that, but in terms of debt payments before the period of economic recovery was pretty consistently around \$100 million, but in '08-09 it was \$110 million and then in '09-10, when there was indeed a crash on Wall Street, the contribution that year was \$20 million.

Then, of course, the economic recovery period started, and in that time, I can refer him to page 15 of the budget and budget papers—I can give you a chance to—page 15 of the budget and budget papers, if you look in the second paragraph there, talks about, that during the economic recovery period there was a legislated requirement to dedicate at least \$600 million of the balance in the fiscal stabilization account to the amortization of increases in the general purpose debt, and that has played out in the following way.

There's, from the debt retirement account, withdrawn in 2010-11 to repay \$145 million of debt; for the \$460 million coming from the FSA for both debt and interest; \$96 million in 2010-11; \$124 million in 2011-12; \$140 million in 2012-13; \$100 million for 2013-14. This budget provides for an additional debt payment of \$55 million for a total payment of \$515 million during what we would define as the economic recovery period. And with the projection that we'll balance the budget for '16-17, that's when schedule debt payments for general purpose debt will resume.

**Mr. Friesen:** I thank the minister for her answer. It wasn't really the answer I was seeking, of course. I know the information on page 15 and, of course, within the period of time that the government has defined as their period of economic recovery, they have set their own rules for how they would make some payments.

The question I had asked was, prior to the period of economic recovery, when there were still amounts that were supposed to be going into the debt retirement account, and I believe that that account is collapsed on a five-year basis, I wonder if she could confer with the deputy minister seated beside her and then indicate, prior to this period, when last the debt retirement account was emptied over a—after a five-year period, what was that amount made? And I'll actually give her another task at the same time just because it will be my next question, so we'll do two-for-one special here, and that is, will—I'm going

to ask what the payment would have been prior to the commencement of this period of economic recovery, and what the department anticipates the payment would resume being in the first year after the end of the fiscal—or the period of economic recovery, if it would not be extended again by this minister.

**Ms. Howard:** I'm just going to wait for the member's attention because I did answer the first part of your question but you were busy talking to somebody when I was doing it. So, I'll do it again, and if I can have your attention this time then you'll hear the answer.

So, if you look at B3, well you probably don't have Budget 2013 in front of you—but if you had Budget 2013 in front of you, you would see in the summary of account fund activity there, the table shows what the contributions to the debt retirement account have been since '99-2000. And I can read them each out for you. I did put it on the record, but I'll read it aloud. So the contribution to the debt retirement account in '99-2000 was \$75 million, that was the year, one of the years, that there was a transfer for general purpose debt reduction, so there would have been a transfer of \$305 million in that year. In '00-01, there was a contribution of 96 million, and in '01-02, 96 million; in '02-03, 96 million; in '03-04, 96 million; in '04-05, 99 million.

In '04-05 was another five-year time to transfer money over, so there was \$202 million transferred for general purpose debt reduction. In '05-06, there was a contribution of 110 million; in '06-07, 110 million; in '07-08, 110 million; in '08-09, 110 million. That's when we had the crash on Wall Street. And then we have '09-10. There's a contribution of 20 million. In '10-11, there's a transfer for general purpose of debt reduction for \$145 million.

In the legislation that lays out the economic recovery period, there is part of that legislation a requirement to put forward \$600 million from the Fiscal Stabilization Fund to go towards the amortization in general increases in debt. Now we have been making those payments every year throughout the economic recovery period, which so far amount to \$515 million.

**Mr. Shannon Martin (Morris):** Minister, a point of clarification.

I believe you had indicated that the debt repayment schedule resumes in fiscal year 2016-17.



**Ms. Howard:** Yes, that's what's in the legislation.

**Mr. Martin:** So what would the—I would assume the minister's office has done some modelling in terms of the time frame for repayment based on the return of the debt repayment schedule in 2016-17.

**Ms. Howard:** So I believe the formula for the payment is in the legislation, and that would have been the formula that would have decided the amounts that we were talking about.

Now, because, of course, we made a decision not to cut services, to instead fund those services, not to lay off people, not to take the risk of going deeper into recession, that meant that in Manitoba, like other provinces, like the federal government, we incurred deficits.

It also has meant during that time that we've invested in infrastructure building, which also adds to the debt. So, based on the formula, I would expect that the debt payment, when they resume, would be larger than the \$110 million that it was in the year—the last year that we were able to make that contribution.

**Mr. Martin:** To the minister, I mean, 2016 isn't that far away. I mean, surely the minister has some idea what the debt repayment is, I mean, other than just I assume that it will be larger. I mean, that's not—I would think that the department would have a better grasp than on some general assumption that it's going to be a bigger number.

**Ms. Howard:** Well, we can go back and provide you with some more information, but you're asking really for a projection on a projection, right? I mean, the formula will be used to calculate the payment based on the debt as it stands when we resume making these payments in 2016. So I could provide you a projection based on a projection, but the formula is based on an actual number, and that actual number will be known in 2016.

So that's the—I think that's the challenge that we're having providing you a definitive answer, but I can see if there's a range that we could provide you.

\*(15:30)

**Mr. Martin:** I appreciate the minister undertaking that. Can—and I appreciate that until 2016 when repayments start that are we dealing with assumptions to a certain degree, and then when those actuals begin in 2016 will the government be able to share publicly, then, an end date for the retirement of the general purpose debt as well as the fully funding of

the unfunded—or the—sorry—the, dealing with the unfunded pension liability? Again, I believe the last publicly known dates of the government, maybe it was around—it was the 2002-2003, and that was 2032 for the retirement of the two respective debts?

**Ms. Howard:** I—we've got a lot of paper. I do not have the 2003 budget here in front of me, so we'll go back and take a look at that. But this budget, of course, does have a commitment, you know, for the government to reducing debt over time with an ultimate goal of taking care of the debt and the unfunded pension liabilities

But I will say to you that while that is a priority for the government, there are other priorities for the government as well. We also have the priority of making sure that we're able to fund services like health care and education that families count on, and that's why we've made the decisions that we've made in the past years. It's also a priority for us to ensure that we're investing in the things that we believe are going to lead to economic growth and those things include the infrastructure plan that we have announced and that we are building some of those projects in the member's opposite constituency. And we're also investing, as we heard today, in developing skills so people have the skills to take those jobs.

I know the members opposite I'm sure were paying close attention in question period when the Minister for Jobs and the Economy was talking about the move we made today to expand tax credits for companies that take on apprentices, something that we heard clearly from employers they wanted so that they could take on more apprentices and so that it could be easier for them. We also today committed to a thousand-dollar bonus for people taking on apprentices.

So debt absolutely is a priority. The pension liability is a priority. I know the member opposite will know that it is actually this government that started to address the pension liability in a real way and actually took the pension liability and put it on the books so that people could see that that wasn't the practice of the former government.

So we will continue to work towards that. I'll go back and check in the 2003 budget. But I will say reducing the debt, paying down the pension liability is a priority and there are additional priorities for this government and those include the decisions we've taken to protect services for families, to protect jobs, but also to continue to invest in economic growth.

**Mr. Chairperson:** I have two honourable opposition members with their hands up.

So who's going?

**Mr. Martin:** I appreciate the minister's clarification, and the issue isn't so much the original date for retirement of the general purpose debt and the unfunded pension liability as identified in Budget '02-03 of 2032 would change. It would—the indication was that the minister said we will be dealing with actual numbers in 2016-2017 when the debt repayment schedule resumes, and if at that time the government will make available an end date in terms of where they see the general purpose debt and the unfunded pension liability being addressed when we're dealing actuals.

I appreciate the minister's earlier comments about assumptions on assumptions; I'm talking about the actuals that the minister identified that will occur in 2016-17.

**Ms. Howard:** Yes, and I want to take the time and go back and look at the budget of 2003 to see what it says. I don't have that here with me, and I would say when we have actual numbers in front of us in 2016-17, I invite the member to ask that question again.

**Mr. Friesen:** Mr. Chair, I wanted to just, to make the comment, if I could, off the top, that a little while ago, the minister referred to the idea of saying what the debt payment might be in 2016. That would be a projection of a projection. It strikes me that as a government who said that in this fiscal year that they would arrive at a surplus, that's not going to happen. As a matter of fact, she's off the mark by about \$400 million, and now she's pointing to a new point in time at which she would make the target of reducing the deficit of the province to 2016. It would strike me that that would be a projection of a projection as well, and based on the record of the minister when it comes to these things, I'd say that we look forward to her getting that number back to my colleague.

I do want to direct the minister to her own budget and budget papers. I'm on page number A1. It's under the introduction, and just earlier, I was asking the minister to provide the rationale. Now, we're not going to belabour the point about the rationale. If she cannot point to specific indicators that were considered by the most senior members of government in advance of their decision to extend and prolong the period that they call the economic

recovery, that's fine. That's her decision to do so. I would maintain that her decision does have incredible implications for Manitoba.

But I want to make clear for the record that while she wants to quibble about the start of the economic downturn globally, no one's quibbling about that. And you can see on the own chart—on her own chart, look how it works there. And I invite the minister to focus, because she seems to be getting distracted by her peers, but if she wants to follow along, she has a chart there that shows that in 2008, there was a certain amount of GDP growth performance.

Now, the snapshot in time that I pointed her to was 2013, because we'll all remember that Bill 20 was before the Legislature. I know she remembers this. Considerable debate that went through the summer, into the fall, the final vote taking place in December of just last year. It is at that point in time; it was during that budget's debate that the decision was undertaken by this government to extend the period of time that she is referring to as the period of economic recovery.

Now, I want to take her to that document and on that page. The subtitle on that page is steady economic growth in an uncertain global environment. I want to remind the minister that the first explanation given is this, that the Manitoba economy has remained steady in an uncertain global economy. I also want to refer her in the same paragraph where it says, modest and stable growth. I refer her to the bottom of the page, where it showed that the annual percentage change in real GDP growth for Canada was 2.0 in 2013, and turning the page, it indicates that in 2013—I'm in the third paragraph—that Manitoba's exports to the US increased by 11.4 per cent in 2013. That is, of course, our greatest international trading partner.

At the bottom of the page, and in the bottom line, it says in real GDP terms, growth expanded by 2.0 per cent in 2013. Across the page, on A3, it says, under Manitoba economy in the fourth—third paragraph, the province's real GDP expanded by 2.4 per cent.

The point I make, Mr. Speaker—or Mr. Chair, is that the minister was saying how bad things were—not in 2008, but in 2013. When her government made the decision to prolong this period of time, and I—she even used the word this week in the House of the great crash. Now, I always thought that great crash referred to the great recession in the last

century, but now she referred to a great crash that—she's said it happened now.

I even noticed at the top of that page A3—this is the rationalization of her government. This is her budget document. And it even says at the top of the page A3, Canadian labour market has been steady.

So, Mr. Chair, the reason I take this time to enter this information into the record in the context of these Estimates—because the minister was saying how bad things were. But, according to her own indicators of economic performance, things weren't so bad.

Now, there's a difference between 2008—she is saying—she is saying—her argument is, on paper, things weren't so bad. But then she says, but things actually were so bad that we actually extended the period of economic recovery.

So, you know, at the risk of belabouring the conversation, I'll just ask the minister again, was it that things were so bad, or was it that things were so good, and why, in 2013, when she says in her own document things were looking up, would they then start saying things were getting worse?

\*(15:40)

**Ms. Howard:** Well, Mr. Chair, I'm sure there's a more productive way to use our time, but it is the member's opposite time, and we can continue to argue history if you like.

But I will quote for you from the farewell message of the federal Finance Minister, who I know the member opposite has expressed admiration for. I also think that he is a good public servant, and I wish him well. And he—now, I know the member opposite just said that the great recession happened in the last century.

But I'm going to tell him that what Minister Flaherty has said and what is accepted—the accepted view, really, by all economists that I have ever spoken to is that the great recession happened in 2008-2009. And, in fact, in his statement, he says—he talks about the large deficit we agreed was necessary in Budget 2009 to 'compat' the great recession. He also talks about this as the deepest economic challenge to face Canada since the Depression of the 1930s.

Now, if you want to look at the budget documents that the member was just quoting from, I will refer him to the statement International and Canadian Economic Developments. And five years

after the great recession—which, I assure him, the staff that wrote this didn't make up, that actually happened—global economic conditions remain tenuous with emerging market economies slowing and advanced economies gradually improving. We are in a period of recovery. That is what the legislation says. It's a period of recovery. During a period of recovery, I would expect that things would improve. Things have been improving gradually and more slowly than expected, not only in Manitoba but throughout the country and throughout the world.

And so we were faced with a choice. In the midst of a recovery which was ongoing, which, there were clearly indications from around the world, was happening more slowly than expected, that we could make a decision. We could decide that we should do what the members opposite have suggested, that we could cut the budget by hundreds of billions of dollars while we were in the midst of economic recovery, running the risk of throwing the economy back into recession, taking the advice of members opposite to lay off people, not only in the public service, but to stop investments in infrastructure, to stop building, so that you would also see job losses in the construction sector and all of those other sectors that depend on those jobs.

We didn't take that advice. And I imagine that we will probably argue about our philosophy on whether it was better to do what every other province and every other country did and incur a deficit in order to protect jobs, or whether it would be better to do what the members opposite would do, which would be to cut services, to cut jobs, to lay off people and to run a greater recession.

But I do believe that even recent history—I mean, if you even look at the graph that is on page A1, you will see that during that downturn in '09, where Canada lost jobs in a much greater rate than Manitoba, that is because both governments made a decision to go into deficit to invest in stimulus funding.

And then through the recovery period, which has taken longer—I will endeavour in the coming days to bring and table for the member the words—and I know my staff may shudder to hear it, but I'm going to ask them now to look up, so I can provide to the member, research that shows that the economy globally, that the economy in Canada, that the recovery period is ongoing. And I will provide that for the member so that he can do that kind of reading. But we believed that the recovery was

ongoing, that we have not yet fully recovered from the effects of the recession.

That's not to say things were getting worse. That's what we were seeking to avoid. If we had taken the advice of the member opposite, you would see a very different picture in these numbers. You would see an economy that had been thrust back deeply into recession. You would see job loss. You would see a much higher unemployment rate, and you would see Manitoba families suffering the effects of cuts to public services.

That's not the advice we've taken. And it doesn't really matter how many times the member opposite suggests that that's the right path, that's not the path that we're going to take. We are going to take the path to responsibly balance the budget, to invest in the economy, to see sustained and steady growth, which is the path to economic recovery. That's the path that we have chosen, the governments of many different political stripes have chosen.

I shudder to think what would happen in the future if there is another recession and the member opposite was in charge of deciding how to deal with it. Would he honestly really take his own advice and stick his head in the sand and pretend that nothing was happening while he watched families lose their jobs, lose their livelihoods, perhaps lose their homes? Is that really the viewpoint, or can he not stretch his ideology a little bit, as the federal government had to do, and see that there is another option?

You can invest to protect jobs, to protect the livelihoods of families while you responsibly get back to balance. I think that's the decision that we took because it was the right decision for Manitobans. And I know he would take a different decision, and we can continue to have that debate, but, you know, if he wants to—yes, things were—things have been improving in Manitoba, I agree; there has been steady growth in Manitoba, I agree. Now is not the time to risk that with the advice of the members opposite.

**Mr. Friesen:** And, you know, speaking of stretching your ideology, it's—I find that an interesting comment to make from this minister, because if she would stretch her ideology, she would understand, going back to the previous questions, that when she doesn't make her targets to reduce deficits, when she doesn't make her targets on the schedules that she indicates to make payments to debt, these things have a real impact. And it's about people. The other day she said it's really about people, and if she would stretch her

ideology, she would understand that these things have implications for Manitobans who pay more.

But I neglected to point out before that when we were having the conversation about debt payments, in order to have a fulsome conversation, it bears mentioning, of course, that at the same time that the minister referred to payments through the fiscal years, I believe, through five-'05 through '09, and I believe she indicated debt payments equalling probably just a little bit more than \$540 million at this—in the same period of time the government added \$10 billion of debt to the province of Manitoba. So, in the interest of having a fulsome discussion, I know that that was a comment the Auditor General had made yesterday at the Public Accounts meeting, where she said, well, it's a little funny to be talking about payments, either made through the fiscal stabilization account or the debt retirement account, when really what we're talking about is debt that has continued to be added to the coffers of government. And, of course, she made those comments in her report released yesterday, when she talked about the necessity for government to set targets and then to measure results against those targets. And those are things we must bear in mind, regardless of ideology.

