

Second Session – Forty-First Legislature
of the
Legislative Assembly of Manitoba
DEBATES
and
PROCEEDINGS
Official Report
(Hansard)

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authority of
The Honourable Myrna Driedger
Speaker*

MANITOBA LEGISLATIVE ASSEMBLY
Forty-First Legislature

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

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, May 17, 2017

The House met at 1:30 p.m.

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

Please be seated.

ROUTINE PROCEEDINGS

Madam Speaker: Introduction of bills? Committee reports?

The honourable member for St. Vital (Mrs. Mayer)—oh, the honourable member for Fort Rouge?

Mr. Wab Kinew (Fort Rouge): I'd like to ask for leave to move back to introduction of bills.

Madam Speaker: Is there leave to move back to introduction of bills? *[Agreed]*

INTRODUCTION OF BILLS

Bill 223—The Orange Shirt Day Act

Mr. Wab Kinew (Fort Rouge): I move, seconded by the member for The Pas (Ms. Lathlin), that Bill 223, The Orange Shirt Day Act, be now read a first—

An Honourable Member: The seconder's not here.

Mr. Kinew: Oh, I apologize, sorry.

Madam Speaker: Does the member have leave to revert—do we have leave to revert back to introduction of bills? *[Agreed]*

Mr. Kinew: Thank you, Madam Speaker, and thanks to all my colleagues for granting that leave.

I move, seconded by the member for St. Johns (Ms. Fontaine), that Bill 223, The Orange Shirt Day Act, be now read a first time.

Motion presented.

Mr. Kinew: I'm pleased to rise in the House today to introduce for first reading Bill 223, The Orange Shirt

Day Act. This bill would recognize September 30th in the province of Manitoba as Orange Shirt Day. Orange Shirt Day is a national commemoration for residential school survivors and the resilience that they embody. It is named after a residential school survivor from British Columbia who wore an orange shirt on her first day to residential school and had it taken away, and, therefore, the orange shirt for her represented the trauma.

Today, across the country and in our province of Manitoba, it is used by many teachers to help educate young people about the legacy of residential schools.

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

COMMITTEE REPORTS

Standing Committee on Private Bills

Second Report

Mrs. Colleen Mayer (Chairperson): Madam Speaker, I wish to present the Second Report of the Standing Committee on Private Bills.

Clerk (Ms. Patricia Chaychuk): Your Standing Committee on Private Bills presents the following—

Some Honourable Members: Dispense.

Madam Speaker: Dispense.

Your Standing Committee on PRIVATE BILLS presents the following as its Second Report.

Meetings

Your Committee met on May 16, 2017 at 6:00 p.m. in Room 254 of the Legislative Building.

Matters under Consideration

- **Bill (No. 218)** – *The Red Tape Reduction Day Act/Loi sur la Journée de la réduction du fardeau administratif*
- **Bill (No. 221)** – *The Missing and Murdered Indigenous Women and Girls Awareness Day Act/Loi sur la Journée de sensibilisation aux femmes et aux filles autochtones disparues et assassinées*

Committee Membership

- Hon. Mr. Cullen
- Mr. Ewasko
- Hon. Mr. Fletcher
- Ms. Fontaine
- Hon. Mr. Gerrard
- Ms. Lathlin
- Mr. Marcelino
- Mrs. Mayer
- Hon. Mr. Schuler
- Hon. Ms. Squires
- Mr. Wharton

Your Committee elected Mrs. Mayer as the Chairperson.

Your Committee elected Hon. Mr. Fletcher as the Vice-Chairperson.

Public Presentations

Your Committee heard the following presentation on **Bill (No. 218)** – *The Red Tape Reduction Day Act/Loi sur la Journée de la réduction du fardeau administratif*:

Jonathan Alward, Canadian Federation of Independent Business

Your Committee heard the following two presentations on **Bill (No. 221)** – *The Missing and Murdered Indigenous Women and Girls Awareness Day Act/Loi sur la Journée de sensibilisation aux femmes et aux filles autochtones disparues et assassinées*:

Sandra DeLaronde, Indigenous Women Leadership and Resource Institute

Marcel Balfour, Private Citizen

Written Submissions

Your Committee received the following written submission on **Bill (No. 221)** – *The Missing and Murdered Indigenous Women and Girls Awareness Day Act/Loi sur la Journée de sensibilisation aux femmes et aux filles autochtones disparues et assassinées*:

Kathy M. Bent, Private Citizen

Bills Considered and Reported

- **Bill (No. 218)** – *The Red Tape Reduction Day Act/Loi sur la Journée de la réduction du fardeau administratif*

Your Committee agreed to report this Bill without amendment.