So—oh, and I should say this as well: I noticed, looking around the room, that we had the staff members from the Department of Finance here, and I was a little sorry about that, because I know that yesterday we had had a brief discussion at the start of Estimates, and I'd invited the minister to see me afterwards so we could agree on, perhaps, a way to proceed. So I think that the minister and I should agree, just after the conclusion of Estimates today or however we can, we will try to do this in an efficient manner to make sure that as we're having our discussions, we'll plan ahead as best we can and then allow people to also be directed to, I know, the work that they want to do besides just sitting here and following these scintillating conversations that we are having about debts and deficits and budgetary expenditures.

I want to turn my attention to the issue of tax in Manitoba. I'm looking at page 20 on the Budget 2014, and I'm looking at the Manitoba summary of financial statements. And we were talking before about revenues accruing to government. I wonder, in lieu of the fact that last year the—you know, the Province, of course, undertook to raise the personal sales tax in the province of Manitoba to 8 per cent, effectively hiking the tax by more than 14 per cent,

I'm looking comparatively between jurisdictions and understanding that we pay much more income tax than provinces around us. I wonder if the minister would indicate in these departmental Estimates, does she have a goal to reduce income tax levels in Manitoba?

\* (15:50)

**Ms. Howard:** Certainly, our goal is to keep life affordable for Manitoba families, and that happens through many ways. I will say for the member opposite, I appreciate the reminder that we should talk about who we want here when. I don't know how it slipped our mind. We spent 11 hours together yesterday. I don't know how we didn't do that, but it's a good reminder, so let's do that.

When it comes to affordability, there's many things that go into affordability. Certainly, tax is one of them, and so in our time in office, we have reduced personal income taxes. We have reduced corporate income taxes. We have reduced—we have increased property tax credits, which means that people see a reduction in the amount payable in their property taxes. We eliminated entirely one education property tax. We've increased the basic personal exemption. Those things together have saved Manitoba families and businesses just over a billion dollars in taxes that they would have paid had we not made any of those changes.

Certainly, I understand that Manitobans are always interested in more affordability and us trying to do better on taxes. This budget we do begin to make the move to provide seniors with even more property tax relief. This will mean, for some seniors who are now eligible for up to \$1,100 in a property tax credit, they'll be eligible for a further \$235 this year. That will continue next year and will continue the year after that.

So we have tried in many ways to make changes to taxation that we think have reduced income taxes. Business tax is a very good example. We know that many, many businesses in Manitoba are small businesses. In fact, I think 80 per cent of businesses in Manitoba, about 80 per cent, have profits lower than \$425,000. That's why we became the first government in Canada—and, so far, the only government in Canada—to reduce that small business tax to zero, and that has remained at zero.

So that means, for example, let's take a small business that's earning \$500,000 in income. This year, that small business will pay about \$9,000 in

tax. In 1999, that small business paid \$63,000 in tax, and that \$9,000 that that small business will pay is the lowest in the country. It is the lowest in the country.

So we have made changes to taxation that, I think, in terms of income taxes and other taxes, we've made those changes. I'm always interested in how we can continue to make life more affordable for Manitoba families. At the same time, we do need to ensure that we can provide the services that Manitoba families count on. So, in this budget, you do see another commitment to tax relief, property tax relief for seniors.

We've also talked about tax credits that are rolling out this year, which will also help businesses who are hiring apprentices. We've also provided increases to the tax credits that investors are eligible for when they invest in enterprises, in small businesses throughout Manitoba. So we are continuing to make strategic moves on taxation, such as the seniors' property tax credit, such as the apprenticeship tax credits in this budget, at the same time ensuring that we can provide those services that Manitoba families count on.

**Mr. Friesen:** I thank the minister for that answer. I almost called her the deputy minister, but that's because, you know, we were in Public Accounts so late last night. I always say the difference between Estimates and Public Accounts is that for Estimates, I look to the left side of the table, and for Public Accounts I'm looking at the right side. There's a few other differences as well, but that's at least one notable one.

I did want to make the comment as well that it was very nice to have the new deputy minister at the table last night, and surrounded by his staff and under a pile of paperwork, and it was a helpful exercise for us. I know on this side, we had a greater understanding leaving the room, in terms of some ways in which we report the finances, because we all want to get better at this and understanding and we all want the documents to be comprehensible to Manitobans as well. And I appreciated the deputy minister's comments about being also committed to that goal, to say we want to make sure that these things are understandable in their forms in which they're presented.

The minister made the comment about affordability, and I appreciate that this is an area of concern for her too. It's an area of concern for us as well. And I know we've had plenty of time to debate

on an ideological level, the increase of the tax, both in 2012—shortly I got—after I got elected. I know in my first year in the House, coming into the Legislature in the fall of 2011, it was only in 2012, in the spring, that the retail sales tax was expanded. And then, of course, again in 2013, the government began to collect the provincial sales tax at an 8 per cent level. And, of course, we know that together, those two tax increases now afford the government anywhere between 450 and 500 million dollars a year in revenues—in government revenues.

But, in addition to that, when she talks about affordability, I did a little analysis here, and noticed that really in the fiscal year ending 2013, the government collected over \$150 million more in income tax than the year previous, and again, in the 2012 year, they had—oh, no, I should say, and now they're estimating to collect approximately another \$150 million more in income tax than that year.

So we know that the revenues accruing to government as a result of income tax are going up. It's not just other taxes in that line; there of course, we're seeing a large, large increase. As a matter of fact, from 2012-13, actual to the forecast 2013-14, there was a—the forecast was 11 per cent.

But I want to ask the minister specifically about income tax. And first—I guess my first question would be: what rationale can she provide for the fact that the income tax collected was \$150 million more in both of those fiscal years?

**Ms. Howard:** You just tell me again which fiscal years you're looking at here?

**Mr. Friesen:** So, just to clarify, I'm seeing here that in 2013 the government collected approximately \$150 million more in income tax than the year previous. And this year the government is estimating again to collect \$150 million more, give or take, than the last year. And I'm wondering if the minister can account for that increase, and just explain where that increase comes from.

**Ms. Howard:** So I think, you know, the—we were seeing the same thing that the rest of the country is seeing during the economic recovery. And you would expect during an economic recovery to—*[interjection]*—well, no we're in a recovery. I think I've been clear on that point: we're in a recovery. You're not either recovered or not recovered. There is a period of—I'm sure the member for Charleswood (Mrs. Driedger), who has some health-care experience, could explain the concept of a recovery

period, where you improve, hopefully, day over day over day. I'm sure that that could be explained. But, anyways, I know we don't want to continue down this road.

In the period of the recovery, we would expect—we would hope that, as the economy is recovering, people would get jobs. People get jobs, they pay income taxes. We would hope in that period of the recovery, people's incomes would go up. When your income goes up, you pay additional taxes. We have seen, of course, in Manitoba—and the member knows this well from his own part of the province—we've seen an incredible growth in the population. As the population increases, you have more people working. Those people pay taxes. The revenue from income taxes increases.

\* (16:00)

We also know that in this income taxes as well is income taxes that corporations pay to Manitoban—to Manitoba, on their profits over 400 to 425 thousand dollars. As the economy is recovering, businesses do better. As they do better, they make more money. When they make more money, they pay more taxes.

If you look at that top line there on page 21, you'll see the percentage change at or around 5 per cent for the last few years. I'm told by my officials that is in line with what other provinces are seeing and what we're seeing nationally. So that is what to account for that. That is in the same period of time—I think, the members opposite—that those income taxes were actually reduced because the basic personal exemption was raised both in Budget 2013 and in Budget 2014. So the increase in taxes, especially coming from personal income taxes, would've been moderated by the increase in the basic personal exemption. But I would say the increase in revenue is a result of more people working. Those people who are working making more money, an increase in population, businesses doing better, it's what we would hope to see in a recovery.

If the member looks in 2009-2010 when the entire country including Manitoba was plunged into the recession, you would see an actual drop in taxes. That's what we would expect to see during a recession. We're not currently in a recession, we're in a period of recovery. So we would expect to see those revenues begin to grow.

**Mr. Friesen:** I thank the minister for that response.

It's interesting to me, too, because we won't continue to quibble about the economic recovery

period. But I do note that it was interesting to note looking at that same page 21 that in the fiscal year ending '10-11 that there would be a 10 per cent increase in income taxes, exactly what she would start as the commencement of that period.

But my real question for the minister has to do with this. Can she just confirm, then, that none of the increase in income taxes are a result of any upward adjustment in the income tax rates assessed against wage earners? Can she confirm that?

**Ms. Howard:** Well, first of all, I just want to take the member, you know, his statement—jeez, it looks like such a tremendous increase there in 2010-11. So when you start from a negative number in 2009-2010 and you have even a modest increase it will look like a big number. If you have six apples and you give me all those six apples, then you have zero apples. If I give you three apples back, you don't have 300 per cent more apples than you started with, you have half as many apples as you started with. So when you start with a negative number and there's a gradual increase, that percentage increase is going to look very big indeed.

But I just want him to really accurately portray the numbers. When you have in 2009-2010 a decrease of 6.4 per cent and then it modestly goes up in 2010-11, that percentage increase is going to look like a big increase. Just before, you know, the member applies the—this sort of—I don't know what it is, new math—to other things throughout the budget, I should tell him that he will find—similarly, if you're comparing some expenditures to 2011 you will find a similar thing happening, because in 2011 was the flood year, so some expenditures were much, much higher in that year. If you look the following year, you would see the expenditure is lower, which is what we would expect.

So, when you have an event that happened in 2009-2010 when there was the crash on Wall Street that I think we have talked about, and we went into recession, we did see a decrease in taxes.

The economic recovery started the following year in large measure because all governments across the country, the federal government included, the provinces, took a decision to go into deficit to provide stimulus funding, and that's why you would see taxes go up.

But to the member's other question, the increase in taxation is not due to any changes to personal or corporate income taxes. In fact, in that time, personal

income taxes would've been reduced because the basic personal exemption went up during that time. And corporate tax, I believe, would've been reduced because the threshold was raised from \$400,000 to \$425,000. So in fact, there were tax reductions during that time period, not tax increases.

**Mr. Friesen:** I think that minister for eventually winding around to getting to my question after her considerable preamble.

But I want to ask the minister: Could she comment on the basic personal exemption? The government made a pledge in that fiscal year, the one that has just ended, to raise the basic personal exemption amount by \$250. What would be the impact or what was the impact on the income tax generated for the Province of that commitment?

**Ms. Howard:** So this changes the basic personal exemption. The \$250 a year, in one year, that \$250 amounts to tax savings for Manitobans of \$19 million, and it removes about 5,500 taxpayers from the tax rolls.

Now we made that move four times for a total of a thousand—raising the basic personal exemption \$1,000, so in total, that would have saved Manitoba taxpayers \$80 million and would have removed about 22,000 Manitobans from the tax rolls.

**Mr. Friesen:** I thank the minister for that—the answer. I know that we are finding our stride now because now we're really picking up some steam here in terms of answers and questions.

I did want to ask the minister additional questions about the basic personal exemption because it's an area of interest to us as a party. It's been an area of concern, and I know it's been an area that we've had significant debate on, not only recently in the House but, I know, over the years.

We know that Manitoba lags behind other provinces when it comes to basic personal exemption. And we know that this is an issue that has to do with Manitobans of modest income because, of course, by failing to increase the basic personal exemption, we begin to tax people earlier. And I understand that the minister understands that concept, and we were interested to see that the government was moving in that direction finally.

I guess my question is: Is the government—in the minister's opinion, is the government moving quickly enough in this direction?

We're not seeing yet a commitment over time to, I would say, adjust upward incrementally the basic personal exemption.

What is the government's commitment over time? Do they have one to, let's say, for instance, come up to the average of the provinces with respect to the basic personal exemption?

And my question for her would be then: How much time would it take to do that at an annual rate of \$250 basic personal exemption increase per year?

\*(16:10)

**Ms. Howard:** So I'll refer him to page C14 of the budget papers, talks about the Manitoba basic personal amount. And it does talk about the—what the commitment has been over time. So, since 1999, the basic personal amount has increased 34 per cent from \$6,794 to \$9,134 in 2014. The increased amounts benefit over 650,000 individual Manitobans. The corresponding increases to the spousal and eligible dependant amounts benefit over 36,000 couples and common-law partnerships and nearly 18,000 single parents. In 2014, another 22,000 Manitobans will no longer pay Manitoba income tax because of the increased amounts since 2011. And it does go on to talk there about the annual increases of \$250 to the basic personal exemption between 2011 and 2014.

So, you know, we have seen this as an important role, as the member has said, in ensuring that families of modest means have an affordable quality of life in Manitoba. But the other things that we've also seen important to do that are things like we see in this budget, where we increase the amount of money available to people on employment and income assistance to ensure that they get adequate shelter and to make sure that that benefit can travel with them when they move to work. We want very much for that benefit to enable them to get into the workforce. And raising the basic personal exemption has been an important part of tax relief for Manitobans.

But I would say to the member opposite in terms of really targeting a benefit at the lowest income Manitobans it isn't the most efficient way to do that is the truth because all of us benefit from raising the basic personal exemption, and, in fact, people who earn more money benefit more. So the more—the most efficient way may not be this way, although it's an important way. In doing other things that we've also done as a government like increasing the

minimum wage every year that we've been in government, that has been very important to ensuring that families of modest means have adequate income. The work that we are doing in this budget to invest in skills training for some people who may have never held a job in their life, and I know, you know, we've all done the work with people who are very vulnerable and we know those stories.

And so we believe that investing in not only skills training but in some programs, and one of the programs we discussed in the budget is Manitoba Works! and this is a program designed to work with people who may have many barriers to employment.

You know, we've talked to—I've heard from people who know folks who struggle with mental illness, and it's very hard when you're trying to re-enter employment to explain to a perspective employer why you may have months and years of gaps in your resume. And, if the explanation for that is that you suffer from mental illness, that can be a huge barrier to a job. So investing in programs with people who can work both with employers and individuals about how you talk about that, but also with employers to remove some of the stigma and some of the fear around hiring people who may not have found their way into the workplace, that's also an important part of helping vulnerable families.

So the basic personal exemption is important. That's why we've increased it. We've increased it throughout our mandate. But there are also many other important programs that we invest in designed to help those vulnerable families.

**Mr. Friesen:** You know, I know that sometimes I think that the minister may have preconceptions about, you know, us as a party, but I welcome her comments on that. And I think that there's probably a lot more agreement in principle about some of these issues. It's why our policy—our party is doing so much really effective policy work at this time and why we have led on some of these issues and have, you know, been pleased to have these conversations about affordability and what it really means in Manitoba and what it means for the—for people of low income.

I wonder if the minister could just come back to the one question. I appreciate that I kind of asked a multi-part question there which was—so I'll simplify it and say I was looking to know, would we—could we expect to see—because I know that under the responsibilities defined for the minister as the Minister of Finance—the very first one listed in the



Estimates is providing policy direction and matters related to financial management administration. This is a good area of a policy that she says her government has paid attention to.

Will we see or does she expect that we might see a multi-year commitment with respect to the basic personal exemption? I am looking at page C14. And, you know, it indicates we are starting from well behind other provinces, so to say you've increased it by an amount, we really need to compare to our neighbours. But could we expect to see, under her leadership as Finance Minister, a multi-year commitment to reduce the disparity between jurisdictions, between Manitobans and other provinces' basic personal exemptions?

**Ms. Howard:** I want to let the member know I don't actually have a lot of preconceptions about where he or members of his party stand on issues of helping people of lower incomes. I'm, you know, more—I don't know what the right word is—I've lived long enough now to know that people come to these issues from lots of different places in their lives, and I don't actually assume that because of the party one belongs to they may not believe in helping other people. I don't think that that's necessarily true.

I will say for him, though, that I was deeply, deeply disappointed in the choice of the members opposite to vote against the budget, which included measures to help so many people. I think, you know, when you stand up and say that you believe in something like increasing social assistance rates, like setting that goal to get to 75 per cent of median market rent and you make speeches about it in the Legislature, and then not even hours later you vote against that very thing, I have to tell you, that is deeply disappointing.

Because, you know, I took members at their word that they supported that, and when it came time to support it, they voted against it. And that matters. And so I'll just leave it at that, but I—but hope springs eternal in me that there is sincerity from members opposite that they also want to find ways to help Manitobans who have been disenfranchised, who have been left out of the economy, find a way into the economy. Not only because it's good for them, not only because it's the right thing to do, but frankly it's good for economy. We have, in Manitoba, one of the lowest unemployment rates in the country. And that means we have to grow the workforce, and growing the workforce means reaching out to people who haven't been engaged.

On the basic personal exemption, I think, as I said to the member opposite, you've seen over time how that's grown. I take the point from the member opposite that he believes there's room for more activity, and we'll certainly look at that in the years to come. I think we always balance what we can do in terms of taxation with, also, the need to protect services, the need to bring the budget back to balance, and so we also balance it with that. But we do see in this budget, as well, other measures that are also designed to assist Manitobans with their taxes.

As you see, increases to the senior's property tax credit by an additional \$235, which will essentially bring in a new benefit for those senior homeowners that will come on top of benefits that now approach, for some seniors, \$1,100 on their property taxes. And I should note for the member opposite that when we became government, the property tax credits you were eligible for were \$200—I think they were probably slightly more for seniors. We've raised them since then so that there are now thousands of senior homeowners—even before we begin to roll out the next benefit—who do not pay any education property taxes as a result of those changes. So we'll continue to make those moves to make Manitoba more affordable, and I certainly happy to hear his perspective on how to do that. And as we move forward, we'll consider that perspective.

**Mr. Friesen:** I'm on page 20 of Budget 2014, and I know we had a good discussion yesterday at the Public Accounts in terms of understanding the effect that the consolidation impacts. And I was looking for a little more detail here, and I wonder if the minister would consult with the deputy minister and staff at the table and just give me an idea, then, of when we're talking about fees and other revenue—and, of course, that's a line item in which we, again, see steady increases looking at year over year—could the minister indicate for us—could she outline all of the increases in user fees that would be in this budget?

\* (16:20)

**Ms. Howard:** I'm going to refer the member—I'm sure it's available online, though we could bring a copy for him maybe tomorrow—the backgrounder on Manitoba Budget 2014 talks about fee increases, and I could walk him through some of them.

So Agriculture, Food and Rural Development, there's a veterinary diagnostic service fee of \$361,000, and I have limited detail, but I'll do my best to explain what they are. This was an increase in fees for various veterinary diagnostic tests; I believe

these are on large animal–farm animals, not your dogs and cats. And that's basically to recover more of the cost of those tests.

In Conservation and Water Stewardship, you see, of course, fees to cottage owners in provincial park districts. There's \$1.158 million there. I think that has been well discussed, and I'm sure will be further discussed in Conservation Estimates. These, of course, are increases to Crown land rental rates and park district service fees, part of a phased-in, multi-year plan. And again, this is related to cost recovery of the costs associated with cottage services in provincial parks.

Education and Advanced Learning, there's increase there, increase to the independent study option course fees and reference materials of about \$20,000. And there's I guess about a \$15 increase there for half-credit courses and a \$15 increase for full-credit courses taken through distance learning, and a \$5 increase to the independent study option, and there's also a new fee for international education provider designation. This is for people—a thousand-dollar fee for people who hold that designation or \$500 if they have less than 50 students. Those are fees that'll be used to cover the costs of some new federal requirements for accrediting providers.

In Infrastructure and Transportation, there's an increase there of about \$6,000 for airport terminal floor space rental. It's an increase of 4 per cent for that rental; that's to reflect cost increases in those airports over the past three years.

Mineral Resources, there's an increase of \$929,000, a Manitoba drilling incentive program. These are changes to the incentive program, including the introduction of a maximum Crown royalty rate of 3 per cent and a maximum production tax rate of 1 per cent during the production of holiday, royalty exempt oil volume. These are program changes—were discussed with the industry, and that agreement was reached with them—for things that happen after December 31st, 2013, they were consulted on those changes.

Municipal Government there's some municipal planning fees for subdivision applications, \$99,000 there, an increase to subdivision application fees from \$325 to \$375 for landowners and private individuals seeking changes to subdivisions, about a thousand dollars in increases to the sales of maps, booklets and reports. I didn't even, frankly, know you

could get maps from us, but you can. They're going to go up by about \$5.

So there were also hunting and–hunting fees that are going up. I think the members opposite will know—in legislation, I think, last session, he set up a new Fish and Wildlife Enhancement Fund, and so revenue from a new fee of \$5 on every hunting licence are going to go into that fund, and that fund is with the advice of hunters and fishers to help enhance wildlife habitat.

So I think the grand total of fee increases in this budget is \$2.6 million.

**Mr. Friesen:** I thank the minister for supplying that information.

Now, just to clarify, then, the fees that she just read out, those are all the fees that would have seen an increase over to the new fiscal year. Is that a correct understanding?

**Ms. Howard:** There are some fees that are in legislation that increase as a result of legislation. Those wouldn't be included in that list. For example, I know that personal-care home per diems, there's a formula that they go up by that is meant to be income-tested, meant to ensure that the person in there has enough income left to be able to afford certain things, but that the fee of—the per diem fee of living in a personal-care home goes up over time related to income. So those kinds of fees that have legislated increases or regular increases. Some fees that may go up that are decided by agencies of government; they may not also be included in here.

**Mr. Friesen:** And continued on that same path, and based on what was discussed yesterday in the Public Accounts, the fees that the minister listed now, they would be fees arising out of the consolidation impacts? Or would the fees she referred to both be fees considered under core government and consolidation impact? I remember her reading about tuition fee increases. That, I believe, based on what the deputy minister shared yesterday, would fall under consolidation impacts. Do these fees comprise both core and consolidation impacts to arrive at summary?

**Ms. Howard:** No, the fees that I read out to you, those are fees related to the core government and the estimates of revenue. So fees that would be related to the summary budget, because a summary budget, of course, includes many, many, many organizations that the budget doesn't set the fees for, like—well, I can't think of any great examples—but those fees are

in the consolidation impacts because they form part of the summary budget, not part of the core budget. But, when you talk about tuition fees, I would also let the member know we have legislated tuition fee increases to be frozen to the rate of inflation.

**Mr. Friesen:** Now, we discussed this prior, I'll just ask for clarification again. I don't know how ostentatious this demand would be because I know there's a lot of money—revenue generated from fees, but—so when we talked before about submitting a document or pointing me in the direction of a document that would be available online, would I be then looking at an exhaustive list of all fees collected by government? Or would it be a—somehow a summary statement of government and there would be categories that would not be reported there?

**Ms. Howard:** The document I was referring to is a backgrounder for this budget that I read out on the record. And I think if you wanted that document, you could find it online on the Finance website.

**Mr. Friesen:** And that document I'm familiar with. So, would it be possible to, like, receive—and I don't know how much paperwork this would involve, I'm not sure in what form it would be rendered—but would it be possible for me, in terms of having my new role as the critic for Finance, to be able to receive a listing of the fees collected by government, you know, perhaps by department and core government, and then also through consolidation impacts that would show, perhaps, the previous year and the current year and the increase to that fee? I don't know if that's something that is requested on an ongoing basis or if this is an exceptional request. But is it possible to receive that?

**Ms. Howard:** We can provide the member with the documents that have been assembled. Every year there is a revenue summary that comes out. The one for this year I don't think is out yet—the one for last year. But if what the member is asking is for a list of every fee in the summary budget charged by every organization, every agency that receives any government funding, I think that's probably a task that is too large for the staff to undertake.

\* (16:30)

**Mr. Friesen:** I wonder, then, if we could perhaps not drill down that far. Would it be possible to receive, without identifying every fee, could we receive the fees that are collected by every government agency and group and the GBEs, and that perhaps I could just see where fees are generated throughout

government enterprise? And that might save a couple of trees. Would that be possible?

**Ms. Howard:** We'll undertake to see what is available and, you know, what those documents that have been compiled and are available, we'll pass on to the member.

**Hon. Jon Gerrard (River Heights):** In last year's—well, in last year's spending, there—and in the five-year core infrastructure plan of the government, the 2013-2014 forecast showed that there was a one point PST commitment which raised \$196 million, that 125 of that was spent on core infrastructure, and the—there was \$71 million which was not spent on core infrastructure, but it's apparent from the budget that all the money that was raised was spent, so I would ask the minister what was that \$71 million spent on?

**Ms. Howard:** I think the member, as a member, is acquainted with the five-year plan for infrastructure, the \$5.5-billion plan for infrastructure. He knows that in that plan it is a plan that ramps up over five years, and we would expect, knowing how infrastructure projects roll out, that you are not going to spend the same amount of money every year, that, in fact, it's going to increase.

We have been very clear in saying that we did not spend everything that was budgeted for last year. Have been many challenges to that. Every year in the construction season, there are challenges. We are looking at the processes that we use to ensure that we can do a better job to get tenders out in a more timely way, that we can do a better job working with the industry and the sector so that they can take advantage of those tenders, they can be ready to move. We've heard very good advice, I think, from the construction sector and industry of how to do that.

Other advice we heard about them was that they wanted us to provide a long-term plan. That's why a five-year plan has been provided. But they also wanted assurance that if we underspent in any year we would make that up in years going forward. And that's what this plan shows, that that \$71 million of underexpenditure in '13-14 is more than made up over the life of the plan and within the accounting rules that we have to live in. That is the way that we propose to go forward to give the assurance to the sector that that money, while it lapses, that that commitment carries forward. And that's the plan that we've presented. It's been, I think, well accepted and reviewed by the industry who have been looking for

this kind of long-range plan and this kind of commitment.

**Mr. Gerrard:** Just on interest on the government's debt; what would be the total amount of interest last year and this year that would be projected?

**Ms. Howard:** So if we look at page 2 in the summary budget, which is in the budget papers, you will see debt servicing costs on that page. In the 2013-14 budget, we budgeted \$839 million. The forecast to the end of 2013 is \$836 million, and the budget for next year is \$872 million.

I will say, just to provide context to those numbers, that when you look at that as a percentage of the revenue of the government, that percentage has actually decreased over time. So if you look at a comparator of 1999, you would see that at that time it was 13 cents on the dollar that the government was paying for debt servicing costs. Today it is at—so it's about 6 cents on the dollar, so that's a reduction of about 54 and a half per cent. There's a footnote on page 3, actually, footnote 1, that provides that kind of context.

**Mr. Gerrard:** You know, in—let me take as an example the 839 figure that the minister mentioned from last year. Of that figure, in the core government there is a number which is about 232, I believe, and the rest is from the consolidation adjustments. But when I add up the debt servicing charges in the core government, for example, I find under the Department of Infrastructure that there's \$162 million which is not included in the \$232 million which is in Finance, unless that's some sort of a duplicate.

So I'm just trying to understand where the debt servicing costs in the Department of Infrastructure would come in terms of the payments on the debt.

**Ms. Howard:** I hope this is going to answer the question for the member, but it may not, but I'm going to give it a try. On page 79 of the Estimates book, under 7 there, there's a line for other appropriations for \$285 million, and that is distributed throughout departments. And that would, in those departments, really account for depreciation of assets over time and interest payments. So you could go back and look in the departments, and that should all add up to \$285 million.

**Mr. Gerrard:** Yes, but where does that \$285 million appear in terms of debt servicing charges, right? Because, you know, it's listed under the Department of Finance, the—what's equal to the amount of debt

servicing charges that's listed for core government, and yet this seems to be a core government expense, and I'm trying to figure out just where it fits in.

\* (16:40)

**Ms. Howard:** It may; it may not. We'll give it a try. It may be more clear if you look in the budget papers on—in the summary budget on page 5 there's a table there that talks about the details of reconciliation of core government estimates, and this may or may not help. I'm going to give it a shot.

So if you look at the first column, the first column outlines core government, and there you've got \$230 million; and then the \$285 million in recoveries from other appropriations that I was talking about, you'll see that in the consolidation impacts where that is effectively flipped to make sure that we're not double counting things, and then those two numbers, if my math is correct, add up on a summary basis to the debt servicing cost of \$872 million.

**Mr. Gerrard:** So the 232 and the other number—I don't have it right here—I think you mentioned something like 285, but you need a larger number than 285 to get 839.

**Ms. Howard:** So, yes, what I'm looking at—I know the member is looking at page 79, and what I'm also looking at is page 5 because that shows you the consolidation impact. So there's \$230 million, there's \$285 million in other appropriations, and then there was another amount that on page 5 you'll see outlined that on the summary basis also contributes to the debt servicing costs of government. So those would include things like the Manitoba Housing and Renewal Corporation and other organizations and agencies of government.

**Mr. Gerrard:** I wonder if the minister could provide a list of that breakdown of the 839, because that would be helpful. And maybe the minister could also help me understand why that, you know, interest which goes in—well, is in the core budget expenditure of infrastructure department is now not in the core expenditures, but is moved over to the consolidation adjustment.

**Ms. Howard:** I think that's a good suggestion, that we write something down on this so that we're more clear, so I'll—will undertake to do that.

But I do just want to say for clarity to the member, the 285 number is in both the consolidation and in the sheet in the green paper that he's talking

about. So it's not missing in one. The summary budget has a 285 plus other things that add up to a bigger number. But in the Estimates, the supplementary Estimates on core government, the 285 is the number that is assigned to other departments. On a summary basis, you've got the 230, which is core, plus you've got the 285, plus you've got some other things. But I'll endeavour to get you some paper that will, hopefully, clearly lay it out.

**Mr. Gerrard:** Okay, I was asking today about Teranet, and what I would ask is in assessing the contract and making the decision to award the contract to Teranet, I am presuming that the government had given or made an estimate of the revenue that would come into Teranet over the next 30 years of that contract. And I wonder if the government can provide an estimate, or if the minister can provide an estimate of the value of that contract that is that the revenue that Teranet is likely to obtain from that contract.

**Ms. Howard:** I can provide for the member what the projection is for what the Government of Manitoba will receive from that contract. I can't provide for him commercial information of a third party.

**Mr. Gerrard:** Well, perhaps the minister can start with what the government would—expects to receive.

**Ms. Howard:** So, in the—in my understanding of the contract, it's over the next 30 years. The value to Manitoba of that agreement is projected to be as much as \$566 million. That will depend on a number of factors, but the agreement stipulates, of course, a \$75-million purchase price, and then an annual royalty to Manitoba that starts at \$11 million this year and would escalate to \$24 million by year 30.

**Mr. Gerrard:** Just a clarification on the use of the phrase as much as. Does the minister have as little as?

**Ms. Howard:** I think the \$566 million is sort of all things being equal. If things play out the way we expect, that's what we would receive. It is a possibility that we may get less than that. It is a possibility we may get more than that.

**Mr. Gerrard:** So, I mean, this is not, sort of, a maximum figure. This is sort of the expected figure, just to clarify that. Yes.

\* (16:50)

**Ms. Howard:** Yes, I think that's accurate. This is what we would expect based on past history, based

on projections and modelling. It's not a best case or worst case, it is what our expectation would be.

**Mr. Gerrard:** In the Auditor General's report yesterday there was quite a bit of criticism about the arrangements in relation to the STARS contract in terms of that the normal principles, policies and legislation were not followed. Can I have an assurance from the minister that in the approach that was taken to the Teranet contact—contract that these procedures, principles and policies were followed?

**Ms. Howard:** So we did hire some independent evaluators to assist with this contract. One of the things we asked them to do was to look around throughout the country. I think they may have even looked internationally about who, what companies had the capacity to take on this work and Teranet was the only one that they found. And so it was on that basis that we made that decision. We are endeavouring to get some material that can be publicly released on that—to anticipate the next question—that is free of commercially sensitive information that Teranet would not allow us to release. They are a private company. But we are endeavouring to find a way to provide that information.

But that was what we believed was the due-diligence approach, to have somebody independent take a look at what was possible and they provided us with the opinion that Teranet was the only one that was—had the capacity to take this on. And so when we have something that can be shared with the member on that, I'd be happy to provide that.

**Mr. Gerrard:** The—one of the major issues is the full digitization of the property registry records, and my understanding is that different provinces have used different companies to do that. And I also understand that, you know, in Ontario there were a lot of problems with the digitization of the property registry records there. And I wonder if in their due diligence that they government was aware of this?