- **Bill (No. 221)** – *The Missing and Murdered Indigenous Women and Girls Awareness Day Act/Loi sur la Journée de sensibilisation aux femmes et aux filles autochtones disparues et assassinées*

Your Committee agreed to report this Bill with the following amendment:

THAT the title of the Bill be amended by adding "HONOURING AND" before "AWARENESS".

Mrs. Mayer: I move, seconded by the honourable member for Lac du Bonnet (Mr. Ewasko), that the report of the committee be received.

Motion agreed to.

Standing Committee on Justice

Second Report

Mr. Doyle Piwniuk (Chairperson): Madam Speaker, I wish to present the Second Report of the Standing Committee on Justice.

Clerk: Your Standing Committee on Justice presents the following—

Some Honourable Members: Dispense.

Madam Speaker: Dispense.

Your Standing Committee on JUSTICE presents the following as its Second Report.

Meetings

Your Committee met on May 16, 2017 at 6:00 p.m. in Room 255 of the Legislative Building.

Matters under Consideration

- **Bill (No. 16)** – *The Fatality Inquiries Amendment Act/Loi modifiant la Loi sur les enquêtes médico-légales*
- **Bill (No. 18)** – *The Legislative Security Act/Loi sur la sécurité de la Cité législative*
- **Bill (No. 25)** – *The Cannabis Harm Prevention Act (Various Acts Amended)/Loi sur la réduction des méfaits du cannabis (modification de diverses dispositions législatives)*
- **Bill (No. 26)** – *The Election Financing Amendment Act/Loi modifiant la Loi sur le financement des élections*

Committee Membership

- Mr. Allum
- Mr. Bindle (Vice-Chairperson)
- Mr. Johnston
- Ms. Lamoureux
- Mr. Michaleski
- Ms. Morley-Lecomte
- Mr. Piwniuk (Chairperson)
- Hon. Mrs. Stefanson
- Mr. Swan
- Mr. Teitsma
- Mr. Wiebe

Public Presentations

Your Committee heard the following three presentations on **Bill (No. 16)** – *The Fatality Inquiries Amendment Act/Loi modifiant la Loi sur les enquêtes médico-légales*:

Corey Shefman, Private Citizen

Dr. Peter Markesteyn, Private Citizen

John Hutton, John Howard Society of Manitoba

Your Committee heard the following two presentations on **Bill (No. 18)** – *The Legislative Security Act/Loi sur la sécurité de la Cité législative*:

Michelle Gawronsky, Manitoba Government and General Employees Union

James Beddome (by leave), Private Citizen

Your Committee heard the following four presentations on **Bill (No. 25)** – *The Cannabis Harm Prevention Act (Various Acts Amended)/Loi sur la réduction des méfaits du cannabis (modification de diverses dispositions législatives)*:

Michelle Gawronsky, Manitoba Government and General Employees Union

Steven Stairs, Winnipeg Steven Stairs 420 Organizing Committee

Sylvie Sabourin Grindle, Private Citizen

Nathan Buschau, Private Citizen

Your Committee heard the following two presentations on **Bill (No. 26)** – *The Election Financing Amendment Act/Loi modifiant la Loi sur le financement des élections*:

James Beddome (by leave), Private Citizen

Darrell Rankin (by leave), Communist Party of Canada – Manitoba

Written Submissions

Your Committee received the following written submission on **Bill (No. 18)** – *The Legislative Security Act/Loi sur la sécurité de la Cité législative*:

James Beddome, Private Citizen

Your Committee received the following three written submissions on **Bill (No. 25)** – *The Cannabis Harm Prevention Act (Various Acts Amended)/Loi sur la réduction des méfaits du cannabis (modification de diverses dispositions législatives)*:

Kevin Rebeck, Manitoba Federation of Labour

Miranda Ferraro, Private Citizen

Ashleigh Brown, Private Citizen

Your Committee received the following two written submissions on **Bill (No. 26)** – *The Election Financing Amendment Act/Loi modifiant la Loi sur le financement des élections*:

Kevin Rebeck, Manitoba Federation of Labour

James Beddome, Private Citizen

Bills Considered and Reported

- **Bill (No. 16)** – *The Fatality Inquiries Amendment Act/Loi modifiant la Loi sur les enquêtes médico-légales*

Your Committee agreed to report this Bill, without amendment, on a counted vote of 6 Yeas, 3 Nays.