**Ms. Howard:** The concerns that the member raises, I think those were things that were discussed. And I think there were assurances that certainly that experience in Ontario had allowed Teranet to learn some lessons on how to do things better.

But we also in the discussions in the contract ensured that we had a registrar general who would be in place, and that person would have some capacity for oversight and also the capacity to hear complaints. And we also ensured in the discussions

that the privacy of Manitobans' records would also be protected in the agreement.

But, through the discussions and through the information provided, I think, by Teranet, there were assurances given that those issues have been ironed out. But, if there are issues that do arise, I'm confident that through their registrar general and through the—some of the considerations in the contract that there will be a mechanism to address them.

**Mr. Gerrard:** In the minister's reply to the last question, the minister didn't specifically indicate that the—all the principles, policies and legislation with regard to contracts had been followed.

Can the minister indicate that that was so, or was it not so?

**Ms. Howard:** I'm not sure that this is not exactly a procurement contract that we're talking about here. It's a licensing agreement. And so I think what those policies are in place to do, of course, are to try to ensure that you're getting a fair value, a fair deal.

And what—and there are exceptions to those policies, and I think we've had a great deal of discussion about that. I think in some of the cases that the Auditor General outlines, particularly the STARS helicopter case, it was our belief that that situation did fit the criteria for something that was needed urgently, for something for which there weren't a lot of—there weren't other competitors, and for something that was in the public interest to move quickly.

In this situation, the way that we ensured that there was a fair value, a fair deal, was to have an independent look at it, to look around to see who might be able to provide this. The information that came back was that Teranet was the one that was able to provide us, and we continued to work with that independent company throughout the discussions, throughout the negotiation to make sure that we had the benefit of their advice.

So, from my perspective, the objective of the policies being to get fair value for Manitobans, I believe that's been met.

**Mr. Gerrard:** And I asked about policies; I asked about the principles; and I asked about the legislation.

Does the process meet the principles and the legislation as well as the policies?

**Ms. Howard:** In my opinion, the principles, the policies are all geared to achieve fair value. I'm not sure that there is actually legislation that would apply to this situation, not in my memory, but we can consider that. But certainly there was an army of lawyers looking at this thing, so I'm sure if there was some legislation, that it was complied with.

Certainly, there was no information brought to my attention that at any time was this negotiation contrary to any policies or legislation of the government. And, as I said, I think the objective of those things are to ensure fair value for Manitobans. The way that we ensured that was to have some independent look at it, and I believe that that was achieved.

So, from my perspective, the—certainly the information I received, the advice that I—

**Mr. Chairperson:** The time being 5 p.m., I am interrupting the proceedings.

The Committee of Supply will resume sitting tomorrow morning at 10 o'clock.

#### EXECUTIVE COUNCIL

\* (14:50)

**Mr. Chairperson (Tom Nevakshonoff):** Order. This section of the Committee of Supply has been dealing with the Estimates of Executive Council.

Would the minister's staff and the Leader of the Opposition's staff please enter the Chamber.

Floor is now open for questions.

**Mr. Brian Pallister (Leader of the Official Opposition):** My questions, I think, for the bulk of the afternoon are going to centre on the Auditor General's report released yesterday. There's much in it. For the Premier's benefit, I believe he's got a copy over there, so I don't need to make photocopies of this one. But I just wanted to focus to begin with on the chapter 10, which was the issues around the waiving of competitive bids. Just to help understand what the reasoning was for this, and where the government hopes to go in respect of getting better value for the taxpayer dollar.

There were a number of comments made, and I'll just begin by saying I understand that the Auditor General's office looked at about an 18-month period. A number of different government departments were examined as well as, I think, over 2,000 untendered contracts disclosed in the public access database by five departments, three special operating agencies,

that they looked at. So it was a significant sample size.

And a number of the concerns that were raised—we'll just start with some of them—the issue of having knowledge of these contracts, being able to access information on which contracts are in fact awarded without a tendering process at all, it seems like the only place to get that information is in the Leg. Library. It's not available online. And I wonder if the Premier could comment on why is that the case, or is there some plan to have that information made available so that bidders—or in this case, I guess, non-bidders would have the chance to see what's being awarded without a competitive bidding process being used?

**Hon. Greg Selinger (Premier):** I take it the member's referring to the STARS contract? *[interjection]*

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

**Mr. Pallister:** No, sorry, Mr. Chairman, I didn't mean to interrupt. I'm not—I was just really referring to chapter 10. I wasn't specifically referring to the STARS contract. We may have time to get to that.

Sorry, for clarification, just to help the Premier locate this, I'm talking about 407, the section on waiving of competitive bids, which talks—doesn't talk specifically about the STARS contracts, more on a general—takes a more general approach and looks at a variety of departments, a variety of SOAs as well.

So, the question was more pertaining to that chapter and not specifically, at this time, to the STARS contract that we had addressed earlier.

**Mr. Selinger:** I would ask that he repeat the question on the general nature of this chapter.

**Mr. Pallister:** Okay, well, I think, I understand that what the Auditor General did was looked at a variety of departments' purchasing practices over an 18-month audit period—I think, if I'm not mistaken, it was five departments and three SOAs—looked at their purchasing practices and, in particular, at those situations where they waived the competitive bidding process, where they did not allow for comparative shopping—I guess we could describe it in that generic way—to happen and where they actually just went and said, okay, we're going to buy that. This was looked at and there were a number of concerns raised about it and my guess—my question was just pertaining to the issue of being able to know which

of those contracts were let so that you could have information on that.

Apparently, the only place you can get untendered contract information is on one computer in the Leg. Reading Room, and only during business hours. There is no Internet access available at all, so people who might have an interest can't, you know—perhaps it could be a, you know, a small business that finds a contract's been awarded and wants to know, you know, after the fact, why they didn't have a chance, or if, in fact, the government does table information or make information available in advance of untendered contracts, perhaps people would also know in advance that they didn't have a chance to bid on that job.

Either way, it would seem to me that we're, you know, the concern of the Auditor General is, and I guess I would echo it, and I claim no great expertise on this, I did head a department that did a lot of this but I—that was a few years back and I don't remember how the, frankly, the access to this information was handled at that point in time. Perhaps it's just been done the same way for a long time. I don't know but it seems curious that it would be only available in the Leg. Library.

So, my question was pertaining to that. Does government have—does the Premier have any comment on that, or is there any plan to make that information available, for example, on the Internet where people could actually have a look at it?

\* (15:00)

**Mr. Selinger:** I thank the member for the question and I'm glad he's aware of the fact that the information is available in the library of the Legislature. And, we think that we will take—we know that what we'll do is take these recommendations that the Auditor General has made very seriously and we'll look for ways to improve the availability of that information so that people can get access to it.

And, we say that in response to recommendations No. 11 and 12, which are on page 442, you see that we say in response to recommendation 11, which is, we recommend that the PSB make public access to untendered contract information available on the Internet, and No. 12 that says, we recommend that PSB ensure its public Internet access to untendered contract information as a comprehensive research engine.

We also recommend that in the interim the PSB improve the search and reporting capabilities of the

existing public access database so users can search by date, range and by all fields in the database, extract large quantities of data, and display all outstanding contracts for our department at a specific time. And the government's response to that is, the government acknowledges that the technological options for communicating information are evolving, and we'll make these—take these recommendations under consideration. So we will look for ways to make this information more readily available, including by using the new technology as per the recommendations 11 and 12 in the response to recommendations 11 and 12.

**Mr. Pallister:** Oh, okay. Well, taking recommendations under consideration is one thing, but acting on those recommendations is quite another. And I guess I was just hoping that there would be a greater commitment on the part of the government to actually put this information out on the Internet so that people could access it. It doesn't—I don't know what public interest would be served by not doing so, and perhaps there's a cost element to this. Perhaps the Premier could outline what stands in the way of actually just simply doing this, like making the information available on the Internet, as the government does with so much other information now.

Is there some reason that the government would not act on this, and rather would simply take the position they're taking it under consideration? I'm just curious if the government—if the Premier would commit to acting on this that would, I think, be helpful to a lot of the people that are concerned about openness in tendering and fair tendering practices, and would seem a reasonable and cost-effective way to deal with the issue.

**Mr. Selinger:** Again, we will assess—we will take the recommendations seriously and we will look at the cost and the time and the resources, in terms of personnel required to make the contracts that are sole sourced, more available through Internet means so that there can be greater public transparency on that.

But I am glad that the member acknowledged that that information is available through the Leg. Library computer.

**Mr. Pallister:** Well, I'm not acknowledging that that's good. I'm—I just want to be clear. I'm not acknowledging that having the information available and somebody having to come to the Leg. Library to get it is a good thing. I'm trying to point out that having open access to information of this nature

would be—seem to me fair, reasonable and helpful, and that, quite frankly, the only place you can get it is from the Leg. Library. That's—I see that as a problem and an area of concern. So, yes, I've acknowledged it as a way of saying that it's a problem, and wanting the Premier to admit that it's a problem and admit that it's going to be addressed.

Because, you know, the objective here should be to make sure that we're getting best value for money in every purchase that's made here for Manitoba taxpayers. And, when the government decides, as the AG, as we'll get to—the AG has remarked, in many cases to sole-source contracts, to not allow competitive bidding to occur, it should make that case, and it should make public what is being spent of the taxpayers' dollars in that manner.

And so, you know, a lot of—not to dispute that there are wonderful people working in the Leg. Library or that it's a fine library; that's not what I'm saying. I'm saying that that's not adequate provision of information and that's not open enough or accessible enough to serve the needs of transparency.

I asked the Premier to assure us that he would—his government would act on improving this situation and not just consider acting.

**Mr. Selinger:** Again, we gave a response that we will take these recommendations under consideration. And the Procurement Services Branch will look at what it will take to upgrade the availability of these contracts, including through the Internet, with all the specifics that were identified by the Auditor General. And it says in the interim the Procurement Services Branch improve the search and reporting capabilities of the existing access—public access database.

And we'll take a look at the interim steps that can be taken and also take a look at the long-term steps that can be taken. So there might be a number of moves that are required in order to increase the availability of this information. Some of them can be interim, including search capacity, by date range and by all fields in the database, by extracting the capacity to extract large quantities of data, and displaying all outstanding contracts for a department at a specific time. So that will be looked at. This is usually a fairly large undertaking, and I want the officials to be able to ensure that they can deliver on it, and that would be helpful.

\* (15:10)

But the recommendations of the Auditor General, in my view, are not unreasonable and



should be considered. And we will move towards implementing those recommendations, including interim steps.

I did want to point out that when they looked at these contracts, 11 of 15—many of these contracts occurred during the 2011 flood and related to one department. So they—I mean, there was a very specific set of circumstances going on at that time that drove the number of untendered sole-source contracts that were required to provide services and goods to relate to that very difficult period.

But, that being said, under normal circumstances, we should try to minimize the number of sole-source contracts. But where they do get used as a tool for acquisition of goods and services, that we should have transparency about that and make that more available.

So we'll look at the recommendations of the Auditor General, including the interim recommendations, and find out how rapidly our Procurement Services Branch can respond to that with the help of probably some other resources in the technology side of government to see what they can do to increase the availability of that information in a way that allows it to be available by Internet with proper search capacity, et cetera.

**Mr. Pallister:** I thank the Premier for those comments.

I—the—does he have the data some place? Am I missing it in here on how many of these contracts were in that circumstance he described, because of the emergencies time during the flood and so on and so forth, by department? Is there some breakdown, just so—it helps me understand.

Because, of course, the report on its surface is, you know, I don't think I'm exaggerating saying almost shocking. You know, the number of contracts that were awarded, the percentage in the audit period that were rewarded without tender. It's very, very high, I believe, relative to any previous auditor's report that I've seen on this topic. The percentages themselves were very, very high.

So if it's a—if the Premier's making the case that this is an aberration and—that in the audit period, a lot of the contracts were awarded because of emergency circumstances, I would just like to have evidence to support that fact, so that I—you know, we can talk about facts here. And if there's exceptions to the rule, and they were made because of that, let's know how

many exceptions were made and why they were made.

The Premier alluded to flooding, so if there are a certain number, he could perhaps just either table that or just share with me what number of contracts were awarded sole sourced as a consequence of the flood. Maybe that'd be a starting point.

**Mr. Selinger:** On page 16, in the overview by the Auditor General, it says that 11 of the 50 contracts we examined lacked the required approvals; 8 needed Treasury Board approval. Many of these occurred during the 2011 flood and related to one department. To see if the approval of emergency contracts was an issue in another department, we selected a sample of 10 emergency contracts with 19 related amendments in that department.

**An Honourable Member:** Sorry. I don't mean to interrupt, but—Mr. Chair, but I just—

**Mr. Selinger:** But you are interrupting. You've got to go through the Chair, not through me.

**An Honourable Member:** Mr. Chair, I don't mean to interrupt—

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

**Mr. Pallister:** I didn't hear what page the Premier was reading from, so I'm just hoping to get that. I hope that's not too much to ask.

**Mr. Selinger:** Page 16.

**An Honourable Member:** Of?

**Mr. Selinger:** Of the overview by the Auditor General in that report. So, as I was saying: 11 of the 50 contracts we examined lacked the required approvals. They had needed Treasury Board approval. Many of these occurred during the 2011 flood and related to one department. To see if the approval of emergency contracts was an issue in another department, we selected a sample of 10 emergency contracts with 19 related amendments in that department. The department did not obtain the required Treasury Board approval for the 10 contracts, or for 17 of the 19 amendments.

So they're making the point that a lot of this was driven by the exigency of the '11 flood, and departments were moving very rapidly to put resources in place to deal with that.

My hope would be that that would not be 'standing' operating procedure, but just the unique requirements at the time.

**Mr. Pallister:** So is the Premier suggesting that the—what, that the 11 of the 50 contracts we examined—50 contracts that they examined were all in a flood-related department? Is that how he's reading this? I just want to be clear on that.

**Mr. Selinger:** I can only quote what it says: 11 of the 50 contracts we examined, the lack—they required approvals. Many of these occurred during the 2011 flood and were related to one department. That's what I know; that's what's on the record.

**Mr. Pallister:** The Premier's not trying to suggest that the entire audit is discredited as a consequence of this particular subset of contracts being awarded without tendering due to the flood, I hope.

**Mr. Selinger:** Certainly not. I'm just pointing out to him what the report said on page 16.

**Mr. Pallister:** So the auditor points out there were untendered contracts issued during the 18-month audit period totalling at least \$224 million. Does the Premier have any idea how many of those \$274 million of untendered contracts were issued as a consequence of the flood emergency and how many were issued as a consequence of other, more normal occurrences?

**Mr. Selinger:** Could the member identify what page he got that number from, that millions of dollars number?

**Mr. Pallister:** Page 411 states untendered contracts issued during the 18-month audit period totalled at least \$274 million on the last line there.

It also says, of course, when the government does not use a competitive process, it has an obligation to ensure the interests of the public are properly protected. Untendered contracts increase the risk of procurement improprieties. Ensuring compliance with strong policies to mitigate this risk is essential. And then goes on to finish by saying, untendered contracts issued during the 18-month audit period totalled at least \$274 million.

It's not small potatoes. Although perhaps, the Premier has been Finance minister before being Premier, it maybe seems smaller than it does to, you know, non-Finance ministers and non-premiers, I don't know.

**Mr. Selinger:** Well, I appreciate him giving me that reference. It doesn't indicate the breakdown of which were flood-related or not flood-related. That would require further analysis.

But I appreciate the fact that the auditor did make the point that this period of analysis was during the 2011 flood, and I think we have to remember there were thousands of civil servants that were engaged in fighting that flood. It was an all-hands-on-deck kind of situation, and public servants stepped up in a way that was unprecedented in the province to provide services. Many of them worked weekends and evenings. Many of them gave up holidays to be available to provide services. And so it was a very stressful time for the people of Manitoba and a stressful time for the people that were dedicated to serving the interests of the people of Manitoba.

**Mr. Pallister:** Well, it's a stressful time, too, for Manitobans who are concerned about getting value for money when the government gives out untendered contracts in significant numbers, so there's stress all around.

I accept the work that civil servants did. I saw it first-hand. I saw the work and the impact, as well, of the flooding, so—and as does the Chair. I understand very well that this was a serious problem.

That being said, is the Premier suggesting that the normal tendering practices were forgone as a consequence of a shortage of manpower? Is that what he's implying, that the folks in the civil service were working on other issues and so the normal tendering practices were allowed to slide in that period?

**Mr. Selinger:** I'm simply stating what was happening during that period of time. There were thousands of civil servants who were dedicated to fighting the flood. That's not a rationale for not following proper tendering procedures, unless there is a specific reason to waive them that's compliant with policies.

And the procurement policy states there are four reasons why government would choose not to tender a contract: one is urgent requirements when only one supplier is contacted to meet a particular need and an assessment is verified that any other supplier is not feasible or practical; in the case of a single-source contract, to accommodate the procurement requirements where only one supplier is capable of providing the goods or services; in the case of a sole-source contract, when only one supplier is permitted to provide the goods or services and an assessment verified that any other supplier is precluded; and also in the case of an emergency, an unforeseen situation that poses a threat to life,

property, public security or order, and the goods and services must be obtained as soon as possible to mitigate the associated risk.

\* (15:20)

**Mr. Pallister:** Yes, but the Auditor General goes on with respect to that, those exceptions, to say, on page 417, acceptable circumstances frequently not demonstrated, and I'll read a piece from that section. It says: We assessed whether the decision not to tender was supported by one of the acceptable circumstances described in the PAM. To do this, we examined available documentation, discussed the particulars of the procurement transaction with department officials. And it goes on to say that—the it was unacceptable. Demonstration of a need to move to untendered contracts in 26 of 50 contracts, that acceptable circumstances were demonstrated for only 24 of the 50.

So we have these rules, and the Premier's just quoted from them and that's good, and I recognize they are, as he's identified them to be, guidelines. But I am curious as to why they would not be followed in over half the cases.

**Mr. Selinger:** I'm glad, on page 416 and 417, it identifies the acceptable circumstances for waiving of tendering procedures or competitive bids, and it identifies sole-source circumstances and it identifies single-source circumstances, but also urgent ones, which is the one I was referring to. And one supplier is contacted to provide the goods or services to meet an immediate need, and an assessment verifies that any other supplier is not feasible or practical.

Examples of situations that represent the acceptable circumstance: failure to obtain certain goods or services in a timely manner will result in significant disruption to the program; quantity of goods ordered or length of time and interim services arranged for the supplier must be sufficient only to meet the immediate need, issuing a long-term contract or ordering additional inventory to meet future needs is not permissible.

So I think the auditor has identified a sample of untendered contracts and has made a number of recommendations on how to deal with those, and we undertake to follow-up on that and to take a look at these situations and make sure they're compliant with the policies that we have in place here.

**Mr. Pallister:** Well, yes, I recognize the information the Premier has again put on the record as valid information. But again my concern—not my concern,

the auditor's concern was that in these exceptions, acceptable circumstances were not demonstrated over half the time. So again I'm asking, why is the Premier not concerned about that? It seems like, in terms of the frequency of untendered contracts and the rationale for giving untendered contracts, that somewhere within the departments of government here we are not doing what the rules say we should. And so, you know, if that is the case, and it seems the auditor has pointed out that in—the acceptable circumstances the Premier has outlined were only demonstrated in 24 of 50 contracts. Therefore, 26 of them did not demonstrate that they should be sole-sourced, and that this was not acceptable under our own rules. So I'm asking the Premier to comment in respect of that.

**Mr. Selinger:** I would refer him to recommendation 1 on page 422. Recommendation 1 reads: We recommend that the PSB—the Procurement Services Branch—assess whether procurement practices that departments and SOAs use instead of obtaining competitive bids are reasonable. If the Procurement Services Branch finds the practices are reasonable, we recommend that it amend its procurement policy. If the PSB finds the practices are not reasonable, we recommend that it work with the department to develop 'acceptable' procurement practices for the situation in question.

So it doesn't try to condemn them all out hand. It tries to say, take a look at these things, see if in fact what they did was reasonable in the circumstances. If it was, you should amend your policy to take account of those circumstances; if it is not, make sure that you change your policy for procurement to be compliant with the practices and policies that you have authorized already.

So it leaves some discretion to the PSB to examine these specific circumstances, to make sure that policy is current and up-to-date and reasonable in the specific circumstances that occurred. So they do draw attention to the fact that there were untendered contracts, but they don't try to absolutely say that they were all wrong. They try to say that they may have been necessary in those circumstances but not compliant with the policy. And there may be some circumstances where the policy needs amendment, there may be other circumstances where the practice needs to be changed to be more compliant with the policy.

**Mr. Pallister:** Fair enough.

The approvals for the awarding of untendered contracts not always obtained, so what we've established here in the first piece is that the policies are not being followed but there may be a reason they're not being followed and the Auditor General's observed that there's a reason they're not being followed, but she doesn't know what it is and she wants the government to tell her why.

On the second piece, proper approvals for the awarding of untendered contracts not always obtained, she goes on to say, appropriate approvals were obtained for 39 out of 50 contracts that they examined and for 25 of the 39—oh, I'm sorry, this is on 422—for 25 of the 39 contracts, acceptable circumstances were not demonstrated. So for 25 of 39, in this case, proper approvals were not obtained for the awarding of untendered contracts. Again, for 25 of the 39, the—and again it's not judgemental comment. I agree with the Premier in his observation but it does raise some red flags when acceptable circumstances were not demonstrated.

It would be hard if—and I think I state the obvious here—it would be hard if one was to be, say, a business that did not have an opportunity to bid on this, was to call this process into question, it would be hard to defend because the acceptable circumstances were not demonstrated for departing from the rules. Therefore, you know, a small business that had lost business as a consequence of an untendered contract would be not—there would not be a favourable answer or even an excuse given as a consequence of having lost that business because there was no requirement for the government to even—oh, there's guidelines, but there was no requirement for the government to actually—or for the department that did the spending to actually demonstrate that there were acceptable circumstances for departing from normal practice. The normal practice, I would assume, is to shop the business and to make sure that you're getting the best value for the taxpayer and for—in terms of quality and price and service and so on.

So, if that is the goal and it is not being followed, again for 25 of 39 contracts they looked at—and this is, I think they also reference figure 7 here on the next page, on 423, and it outlines that required approvals not obtained for 11 contracts, but then it goes on in the subtext to show that for 25 of the 39 contracts, even where appropriate approvals were obtained, acceptable circumstances were not demonstrated. In other words, so the approvals, they went through the process in the department,

approved the sole-source contracts, said it was okay but didn't say why—why is it okay—in the significant majority of cases.

And I guess that's the point I'm trying to get at. I understand and I think the Premier makes a fair point, in respect of exceptional circumstances and so on, but in acceptable circumstance—in emergency circumstances, there's an opportunity to shop intelligently, regardless of whether it's an emergency circumstance or not. There's an opportunity to let private sector companies bid and provide better value to taxpayers in emergency circumstances, too. So I wouldn't want it—the record to show that the Premier believes it's actually an excuse for not using the benefits of a competitive tendering process, emergency, no emergency.

\*(15:30)

So, if he could comment on that, and specifically on section 1.2 on the proper approvals not always obtained, and also on the circumstances when approvals are given not supporting that approval being given.

**Mr. Selinger:** Well, first of all, I thank the member for the question.

On pages 439 and subsequent, up to page 443, you can see that there's a summary of recommendations and a response by the government to those—each of those recommendations. And, in some cases, the Auditor General says that the thresholds need to be reviewed. For example, a thousand dollars seems out of date to the Auditor General, and they really don't mince words about that. They say that should be updated, but they also say that given that that was the threshold, some approvals were not 'probably' obtained, because they exceeded that threshold when they awarded these sole-source contracts.

So, clearly, we have to make sure that the procedures are appropriate to the modern circumstances of what it cost to purchase a certain good and service. I think the member himself, from what I could see, understands that a thousand dollars is a pretty modest threshold and that there might need to be some discretion for an official to obtain a service rapidly when needed without having to tender for a thousand dollars. It could cost more than a thousand dollars to do the proper competitive bid process for a thousand dollars' worth of goods and services. So you've got to make sure there's a proper cost-benefit analysis here and recognize that public servants are

supposed to be trained to make professional judgments in this regard.

So, you know, I think we have to do two things. I think we have to make sure the thresholds are appropriate to the training and responsibilities of the public servant in question. If it's our regional director or somebody dealing with a very difficult circumstance, they need to be able to make a decision rapidly, and my hope would be that anybody that breached these guidelines did it in the public interest; they did it to make sure that a good or services would—was obtained in a timely manner to serve the public interest.

However, if they were routinely not following guidelines with no compelling reason that is justifiable for them not following the guidelines, then I think we require stronger directives to people to follow the guidelines and proper training and management directives to make sure those guidelines are properly followed, because the member has a very important point.

We have to ensure that the disbursement of public resources meets the test of transparency and the public interest and also gets the best value for the money in the good or services obtained, and that's important because we do want value for the money. These dollars are precious taxpayers' dollars, and they have to stretch as far as possible to meet needs which often exceed the resources available. So you want every dollar to get as much value as possible for the public benefit.

And so both of these approaches are necessary in this circumstance: modernization of guidelines, proper training, but where guidelines are appropriate, compliance with those guidelines by the officials that are in charge of making sure that they're followed.

**Mr. Pallister:** Thanking the Premier for his observations there.

On page 425, and I guess this sort of almost in a way sums up the concern, you know, that the comment under No. 2, we cannot conclude on whether departments and SOAs ensured fair market value was obtained.

Goes on to say: Obtaining competitive bids is an important way for government to ensure it pays fair prices for goods and services. When competitive bids are waived, this assurance is eliminated. So it is important that staff who buy goods and services follow, and document—and the Premier just alluded to that.

Yes, my concern—I'm glad that we agree on this—the issue isn't just with the exceptions, the number of exceptions, and the Premier's alluded to some of—certain times when exceptions need to be made. It is with explaining the rationale for so making those exceptions in a clear and a straightforward way. And that seems to be also what the Auditor General is observing, but she does say in a second paragraph on page 425: For the vast majority of the 80 contracts we examined, there was no documentation to show that the price quoted represented fair market value.

And that is—when I read that, it stood out to me as just a very serious concern that we would not be able, through the process that was followed in those 80 contracts, to demonstrate that there was value coming to people as a consequence of spending their money.

I've got to admit it surprised and disappointed me, and I just want to know if the Premier had any comments in respect of that.

**Mr. Selinger:** I think the Auditor General has done a good job in identifying that proper documentation was not in place in many of these transactions and that that needs to be the case.

I note that the Procurement Administration Manual says only when 'acceptacle' circumstances are identified should they waive the competitive bid process, and I've read into the record the four different categories of 'acceptacle'—acceptable circumstances. But even if they believe there is an acceptable circumstance, they need to document what that circumstance is so that there's a way of verifying that, and I think we have to take that recommendation seriously and departments have to follow that bearing in mind that they'd still have to deliver services to the public in a timely fashion. But there's got to be a more accountable way for them to document that without taking all their time up in the documentation and then not delivering the service or the good in a timely fashion when it's needed.

So, if there was a situation where there is an urgent need, they should get the job done and document why it was urgent. I think that's straightforward. I would hope that it would be done in a fairly simple fashion and wouldn't take up an enormous quantity of time, and we can ask our administration to turn their mind to maybe having a way of doing that that is efficient and that might require identifying some of those circumstances ahead of time so that people can make sure that

they're benchmarking what they do against those circumstances.

But it is important that when they act with discretion that they are able to verify that that discretion was used in the public interest and in an appropriate way to get the best value for the money.

**Mr. Pallister:** A point of agreement, I like that. I agree with every observation that the Premier just shared with our committee here, and I thank him for those things.

In respect of \$1,000 he mentioned earlier, I think that's a very good observation. I believe the Auditor General said 17 years since that's been increased and the consequences of—I recall when I was working in Ottawa and the Auditor General observed that—and this was for the Department of Indian and Northern Development—that they had I believe required every First Nation in the country to file, I think it was in excess of 150, 160 reports annually, of which Sheila Fraser observed that I—and I could have the number, exact number wrong, but I think it was 90 per cent of those reports were never read by anyone. So they're imposing an onerous red-tape burden on—in that example on First Nations' leaders and community members. So, too, sometimes do we impose extra red tape on our civil servants.

Without going into that page, does the Premier have an idea in mind as to this minimal cap, this \$1,000 not having raised for 17 years? No?

**Mr. Selinger:** We'll seek advice from the administration about what's a reasonable cap. But presumably it would have some test related to what the market value of those goods and services are now and what goods and services need to be acquired rapidly to allow government to provide the services that it's mandated to provide in that particular department.

But, you know, I appreciate that the member has identified that the cap may be unrealistically repressed for 17 years and may need to be updated. I mean, even an inflation adjustment would probably double, if not quadruple that cap. But if inflation is 2 per cent a year you're going to add 34 per cent there, but we'll see. I mean I think we have to take a look at it in terms of what the actual goods and services that they normally acquired under a thousand dollars would be today—what their market value would be today if it's double or triple that than maybe they have to look at that. But this requires some careful thinking on the part of our public

servants. I'm sure they're capable of determining a proper methodology for determining what the cap level should be.

\*(15:40)

**Mr. Pallister:** Mr. Chairman, on page 428, the Auditor General speaks about the aspects of gaps in public information on untendered contracts.

I had referenced earlier my concerns about the limited access to data in respect of untendered contracts ordered by the government, but, in this particular instance, I'm referring more to 3.1 on the non-disclosure within one month, and I'll just read quickly from the last paragraph. It says: during our 18-month audit period, the five departments we examined did not disclose many of the untendered contracts they recorded in the public access database. Eighty-seven per cent, it says here, were not recorded in the public access database. So the fact that you can get it at the Leg. Library is bad—only there is bad enough. The fact that it would be only 13 per cent containing the contract data that one might want to look at within the 30-day period is of real concern. So it goes further to speak about average times ranging from periods of, you know, a month-and-a-half up to over a year. So, for long periods, many contracts that should have been disclosed, according to the rules, were not.

What has caused this to get as 'bas' as it is? Does the Premier have any observations on why that would be the case? Eighty-seven per cent is a non-disclosure. It's just a—you know, it seems a number of great concern.

**Mr. Selinger:** Eighty-seven per cent not disclosed after a month, and then they did some follow-up to see how long it did take to disclose them. I don't know what the specific reason is. I think that requires further examination. They did indicate that this was a difficult period in the life of the public administration, when many staff were called into special service at a time when the province was under great crisis from the flood. That may be a contributing factor. There may have been some long-standing practices here where people had become complacent with respect to these requirements or had not been properly trained in the requirements that they were supposed to follow.

But I don't want to prejudge that. I think we have to have a conversation with the officials in our departments and make sure that they're following these guidelines, and what I'm happy about is is

that we have said, in the response to these recommendations, that we're going to follow-up on them and use this experience. And this is what I think the value of a good Auditor General is, is they give you their observations after they've done their due diligence and analysis, and they share that with the departments, and then the departments give them a response. And I have found, historically, that departments are quite good at taking the feedback they get from the Auditor General seriously, and then ensuring that things are corrected. So, for example, when you look at the recommendations on page 439 to Treasury Board, they say they will take a look at emergency expenditures in other jurisdictions to see if that \$1,000 threshold should be lifted and at what the practice is elsewhere. So they'll make a judgment on that and come back with a recommendation.

They say that they will, without any debate whatsoever, amend the GMA's definition of contract to match that of the PAM definition. So they will get the two in synchronization. They said they will—they do already, but will continue to review the threshold for reporting of untendered contracts and make sure it's consistent with the disclosure objectives and adjust, if necessary.

And they also advise on the next recommendation, section 4.3, that we—work is currently under way to improve the corporate policy Internet site to guide development of government-wide policy standards and guidelines. And they also say they will comply with the recommendation to develop a list of an organizations that need to comply with the PAM. And so, in every case here, you can see that the department—the government is making sure that they've taken these recommendations seriously, including using the SAP system in government to generate the untendered contract information for public disclosure.

So, you know, we can go over these recommendations one by one if the member wishes, but I think this is an important part of why we have an Auditor General in Manitoba. They take an impartial view and look at what's going on and they give their recommendations, and it's up to the people in government, including us at the elected level, to make sure we take those recommendations seriously and send a message to our senior officials that we want them to work with the departments, including at the regional level and at the local level, to make sure they follow the proper guidelines, but also to make

sure the guidelines are appropriate and don't create a lot of red tape.