- **Bill (No. 18)** – *The Legislative Security Act/Loi sur la sécurité de la Cité législative*

Your Committee agreed to report this Bill without amendment.

- **Bill (No. 25)** – *The Cannabis Harm Prevention Act (Various Acts Amended)/Loi sur la réduction des méfaits du cannabis (modification de diverses dispositions législatives)*

Your Committee agreed to report this Bill, without amendment, on a counted vote of 6 Yeas, 4 Nays.

- **Bill (No. 26)** – *The Election Financing Amendment Act/Loi modifiant la Loi sur le financement des élections*

Your Committee agreed to report this Bill, without amendment, on a counted vote of 7 Yeas, 3 Nays.

Mr. Piwniuk: Madam Speaker, I move, seconded by the honourable member for Thompson (Mr. Bindle), that the report of the committee be received.

Motion agreed to.

Madam Speaker: Tabling of reports?

MINISTERIAL STATEMENTS

Madam Speaker: The honourable Minister for Sport, Culture and Heritage, and I would indicate that the 90 minutes notice prior to routine proceedings was provided in accordance with our rule 26(2).

Would the honourable minister please proceed with her statement.

International Day Against Homophobia, Transphobia and Biphobia

Hon. Rochelle Squires (Minister of Sport, Culture and Heritage): Today is the International Day Against Homophobia, Transphobia and Biphobia, and I rise in this Chamber to reaffirm our Province's support of fundamental equality and freedom for all Manitobans, especially to the LGBTQ* community. It is important for all of us to work together to ensure liberty and freedom for all our people, regardless of gender or sexual orientation. We support a person's ability to live and love as one chooses and to pursue one's dreams free of discrimination.

We also mark this day by reaffirming our steadfast commitment to ending bullying in all its forms. We must strive to achieve a society that is free of oppression and that cannot occur when there are still those amongst us who are marginalized.

As Manitobans and Canadians, we remain ever mindful of the need to improve circumstances here at home and the plight of those abroad, especially in countries with deplorable human rights records against gays, lesbians and trans persons. We stand on the side of equality and freedom and will continue to advocate for those principles in all our endeavours.

Madam Speaker, I welcome all members to join me in marking this important day of ending homophobia, transphobia and biphobia, not just today, but every day of the year.

Mr. Wab Kinew (Fort Rouge): Today is the international day against homophobia, biphobia and transphobia. It gives us a chance to speak out against these forms of discrimination and a chance to come together as allies to raise awareness.

The Canadian Charter of Rights and Freedoms and the Manitoba Human Rights Code enshrine our rights to live free from discrimination on the basis of sexual orientation and gender identity. Despite this, prejudices still exist.

Homophobia can be expressed in many ways. I myself have had to work hard to change my own biases and to stop using language that is disrespectful of our LGBTTTQ* relatives. Discriminatory hiring and promotion practices based on sexual orientation and treating same-sex families differently from opposite-sex families are other common forms of homophobia.

Transphobia and biphobia are also unique forms of discrimination which threaten the safety and lives of people who are gender nonconforming or who locate themselves along a spectrum of sexual identity.

* (13:40)

On a personal level, I have been deeply moved by the stories of two-spirit and trans youth who have committed suicide. That past attitudes I once held have contributed to the sort of shame which can lead a young person to take their own life has motivated me to spend the rest of my life combatting this hate—

Madam Speaker: The member's time has expired.

An Honourable Member: I ask for leave to continue the statement.

Madam Speaker: Does the member have leave to complete his statement? *[Agreed]*

The honourable member, to quickly complete his statement.

Mr. Kinew: There's many upcoming events across the province that showcase the strength and resilience of the LGBTTTQ* community, especially Pride Winnipeg's upcoming festivities, notably the pride parade. I would encourage all members to participate and remind us all that whoever we choose to love and whatever form that—of expression that love takes, let us all remember that it is the same love.