I mean, we actually have demands on us every single day to eliminate red tape just for the sake of eliminating red tape, formulas like, for every new rule you put in place, you should get rid of two rules. Well, in this case, it sounds like not only does there need to be rules amended and changed but rules followed. But there's no recommendation here to get rid of any rules. It seems to be, increase the number of rules, enforce the number of rules, amend and update the number of rules, but I don't see any recommendations here to get rid of rules.

**Mr. Pallister:** No, I think the implication's pretty clear that we—from the Auditor General that the rules aren't being followed. So I guess the choice is always the same. You can change the rules or we can try to get the rules enforced if we think they're meaningful.

It would seem that there is a presumption from all concerned in this discussion that it's in the best interests of Manitobans to use, whenever possible, to use a competitive tendering process, such as it seems not been the case. And so what we're addressing, and I think we agree on, is the need for it to be clearer as to why we depart from that presumptive beneficial practice.

It says on page 428—and it does outline a variety of untendered contracts that were not disclosed and so on, but it begs the question of, could the Premier table the detail that the Auditor General refers to, since we can't get it very easily, on the contracts that were awarded by the government, at the very least in this 18-month period, if that would be possible, without tender? Is that—is it possible that we could get that information? And then we could have a more fulsome discussion as a consequence of that.

**Mr. Selinger:** I will have to take that under advisement and find out how easily that could be done. I mean, presumably, they fully co-operated with the Auditor General here on the details, and the Auditor General has given us their findings. And I'll see if it's possible to bring some more of that information to the forefront, but my expectation is that they would have fully co-operated with the auditor in their review of the specifics.

**Mr. Pallister:** I'll look forward to getting whatever information can be made available. That would be helpful in having a discussion supported by the facts. The difficulty of getting contracts is—copies of

contracts that are unoffered and untendered is very real.

Could—would the Premier at least undertake to make available the contract that his government signed with the STARS, the air ambulance people?

**Mr. Selinger:** Yes.

**Mr. Pallister:** And in terms of timeliness, given that I did wait quite a while for that information I asked for last year, I'm just hoping that I might be able to have a look at that contract sooner than 11 months from now, if that would be possible. Perhaps the Premier would undertake that.

**Mr. Selinger:** I will.

**Mr. Pallister:** He'll undertake it. And would he assure me that I could have that at a specific time? Would he—even so early as to have it, perhaps, by next week?

**Mr. Selinger:** I will do my best to see if that's possible.

**Mr. Pallister:** Well, one can't ask anyone to do more than their best.

\* (15:50)

So we have here on page 428, then, that Northern Affairs didn't publicly disclose its untendered contracts for 11 of the 18 months of our audit period. And, at our request, the department compiled a listing of untendered contracts and their related values for the 11-month period, and we did not audit the completeness of this listing—it says \$1.8 million.

Could—and I believe the Premier's undertaken that he will do his best to provide me with information, but I would like to see a copy of—or a listing of those untendered contracts, if I might, the ones referred to in figure 11 on page 428.

**Mr. Selinger:** Before I have an answer to that question, I did obtain a copy of the STARS contract, which I'd like to make available to the Leader of the Opposition. And I would like to inform him that that contract is—that is already posted online. But I won't read out for him the online address because it's incredibly long, but it is already posted online, so I will make that—a copy—available to him.

**Mr. Pallister:** So in respect of that helicopter ambulance program, the Auditor General had some interesting observations on it. And she did—on page 161, she pointed out what we already knew, of

course, that there was no public tender for that contract. The Premier has addressed this question in question period earlier, and I think even yesterday, as well, said that these were challenging times and there was a need to act urgently, and that health—we know that the Health department signed a contract for 10-year period.

Is that normally the case, or is there any normal in this case? Is this an exception, the 10-year contract? Is that something that's highly unusual, or is that a regular practice?

**Mr. Selinger:** Yes, I'm going to ask him to restate that question because I was just trying to clarify the availability of the STARS contract, but if he could restate that, I'd appreciate it.

**Mr. Pallister:** Okay, well, on page 161, I was just going to move over to the Auditor General's report on that page, which is Chapter 4, Helicopter Ambulance program.

The Premier's acknowledged the importance of getting value for money. He's acknowledged the benefits to be derived by a competitive tendering process, and yet neither of those things happened here. This contract was awarded without public tender, and this raises questions, of course, about value for money for Manitobans.

Health Department signed a contract for 10 years with STARS. My question pertained to the length of time of the contract. I was just curious as to whether that was a commonplace thing. Is that out of the norm? A 10-year contract, is that something that is done frequently? Is it a rarity? Could the Premier comment on that?

**Mr. Selinger:** I don't have all the information in front of me, but I would think it's a rarity. I would say that it's probably extremely rare. I do know, however, that other governments have entered into the same untendered contracts with STARS.

**Mr. Pallister:** I'm sorry, I did not hear the last comment of the Premier there in reference to STARS' contract. I'm sorry. Would he repeat that? Something about other governments, but I'm not sure what it was. I just—

**Mr. Speaker:** The Honourable First Minister.

**Mr. Selinger:** Yes, I mean, I'd like to think that this was an unusual circumstance, and I'm looking at page 161. But the length of the contract often depends on what the infrastructure requirements are for the service being provided and how costly that is



and whether it needs to be amortized over a shorter or longer period of time. And the contract is usually structured around the nature of the infrastructure required, the services being provided and amortized and costed out accordingly.

So these things can vary depending on the specific types of arrangements that are being entered into. For example, a highly capital intensive contract might require a longer contract to properly deal with the acquisition of capital that's necessary for the provision of that service or good, and, in other cases, it might be a much shorter contract, because there are no major capital requirements, and it can be reviewed on a more frequent basis.

So it really depends on what the best set of circumstances are in the cost benefit of acquiring it. And sometimes certain services just won't be provided unless there's a longer contract because of the sunk costs required by the provider of the service. They need to have a certain amount of assurance.

For example, some rental agreements that are entered into require a longer agreement just to make sure that the person—the provider of that service can fully recover the capital investment they've made to provide that rental to the government or to the agency of the government is doing it on behalf of.

**Mr. Pallister:** Well, I understand something of the complexity of contracting in reference to air-related services. My community was dying when we lost our air force base, and we had—community groups entered into a co-operative approach to try to land flight training in Southport or—what became the Southport Aerospace Centre. It used to be an air force base there.

A lot of work went into that, and I get that the contracting itself can be very, very complex. The—that—I just had a, you know, on-the-outside-looking-in discussions with neighbours and friends of mine, people in the community who were involved in that process, and it was—I agree, it was a lengthy and difficult and challenging process, but it was a process that was entered into to try to get the best value for money for the people, and I think that's a process worth undertaking.

And that's, of course, the concern here. I think the Auditor General has expressed it; I certainly would echo it. So I accept the Premier's observation that this is a—this would be a difficult and complex thing, and that it might require a longer term in order

to allow for capital invested by the company to reap a payoff for the company.

But by what mechanism would one know whether this was the best deal for the people of Manitoba if one did not use the tendering process? Would we be—is it fair to say that the government just guessed this would be the best deal and then proceeded to sign up STARS?

**Mr. Selinger:** Again, as I said earlier today during question period, the STARS service had first been brought into Manitoba during the '09 flood, and then it had been brought back in again during the '11 flood. And, in both instances, it had been perceived as providing good service at a time when many lives were at risk and people were not easily gotten to with a lot of flooding going on in both '09 and '11.

So, in June of '11, they decided to extend that contract, and they did it at a time when there were many communities still with the state of emergency policies in place and declarations in place across the province of Manitoba. And there was a real feeling that we needed to provide service to people, particularly if their circumstances of living were at risk because of state of emergencies in their areas.

And, also, it was also understood that this organization had a good reputation for providing a service, and that a helicopter service—and it's not just the helicopter; it's the full service. It's the staff, it's the training, it's the ability to provide a professional support to the community when you fly in a helicopter. So you have the paramedics, you have the doctors, you have nurses and, of course, trained pilots. So, you know, the contract was inclusive of all of those kinds of things.

So all of those things had to be looked at. The contract included staffing and servicing for the helicopter emergency measures program; capital items, including a helicopter, equipment and helipads. So there were a lot of elements to this contract which may have required a longer term commitment so that those capital investments and training investments and personnel were acquired and brought into play here.

And I have a feeling—and without knowing the details, because I wasn't involved in this, but I have a feeling that that would be the—sort of the tenor of the conversation back and forth: what is a reasonable length in order to have secured this service for Manitoba, and what is a reasonable price to ensure that this service is available based on the experience of using them during the '9 and '11 floods.

\* (16:00)

But it's also true that Manitoba has a different geographic dispersion of the population compared to other provinces, and that dispersion of the population is more concentrated, say, than other Prairie provinces, more concentrated around the Capital Region and certain cities in Manitoba. So there's different characteristics of the population that have to be served. There's, perhaps, a sparser population outside of the major centres of Brandon and Winnipeg, and that might, by itself, change the frequency of the demand for service, but also maybe make it more important because these people are in more isolated circumstances.

And it's also true that any helicopter service had to be integrated with the very significant investments we had made on the ground in new paramedic services, new ambulances, new paramedics being trained to full-time status, better training. The member will recall, though, when he was in government, a lot of the emergency services provided in Manitoba were done by volunteer groups at the local level, under often municipal services or often volunteer organizations were providing emergency medical services. And they did a good job, but there was a very uneven level of service across the province. And as the RHAs started to take a more geographic approach to providing services, they recognized that they needed a more fulsome, professional, emergency medical system in the province to provide a more consistent level of coverage and care to people in these circumstances.

So the helicopter system was building on very significant investments on ground services, and was an integrated part of that system. So it does indicate that that specific service was expensive. I think we need to ask ourselves whether the total paramedic service we're providing emergency service in Manitoba is also competitive and reasonable for the total package of services that we provide people. So that's part of what's being said here is that the helicopter service wasn't a one-off service, it was part of an integrated approach to meeting the needs of people that are in emergency circumstances, particularly outside of the major urban centres. And we know that some people are in circumstances where they can't be reached by ground or they can't be reached in a timely fashion by ground. But we also know that the ability to get the people on the ground has been dramatically improved with—not only with new ambulances and better trained staff and full-time staff, but by GPS technology that

allows us to position those ambulances in a place that makes them more readily available to areas where there may be a higher risk of a need for that service.

So the system has been evolving quite dramatically since the 1990s, and has grown. We have way more paramedics than we ever used to have in the professional service of the RHAs. We have much more modern equipment. We have a full dispatch centre now for emergency measures outside of Winnipeg, headquartered in Brandon, that is much more filled out with staff and professional training and technology than we've ever seen before. So all of these things have been evolving, and the helicopter emergency medical service is one additional part of that that we thought was not only valuable during crises periods of floods in '9 and '11, but had a value after those immediate crises were over, but still at a time when many rural communities were in recovery mode and many First Nations communities were in recovery mode. And in June of '11, there were still many communities that were in a state of emergency, and we've been rebuilding these communities and we're still rebuilding these communities for better flood protection.

And, as I look at the Chairperson of the meeting today, he himself knows of the tremendous commitments we've had to make for infrastructure to make sure those communities have better protection in the future. And part of investing in that infrastructure is to invest in the emergency infrastructure and the services that are available to the public out there. So there's no question that these are not inexpensive services, but it's also no question that these services have saved lives.

And the member will know, on page 161, in the first headline there, feasibility study conducted, it indicates that they estimated a helicopter ambulance program in Manitoba would save 35 to 50 lives annually. That was part of the consideration in entering into a 10-year agreement for this service. But it's also true that there was an ability to get out of this contract within a year, if necessary, if there was a feeling that there was a service that was not doing the job properly or, if it was not doing the job properly and could not be overhauled to do the job properly, then there was the ability to end that relationship within a year—after a year.

**Mr. Pallister:** Accepting all those observations, and as someone who grew up in an isolated rural part of the province, I understand the generalities of what the Premier's just shared with us.

I also understand that value for money is nonetheless important, and that is the topic at hand, and that is what the Auditor General disputes. Was it obtained in this purchase? In as nice a way as she can, she outlines the fact that the contract was not tendered, that it is of significant cost, that it is significantly higher a cost than others are paying, which raises the question of the business acumen involved in negotiating this contract.

You know, the Premier alluded to you, Mr. Chairman, and the area you come from, which I have some familiarity with. And you and I both know there's an excellent proposal forward—coming forward from that area to do drainage that would allow farmers in that area to get their crops in in wet years much more readily than has been the case in the past. And I give you this as an example. I mean, that entire project cost, as proposed, might have been done with the savings had this been shopped better. This is what the Auditor General was implying when she says that costs per mission were likely to be 231 per cent to 618 per cent higher than other provinces' programs.

So, Mr. Chairman, I say to you that getting value for money in these purchases is critically important, because those dollars that we could save by allowing a proper tendering process to occur might well be put to good use for other people in Manitoba as well. People who benefit from STARS—and I'm sure many have—appreciate it, as we all do, but the question here is the government's diligence in obtaining a good value for the taxpayers of the province, and that diligence, it appears from the comments of the Auditor General, was not done. If we had the money available for the Interlake riding, I'm sure that the Chair would appreciate that, and I know that there are many families there I'm very close to who would appreciate it as well.

Now, it says in that—in page—on page 161, it says that the information was not shared—the contract information was not shared. Or perhaps it says it in another page, but I know that that was an observation as well, that the information in the contract—no, it is under the section No public tender. It says as well, contract information was not made available to the public as required by legislation.

Maybe the Premier could explain: When was the contract first made available on the website?

**Mr. Selinger:** I'd have to check on that. I don't have that information in front of me.

But I would like to say this. When you have a full and more completely developed ground service for ambulances, presumably that's going to be used more frequently than a situation where you might not have as much development of an ambulance service on the ground. That would then generate more calls for an air ambulance service. So I think we need to take a look at this in context.

I've explained that we have a different geographic dispersion of population and that it was understood, even going into this contract negotiation for the STARS service, that the demographic dispersion of the population of Manitoba and the availability of existing services would likely generate higher costs per trip, but that it was also the case that 35 to 50 lives could be saved annually. So I think there was an acknowledgement that the architecture of the circumstances that the helicopter service would be addressing in Manitoba was different, perhaps, than in other jurisdictions and that services would be more expensive, but it would be a life-saving service. That was the—what was understood.

So it had been very successful during the '11 flood and the '9 flood, and there was an expectation and even an understanding by the public that we would look to find a way to continue that service, and there were many people demanding that we continue to provide that service in Manitoba. And this organization had a good reputation, both in our jurisdiction and in other jurisdictions, for the services they had provided.

\* (16:10)

And I remember the service itself was started by a doctor who had served in Vietnam as a medical professional and had seen the value—life-saving value of medical services provided by helicopter over there and came back and started the STARS as a non-profit organization in Canada and dedicated a good part of his professional life to developing that service, first in Alberta and then extending it to other Prairie provinces as we—as he went forward.

So it was done based on the life-saving dimension of that service and was clearly something that had become utilized in Manitoba during a flood and there was some feeling that that would be something that could continue to save lives in Manitoba if it was provided here. But it was part of a total package of paramedic emergency measures services that were being developed on a year-by-year basis, they were being improved; more ambulances, new equipment, more emergency medical services,

buildings were being constructed, more staff were being hired and trained. There is an ongoing—I'd—it's fair to say I think in the last decade, 12-14 years, there's been kind of a revolution in paramedic services in Manitoba; certainly hundreds more paramedics are engaged in the public service now. And I'll endeavour to get the information about how many more paramedics we have in the province working full time. I know the numbers is in the hundreds.

So I would just ask that the member consider this helicopter service in the wider context of fully developing our emergency measures services inside of Manitoba.

**Mr. Pallister:** So would the Premier verify, then, that it is—it was the belief of the Health Department, then, that there were no other providers that would be likely to bid, or interested in bidding on this contract for providing these types of services, that there was no other interest elsewhere besides STARS, is that the case?

**Mr. Selinger:** I'm going to have to apologize again; I didn't fully catch the question.

**Mr. Pallister:** Just asking if there was—were there no other providers of this type of service—could the government had of hired—I understand STARS had been hired by the government in the past in flood circumstances to provide care and access to patient care on a term basis.

I'm just curious as to why the process of tendering couldn't have been undertaken and the service could have been provided on an interim basis so that Manitobans would have access to the services of STARS on an interim basis while the tendering process that we believe should have been undertaken was undertaken. Why did the government just—did the government simply assume that no one else was interested in bidding or was that the case? Was there no one else who was interested in participating in a tendering process, is that why the government didn't do the tendering process because it assumed there was no competitive market that would have resulted in the ability to tender the service effectively and achieve better illustration of value for money being achieved for Manitobans?

**Mr. Selinger:** I would like to thank the member for the question. I think that's a very important question because decisions like this are made in real time, they're not made in the abstract. So the question is: were there other providers that would have been

available to provide the service in the same timely fashion that STARS was saying they could provide the service?

Well, looking to the east of us there's what they call the Ornge, I think it's O-r-n-g-e service that had been provided helicopter service in Ontario, a private—I believe it was a private provision of the service. It has been the subject of major scandal in Ontario and was already quite controversial, so that wasn't available. There were just major operational issues there.

I believe the department also checked with the service that was up and running in British Columbia and they were not available to extend themselves into another jurisdiction at that time.

There are, in Manitoba, companies that have helicopters and helicopters were available, but they didn't have the full team approach that was available through STARS where they had trained professionals, properly outfitted helicopters, all the technology required to run that kind of a service in place and the staff that goes along with that. So, yes, there were helicopter companies in Manitoba and we've seen that actually expand helicopter services in Manitoba, but a full helicopter emergency measure service with the proper trained professionals was not immediately available to enter the province from another provider at that time.

And what that meant, quite frankly, was is that to go to another provider would have meant an interruption of service at a time when we were still just coming out of that '11 flood, when there was still state-of-emergency orders in place for several communities in Manitoba and a real feeling that this service had saved lives and needed to be continued, as we went through that difficult process of rebuilding and recovering from that 2011 flood.

**Mr. Pallister:** I didn't make myself clear, I guess, because I think the Premier misunderstood, at least, what I was trying to get across. I had asked him, wasn't it possible, because we had contracted—the Province had contracted with STARS in the past to provide services, was it not possible to enter into a short-term contract, provide the provision of services on that basis and allow for a proper tendering process to take place?

STARS started from nothing. STARS started as a consequence of bidding on a job and then upscaling its capital investments. That's the same thing Manitoba companies could have done, given the

opportunity to bid for the provision of these services. Had they had that opportunity, Manitoba companies could have arranged for the provision of such services by investing in capital improvements, just as STARS did when it started out. What the government has done is effectively said that no one else would have bid, but doesn't—can't prove it because it never went to bids. It eliminated the possibility of other companies even entering into a bidding process. And Manitoba companies may well have been interested in entering into a bidding process to provide this service and could, I submit, have demonstrated at least an ability to compete through a bidding process and to provide the service, but were not given that opportunity because the government decided to proceed in their absence.

Now again, I'm asking: Was that considered by the Health Department? An interim contract, as had been the case in the past, could have been signed to provide the services during emergency circumstances the Premier's described. Why was that not done?

**Mr. Selinger:** I appreciate the question from the member. We had had a successful experience with STARS in '09 and '011. There was quite a bit of public confidence and appreciation for the service that had been provided in Manitoba. They were interested in extending that arrangement. They were an organization that had a good track record elsewhere and had been essentially a leader in this country in providing that service through a non-profit organization that not only provided the service, but worked with communities in terms of fundraising and generating commitment from the public for the service, based on the results that they provided to the public in saving lives and providing emergency services. So, as I explained earlier, there was a real desire to have continuity of service with a provider that was providing a full ambulance service, not just a helicopter service.

And so, as I said earlier, there were other providers of full services, but they were not necessarily available to be immediately brought to Manitoba. And so we decided to continue to provide the service during the 11 months after June 2011, as we worked with them to discuss a longer term arrangement that would provide services and continuity of services in Manitoba. And, at the same time, that arrangement was identified in such a way that they could reasonably make a commitment to purchasing a new helicopter, ensuring that staff were trained and technical equipment was available. And

so that was the direction it was taken, based on the successful experience to that date.

Now, other private providers do outfit and provide these kinds of helicopter services. But as we were going through the process, I believe the officials in the department felt that this was the best alternative and the other ones weren't immediately available to meet that need.

**Mr. Pallister:** Well, again, I understand that, but the Premier's last comment was that others aren't immediately available to meet that need, and that's my very point. They wouldn't be immediately available to meet the need in any case if the government predisposed itself to choosing one over others. If—in many cases, and particularly in aerospace and capital-intensive investments and tenders, companies place bids on the assumption, on the presumption, and with calculations based on the assumption of winning the bid. They do not go—all go out and buy all the equipment so each of them can bid. They make bids to get the job, and then, if they get the job, they go out and make the investments they're after. And they—this allows a tendering process to occur which presumably provides better value than a sole-source approach does to those people involved—in this case, the Manitoba taxpayer.

\* (16:20)

So saying there wasn't another company immediately available—provide the services is self-explanatory. There doesn't have to be another company immediately available to provide the service for a tendering process to work. You're asking companies to bid on the provision of services, in this case, trauma-assisted health care, and the reality is that that company or those companies would bid in the hopes of obtaining the contract, but they would not—they should not be excluded from participating in the contract because they do not yet have helicopters purchased or have not yet built helipads. That doesn't make any sense.

So again I would ask the Premier, does he understand it to be the case that Manitoba Health recommended that there not be a tendering process? Is that the case?

**Mr. Selinger:** I appreciate the member's comments, because he's identified that anybody that's going to provide this service has to have a pretty significant commitment in terms of capital acquisition, staff acquisition, training—all of these are investments that require a contract of sufficient length, that there's a

hope of recovering the investment that's made upfront. That's understood.

Now, while that's going on, somebody was needed to provide the service, because the public had come to accept that it was a good service and appreciated it. And so the question becomes, if you've had a good service, and you think that service has served the public interest well and it meets the test—as I've outlined earlier about urgent or the sole-source test—and you've had good experience, whether it meets an urgent-requirement test, a single-source test, a sole-source test or an emergency test, should that experience be continued at a time of recovery from a major flood and at a time of rebuilding in the province? I mean, there's a lot of things going on at that time. Dikes are being rebuilt. Communities are being rebuilt. Flood victims are still out of their homes, and some are still out of their homes today in terms of communities in federal First Nations reserves. And we're working to continue to address all those problems.

This helicopter emergency measures service had been well-received and had done a good job during the '11 and the '9 floods, and the continuity of service seemed to be uppermost in the mind of not only the government to provide that continuity of service, particularly when it was demonstrably helping people get the services they needed in a timely fashion and, in fact, saving lives in some cases, but that there had been confidence generated in the provision of the service by the STARS organization.

So there was a belief that this was the best way to go at the time.

**Mr. Pallister:** Well, the Premier has to admit it's a pretty radical departure and a major pretty major assumption to make. We—you know, the government hired STARS on a term basis during an emergency circumstance, and then, because it had a good short-term experience, decided to enter into a marriage relationship for a decade at considerable expense without shopping the options, without looking around at the options. And the Auditor General says other provinces are paying far less than we are, and I would like the Premier to comment on that.

**Mr. Selinger:** Well, I'm tempted to get involved in the discussion of how short-term relationships turn into long-term relationships, whether they're marriages or otherwise, but that's often the way it goes. Something starts off and it's going well, and people decide to make it a longer term arrangement, and then we all hope that works out, as well. But, as

the member knows, there are times when some things don't work out and new arrangements have to be made or revisions have to be made to that relationship.

This organization had provided decades of service in another jurisdiction and had an excellent reputation—and that's the jurisdiction of Alberta—and had been very well regarded for what they did out there, not only by the citizens, but by the government and the health authorities that were engaged with them. So they brought a strong reputation to the table. They'd also been very well received and had provided good service during the 2009 experience as well as the 2011 experience. So it wasn't like they were taking a blank cheque. This was an organization which had good reputation elsewhere in Canada and good reputation inside of Manitoba. So people weren't taking a leap of faith, they were taking a decision to continue a service that they felt had provided good value to the people of Manitoba in terms of saving lives. *[interjection]* I'm not going there.

It was not a blind date, some would think. That's the point. It was a relationship based on good experience elsewhere and a good experience here. And there was an expectation at a time of very serious citizen dislocation in a flood, very serious disruption to communities, where communities were still in recovery mode and many people were still not back in their homes, and the land still had a lot of water on it, that this service needed to be provided on a continuous basis because it saved lives, and that's why it was provided. We make no apologies for providing a service that saved lives.

**Mr. Pallister:** I didn't ask the Premier to make any apologies about providing a service. But if he wants to apologize for not doing the due diligence necessary to make the case that there was value for money obtained from the contract, that I could accept and I think the people of Manitoba might accept it, because that's certainly what the Auditor General says in her report, that that due diligence was not done.

The Premier alludes to this great company and the great relationship. That's all wonderful puff-stuff, but the fact of the matter is if we pay too much for the service because it wasn't properly tendered, then Manitobans deserve to be concerned, and that seems to be the case.

So what does Alberta pay per call versus Manitoba?

**Mr. Selinger:** Again, the original feasibility study acknowledged by the Auditor General in her report was that this service would save 35 to 50 lives a year at a time when Manitoba had been traumatized by very significant flooding all the way from the Saskatchewan border up to Lake St. Martin, and that impacted an enormous swath of rural Manitoba. And, actually, there was very serious flooding going on at the same time in the Red River Valley as well, but the investments that we had made in infrastructure over the previous decade to that '11 flood had served us extremely well down there.

But one does not have to go very far to remember that the reality was is that there was widespread water all over the land in southern Manitoba, and communities were protected by ring dikes, individual homes were protected by higher builds for the homes. But there were many people that were in very risky situations, and the continuation of this helicopter service was believed to be in the public interest, and that met one of the tests of whether or not the procurement policy for tendering could be waived. There was an urgent requirement to continue to provide that service. As I've said earlier, many communities were still in a state of emergency.

And so as we continued to provide that service during that recovery period, we entered into a contract with the STARS organization to keep that service continuously available to the people of Manitoba as that recovery period was entered into.

And let's not kid ourselves, we're still recovering from the 2011 flood. It isn't that long ago. We are still building infrastructure. We're still taking temporary dikes and making them permanent. We're still looking to move people back home in the community—in the Lake St. Martin area. I hope the member doesn't forget that there are still many people that are under a great deal of stress because of that 2011 flood.

And it seemed like the prudent thing to do, and we still believe it is the prudent thing to do to make that service available to Manitobans at a time of recovery. And I need to know if the Leader of the Opposition believes that contract should've been terminated and we should've had an interruption of service during that period of time.

**Mr. Pallister:** I appreciate the Premier's digressions, but I asked him what the cost was of providing that service in Alberta versus Manitoba and he did not answer, and I will ask him again.

**Mr. Selinger:** The auditor's report very clearly states the case on page 161, under Value for money analysis. They said that it was likely that the service would be more expensive in Manitoba than other provinces' programs, and I gave him some information about why that might be the case. The demographic concentration of the population in Manitoba is different than in other provinces. Quite a bit of the population is concentrated around urban centres such as Winnipeg, so that means there's a more sparse population outside of those major urban centres.

\*(16:30)

I also indicated to them that there had been an enormous amount of investment done in—on ground services, improving paramedic services and emergency measures services on the ground. I think it's over 160 new ambulances were purchased over the last decade, and hundreds more paramedics have been hired and trained to be full time in service to person those vehicles.

So there had been very dramatic improvements in emergency medical services for rural Manitoba. And a new dispatch centre had been fully developed in the city of Brandon to serve all of the communities outside the city of Winnipeg. And a large number of additional staff have been brought into service and trained to do that emergency medical dispatch service. And new technology had been purchased to position these vehicles, GPS technology and satellite technology, to ensure that these vehicles called ambulances could be well positioned to be able to be the most responsive possible in circumstances where emergencies were unfolding.

So a lot of work has been done over the last 10 to 12 years. And, as I talk about it, I realize there's been kind of a revolution in paramedic services in Manitoba—a revolution of modernization. The move from a situation where some communities had volunteer groups and ambulances, some didn't. Some had partly funded services, some didn't. Very uneven quality of service around rural Manitoba. That has been dramatically improved on the ground.

And the helicopter service we knew would be not inexpensive, but we also knew that it had the potential to save 35 to 50 lives a year, and we knew that it had a good reputation in Alberta, and that it had served Manitobans well in the '09 and '011 flood.

**Mr. Pallister:** Well, as far as the evenness of health-care service is concerned, there's over

20 emergency rooms closed currently in rural Manitoba. The Premier should be careful in talking about the equality of access to service in that context.

He did not answer my question again, and digressed into other areas which he has simply repeated from previous comments he's made.

What I am trying to do here is get some light shed on the Auditor General's report and get the Premier's comments in respect to value for money for Manitobans. And he's not shedding any light; rather, he's embracing darkness.

The actual last paragraph on page 161, which the Premier quotes from, says, value—when he quotes from it selectively, it says: Value for money analysis was weak. Health obtained budgets during SPA negotiations showing costs-per-mission were likely to be 231 per cent to 618 per cent higher than other province's programs.

I ask him a simple question; he refuses to answer it. He speaks about the great experience Albertans have had with the provision of this service. That's great. At what cost, to Albertans? That's what I'm trying to get him to address.

So it goes on to say that Health performed inadequate procedures to assess if it would obtain value for money.

Now, it's nice that the Premier is able to talk with some fluency about providing services in a general sense, but in the ultimate truth of the matter is, we have to pay for those services somehow. And so not being diligent, as the Auditor General says, the Health Department was not embracing the challenge of obtaining value for money, is certainly not a commendable reality. And it's an observation the Auditor General makes in her report. She's saying that the government did not pay enough attention to getting value for money in this specific contract. She goes on in later chapters to speak about her concerns with evidence, that the government is departing from using tendering practices that are open in obtaining good value for money for Manitoba taxpayers. But she is specific in her criticisms of the Department of Health in this document, saying they did not do adequate procedures to assess if they would provide value for money.

And, because of that, the Premier's forced today to generalize, obfuscate, repeat information into the record which has very little to do with the issue of getting value for taxpayers in this province. Because he cannot make the case that the department, which

made this commitment a 10-year commitment, he speaks of emergency circumstances but then is forced to defend a 10-year contract, which he himself has said is unusual for the department to enter into. He explains why they might have made a 10-year contract but does not explain why they refused to tender the contract openly.

This is a contract which is not small. I accept his observations which he made earlier, that, you know, thousand-dollar contracts, it costs more to police that than is necessary. I get all that. But this isn't a thousand-dollar contract; this is a \$159-million contract so far. And that's a significant contract, and it deserves value for money to be attached to it.

Manitobans love the service; I get that. There have been some hiccups; I understand that too. And I understand that Manitobans are right to be concerned.

But, at the same time, it's a service for someone like me and my family who grew up in a rural environment. And, as the Chair knows, I'm married to a woman who grew up in a rural environment like he did that's far from access to advanced or specialized medical treatments. There's good—there are good local facilities, but, as far as advanced treatment or emergent care, distance is a real issue. I accept that. I understand that. And the Premier's observations about the affection people feel for STARS and their affinity to the red helicopter, I get all that too.

But what I'm trying to get him to address is to get to the base of this: What guarantee does he have that this was the best deal for the people of Manitoba?

**Mr. Selinger:** Yes, I thank the member for the question, and I would say this: Alberta has a population of close to 4 million people. Manitoba has a population of 1.25 million people. That changes the cost per service right there, because you just have less volume in the order of about three to three and a half times more volume on a per capita basis. So that's going to change the metrics on that.

And then, in addition, I've pointed out that we have a different concentration of the population. Much more of the population's concentrated around a couple of key urban centres in this province.

So everybody understood, at the departmental level when they were entering into this purchase agreement, that there was going to be the possibility, the very real possibility, that the cost would be



higher on an individual-trip basis to meet the needs of Manitobans.

But it was also stated by the Auditor General in the first paragraph under that page on 161, the first paragraph of the headline, Feasibility study conducted, that it could save up to 35 to 50 lives annually. So, if the test that it has to be competitive with the price of Alberta is the only test, there would be no services to rural Manitobans, and I hope the member isn't advocating that. As a former MLA for a rural Manitoba seat, I hope he isn't advocating that we take an approach that is so focused on the dollars that we forget about the need to be compassionate and meet the health-care needs of rural Manitobans, because if that is the test, we'd be shutting down facilities all over rural Manitoba instead of reforming them and improving services.

And helicopter service is an important service for Manitobans in rural Manitoba. And they had seen good value from that from the very early days of '09 when we first brought it in.

**Mr. Pallister:** All this after-the-fact rationalizing doesn't change the fact that the Premier can't verify there was value for money in this contract; he has no way of doing that. That's the Auditor General's observations, and they're quite accurate.

And the fact remains that his, you know, digressions about Alberta and the great relationship and so on and so forth are fine, but he has no way of verifying that Manitobans having this service are not paying multiples of what they should be paying to get it. And, of course, if they are paying too much for it, that's less money that's available to other things, like perhaps opening up some rural emergency rooms.

So, again, you know, the Premier is forced into a situation where he has to make excuses rather than cite facts, and that's unfortunate because this is not a small contract. And we are not in disagreement that this is an important service to the people of the province. Of course, we're in agreement on that.

What we're talking about here today is the practice of how these services were obtained and the ability of the government, or inability in this case, to demonstrate that they actually did due diligence and they actually demonstrated that there is value for money to be obtained by Manitobans from the procurement of the purchase and the service itself.

Now, the Premier keeps alluding to lives being saved. How many more lives could've been saved if

value for money was obtained and we could put the money into other areas, such as reducing wait times, such as improving access to emergency rooms?

There's only so much money in the pot, and if it's badly spent on this file, it's gone from being spent on things like the drainage programs and the Chair's riding in other areas. There's only so much money available.

What I am trying to address here today is the issue the Auditor General raised quite clearly yesterday and where she says, in no uncertain terms, careful planning and management of a tender process would've helped ensure that Health adequately defined the needs and achieved the best value for money.

\* (16:40)

It would also have ensured that Health awarded a contract in a fair, open and transparent manner—clearly implying that the contract was not so awarded, that it was not awarded in a fair, nor in an open, nor in a transparent manner.

The question is, why? Why—not because—and I don't want to hear a repeat from the Premier, although he can choose to give me one of his arguments about how it was an emergency. The fact of the matter is that the government had already contracted on a shorter term basis for the provision of these same services and could have well done so again while a fair and open tendering process took place. They chose not to. They chose to enter into a 10-year agreement of historical proportion without any evidence that they shopped the market or would give Manitobans and others an opportunity to engage in a bidding process to provide the same service.

You know, the question is, why?

**Mr. Selinger:** I appreciate the question, because I've answered it in part. But the Leader of the Opposition said STARS started as a helicopter service that bid on government contracts. I would like to read into the record the history of the STARS organization. And this is not by way of defence of the STARS organization; it's a way of by-being accurate about how they—this service came into being.

It started in 1985 as an air ambulance program, originally called the Lions Air Ambulance Service. And the first mission is flown in December to transport a critically ill infant to tertiary care at Calgary. In 1988, it received formal recognition as an essential service when the organization is

integrated into emergency planning for the Calgary Olympic Games. In 1991—was the first year it started to get government contracts. In 1991, STARS Edmonton base is established and carries out its first mission in October, and it's awarded rotary and fixed-wing air medical ambulance contracts for both Edmonton and Calgary bases by the provincial government.

In 2001, the international Association of Air Medical Services names STARS the recipient of its prestigious Program of the Year award. STARS is the first international and first Canadian program to receive this honour, and a fourth helicopter is purchased.

In 2002, it surpassed the 10,000-mission milestone, and, in 2003, it carried a patient from southeastern Alberta to Calgary—marked STARS' first mission utilizing night-vision-goggle technology. It is also the first civilian air carrier to use the night-vision-goggle technology in Canada.

And, in 2007, Dr. Gregory Powell, the founder, and then STARS' chief executive officer, is made an Officer of the Order of Canada. And, in 2010, STARS celebrated its 25th anniversary. It is awarded the Andrew Mynarski—we know him well in Manitoba as a Manitoban—VC, Victoria Cross, memorial award for contributions to the search and rescue field. And then, of course, it signed a contract with us in 2012.

The point I'm trying to make here is this organization had a stellar reputation over 25 years. That spoke volumes for why it was considered to be a service that should be considered in Manitoba. That's why it was brought here in 2009 for the flood of 2009. That's why it was brought here in 2011 for the flood of 2011.

And, as I said earlier, on page 161 of the report, the first point that's made—it says that it could save up to 35 to 60 lives a year—35 to 50 lives a year is in the feasibility study subtitle. It also says, at the bottom, the points that the member opposite has made, that during the Health-obtained budgets, during the negotiations, showing costs per mission, were likely to be somewhere between 231 to 618 per cent higher than the other provinces' programs.

And I've said earlier, there are specific reasons for that. One, there's just less population in rural Manitoba they were in other provinces. Two, the population is configured in a different way. The demographic dispersion of our population is more concentrated in Manitoba; 70 per cent of the

population lives in the Capital Region of Winnipeg. But those Manitobans out on the land, outside of Winnipeg in the smaller communities—some of them thriving, quite frankly, communities like Winkler, Steinbach. Many communities in southern Manitoba are absolutely thriving—Morris, Manitoba. Communities like Brandon, which are thriving communities; communities in the Interlake, which have experienced very [*inaudible*] flooding and still are recovering from that—they deserve services too. They deserve services that will save lives.

And, yes, it's more expensive, but that's what Medicare's all about. It first responds based on need, not price, and this is the difference between us and the Leader of the Opposition. He thinks two-tier health care is okay—it's time for that—and that the size of your wallet and your ability to pay a higher price should give you preference. We think all Manitobans should have access to paramedic services, including helicopter services. And that's going to be more expensive, but it ensures that all Manitobans get treated equitably in terms of their needs, that you don't have to wait longer if you live in a small community than if you live in a larger community. It means that you get treated with dignity and respect when your life is at risk, and you have an emergency that needs to be responded to.

Health care is not designed to be price as the No. 1 criterion. It's designed to be accessible, universal, based on need, under public administration and to do it as affordably as possible. And Canada's health-care system is one of the most affordable in the world, and Manitoba's health-care system is one of the most affordable in—as part of the confederation of this country.

So we have a fundamental difference. We think the service needed to be provided to Manitobans, not just during the emergency period, but during the period after that, when many communities were in a period of recovery. We think the organization had a stellar reputation, both outside of Manitoba and inside of Manitoba during the times it had operated here and warranted the opportunity to provide that service to Manitobans for the long term.

**Mr. Pallister:** The Premier's just clearly illustrated why his health-care budgets are out of control, because he does not consider value for money, and that is exactly what the Auditor General's pointed out in the report.

He also highlights the reality of the history of the STARS operation and, in so doing, highlights the

problem that he has created for Manitoba entrepreneurs who might have liked to have had the opportunity to bid on providing the service. STARS was in operation for over half a decade as a small private company. It was given the opportunity, after it had demonstrated that start-up capability, to bid on government contracts. No Manitoba company was given that opportunity here, because this government decided that it would give the contract to a pre-existing operation. And it decided to do it, not by the proper mechanisms that it should follow in its own rules, but rather by circumventing its own rules.

And so, for example, the Auditor General says, the Health Department did not conduct a detailed needs assessment to determine all requirements. Instead, it relied on STARS as the main source to define program delivery needs. In other words, not only did they decide to sole-source the contract, it decided to define the terms by using the terms defined by the provider. Rather than looking at what Manitoban's needs were, it asked STARS what they wanted to do, and then went ahead and signed them up to a 10-year deal.

There's nothing defensible in this, and the Premier has a weak case to make, when it comes to value for money, because he has no idea whatsoever whether he could've achieved better value for money for Manitobans and better services for Manitobans, because he did not subject this purchase—this major purchase—that was made by using taxpayers' dollars—let's not forget that—he did not subject it to the proper scrutiny of a needs assessment, a follow-up bidding process and a full tendering opportunity, not just for Manitobans, but any other company that might have wanted to bid on providing the service.

Instead, he and his colleagues chose to award the contract in advance for a 10-year basis without doing the due diligence necessary to determine if the service was being delivered in a cost-effective way.

And, because he failed to do that, he's demonstrated why his health-care budget under his Health Minister—I can't speak for the new one, but the previous one, certainly—has escalated beyond most other provinces, and why the value of the service being received by Manitobans ranks so near the bottom in so many categories, because they're not concerned with results—not concerned with getting better access to health care, not concerned with reducing waiting lines, not concerned with having operating rooms open—only concerned with the—

some glorious philosophy and with misrepresenting my views and the views of my party.

That is not a fair or reasonable way to deal with things. And, when he speaks about dignity and respect, he should show me the respect and the dignity of not misrepresenting my point of view on this important issue on the public record, but he will continue to out of desperation, I'm sure, Mr. Chairman.

Now, I ask him again: Why would he and his colleagues have given away a 10-year \$159 million contract without doing the proper due diligence on that contract to determine that Manitobans were getting value for the dollars that they are paying to get that service?

\*(16:50)

**Mr. Selinger:** The member opposite lives in a bubble where he doesn't recognize what happened when he was in office. He had far higher administration costs in the health-care system than we have today as a percentage of the total expenditure. And, if he would start by acknowledging what kind of system he ran, then he would be more credible in criticizing the system that exists now.

The reality was a decade ago Manitoba had among the highest hospital administration costs in the country; today they are among the lowest. The WRHA is now below the legislated 2.99 per cent corporate spending cap.

When we came into office, there were 13 RHAs in Manitoba and 1,000 nurses had been fired. They created more bureaucracy at the top of the system and reduced front-line staff; we've done the opposite. We've reduced the number of RHAs and the number of people at the top of the system, and we've increased the number of the people that are providing front-line services, thousands more doctor-nurses in Manitoba right now, hundreds more doctors in Manitoba right now. And that's the reality.

So the member talks about a concern for value for the money, but did he achieve it when he was around and served in government? No, he did not. Have we achieved greater efficiencies since we've been fortunate enough to be the government and run the health-care system? Yes, we have. So his allegations are completely baseless.

And, when it comes to the emergency measure service in particular I've indicated to him before, they

did not have a full-time service in rural Manitoba; it was a service that had volunteer organizations, many of them very worthy and very—did a very good job but very uneven levels of service throughout Manitoba because of the nature of volunteer organizations to begin with. And they didn't have new ambulances; in many cases, they had older vehicles. They didn't have the latest technology; they did not always have access to all the training required to provide paramedic services—particularly advanced paramedic services. All of those things have been dramatically improved inside of Manitoba. So, when he says that we're not concerned for value for the money, he completely misrepresents the record of achievement under this government.

And I have to say to him as well, it has been acknowledged that Manitoba's health spending growth over the last decade is below the national average. In other words, it's been higher on average across the country than it has been in Manitoba. Our ability to direct health-care resources—and not only is our health-care service spending been below the national average, but we provide more services in this province than elsewhere. And I know the member has now left the room, that's very unfortunate because he might benefit by listening and hearing this information that would be of value to him.

So the reality is, is that the facts on the ground are actually quite different than the reality portrayed by the member opposite. More cost-effective services, more front-line services, better emergency medical services to Manitobans—particularly outside of the major population centres. More investments in emergency measures centres—I know we've done one in the Interlake, a new emergency measures building out there which I believe has been opened now and is fully operational. I know other ones are being constructed as we speak.

So we've invested in staff, we've invested in facilities, we've invested in ambulance services, and, yes, we are providing a helicopter service which we acknowledge was going to be more expensive for the specific reasons of the way the population is distributed in Manitoba and the specific reasons that we need to provide that service on an equitable basis even to people in parts of Manitoba where it's going to be expensive to reach them and service them.

We did not use the cost-per-trip as a reason to deny people services. We provide the service, and we do it as efficiently and as effectively as possibly—

as possible and as safely as possible. That is going to cost money, particularly when people are living in sparsely populated areas or in circumstances where they're very difficult to reach and where there's lower volume of demand.

Why is there a lower volume of demand? Part of the reason there's a lower volume of demand is there's less population, but it's also because the helicopter service is integrated with a land-based service which is much more effective now. And that land-based service gets the people rapidly, and when they do that, that does not require the use of the helicopter. The minute you reduce the frequency of a service, the more the cost-per-unit of service goes up. If you live in a province where there's four times more people and there's less on-the-ground service, your helicopter service is going to be used more frequently and the cost-per-unit of service is going to go down.

Maybe that is not the only metric that should be used to evaluate the service. Were lives saved? Short answer is yes. Was the service timely and meet the needs of people when they need it? The answer has been yes. Can the service be improved? The short answer is yes, and it will be improved.

And, even the Business Council of Manitoba has said this about health care; we are seeing a continued improvement on controlling cost escalation in the Health Department. There was a real understanding that Health was on a trajectory that would crowd out other important government services, and now that trajectory has been flattened, and that's a good thing.

So health-care delivery in Manitoba has improved—no question about it. And we've also got a helicopter service which is available to meet the needs of Manitobans when they're in life-threatening situations or they're not able to be reached by on ground services. That's the reality here in Manitoba.

**Mr. Chairperson:** Before I recognize the honourable member across the way, just a caution to the First Minister, it is against our rules to make specific reference to the absence of a member from the Chamber.

**Mr. Kelvin Goertzen (Steinbach):** Can the Premier indicate what the contractual obligations are for STARS in terms of fundraising, whether or not those obligations are being met? *[interjection]*

**Mr. Chairperson:** Honourable First Minister—the honourable member for Steinbach.

**Mr. Goertzen:** It's a rare time that I'm considered to be too quiet, but I will—can you indicate what the contractual obligations for STARS are in terms of fundraising and whether those obligations are being met?

**Mr. Selinger:** We've provided the full contract to the members of the opposition. The information's contained in there. We'll have to do some work to bring it up and make it available to you, but both of us have access to what the contract says, and I'll undertake to find those clauses specifically for the member. But he also can search for them himself if he wishes.

**Mr. Goertzen:** I'd be surprised if the contract indicated whether or not the fundraising requirements were being met, because I don't know how they would have known that at the time of the contract.

Can he provide whether or not the fundraising obligations are being met to date?

**Mr. Selinger:** So I'm informed that in the early days of the new service being offered in Manitoba, that they had to ramp up their fundraising; they weren't achieving all that they wished to inside the province of Manitoba. But they're continuing to work on soliciting and getting more donations from the community for the services they provide.

**Mr. Goertzen:** Can the minister be more specific either now, or I suppose, in the next set of Estimates, in terms of what the obligation is, and I know that will be in the contract, but, specifically, what has been met in terms of the fundraising goals and whether or not that impacts the contract, whether or not it's a requirement that those fundraising targets be met, and that it could invalidate the contract if they're not met, or whether or not it's just 'advisatory' in terms of the obligation?

**Mr. Selinger:** Yes.

**Mr. Goertzen:** I'll take that as a yes that you'll provide that information in the next set of Estimates.

Changing topics quickly, because I know we're short of time. On page 255 of the auditor's report that was provided yesterday, it's in regards to the Justice examinations that were done.

There's a reference to a request going to Treasury Board for authorization to begin planning a new 750-bed facility correctional centre, to help close the gap, is the word from the Auditor General, on the expected population and the current population in Manitoba now for correctional facilities.

Was the Premier aware, at the time, that that request that went to Treasury Board was not approved?

**Mr. Selinger:** It's, you know, November 2010—did I know that a request went to Treasury Board and was not approved? I can't tell him for certain whether I knew or I didn't know at that time. I wasn't on Treasury Board any longer at that date, but I can neither deny or confirm whether I knew of that information at that time.

**Mr. Goertzen:** It seems to be the case with a few different dates these times.

What is his—when would he have been advised that that Treasury Board request was denied? And does he receive, sort of, minutes of Treasury Board on a fairly frequent basis, or is that something that the clerk of Executive Council advises when she's come from Treasury Board?

**Mr. Chairperson:** Order. The hour being 5 p.m., I am interrupting the proceedings of the committee.

This section of the Committee of Supply will now recess and will reconvene tomorrow morning at 10 a.m.

# LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, March 20, 2014

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