Miigwech.

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

Madam Speaker: Does the member have leave to speak to the minister's statement? *[Agreed]*

Mr. Gerrard: Madam Speaker, today, on International Day Against Homophobia, Transphobia and Biphobia, people all over Manitoba and around the world stand tall against all forms of hate,

discrimination and stigma based on sexual orientation and gender identity.

In just a few weeks, we will celebrate the 30th anniversary of the Pride Winnipeg Festival. The festival has grown immensely since the first pride march back in August of 1987. In that first march, a few people wore paper bags over their heads to conceal their identities out of fear of discrimination. Madam Speaker, 30 years later, and the LGBTTQ community is still fighting for equality.

The theme of this year's pride festival is: Resurgence. Pride Winnipeg says they chose this theme because several members of our community who identify as bisexual, trans-identified, two-spirited, non-binary, queer and queer people of colour are still subjected to discrimination and stigma from our society.

Madam Speaker, diversity is our strength. The government of all of Manitoba and all of us as elected officials must stand together and continue to stand against bullying—

Madam Speaker: The member's time has expired.

An Honourable Member: Could I have leave just to—

Madam Speaker: Does the member have leave to complete his statement? *[Agreed]*

Mr. Gerrard: All of us must stand together and continue to stand up against bullying, discrimination, intolerance and stigma, not just today, but every day.

Thank you.

MEMBERS' STATEMENTS

Model United Nations 60th Anniversary

Hon. Heather Stefanson (Minister of Justice and Attorney General): Madam Speaker, I am pleased to rise in the House today to recognize the 60th anniversary of Winnipeg's Model United Nations.

Two weeks ago, I had the honour to address the 64 delegations gathered from across Canada and the Midwestern United States at this year's Model UN, held at Canadian Mennonite University in my constituency.

The Model UN program gives students the opportunity to learn about the operations of the United Nations by participating in a realistic simulated assembly.

Countless people, including members of this House, have developed a keener interest in the practice of politics and foreign affairs because of Winnipeg's Model United Nations. By participating in challenging debates and negotiations, students learn invaluable lessons about how we build communities and ensure respect in our domestic and global affairs. Most importantly, Winnipeg's Model UN teaches our future leaders about diplomacy and collaboration in the face of competing interests.

This is difficult work, but this year I am proud to say that the delegation that came out on top was from Manitoba's own Minnedosa Collegiate. Students Ryan McLenehan and Michael Kreshewski, as well as counsellor Donna Alexander, won the Bert Friesen award for the Best Prepared Delegation, representing the country of Egypt.

I am hopeful that the students of Minnedosa Collegiate and all participating delegations, including my daughter Victoria and her friend Katherine, will use the lessons they learned at Winnipeg's Model United Nations to become the next generation of leaders.

I would also like to recognize the Rotary Club of Winnipeg, which sponsors this extraordinary event every year. In 1957, the Rotary Club of Winnipeg became the first club to sponsor a model UN as part of the organization's mission to advance international understanding. The Rotary Club of Winnipeg is an asset to our community and I hope they will continue to help educate the leaders of tomorrow by sponsoring the Model UN for another 60 years.

And I want to thank our guests who are—have joined us in the gallery today.

Thank you, Madam Speaker.

Madam Speaker: The honourable Minister of Justice.

Mrs. Stefanson: Madam Speaker, I ask for leave to have the names of the guests from Minnedosa Collegiate and the Rotary Club included in Hansard.

Madam Speaker: Does the member have leave to have those names included in Hansard? *[Agreed]*

Minnedosa Collegiate: Donna Alexander, Levi Gregorash, Michael Kreshewski

Rotary Club of Winnipeg: Elly Hoogterp-Hurst, Jane Markesteyn, Cathy Stephens, Pat Vallance, Roy Vallance

Aboriginal Practical Nursing Program

Ms. Nahanni Fontaine (St. Johns): I'm honoured to acknowledge the 20 all-female indigenous students enrolled in the Assiniboine Community College's Aboriginal practical nursing program in Portage la Prairie, alongside their dedicated instructors.

I was thrilled to visit the students on campus, experiencing first-hand the phenomenal classroom programming, which includes adult and newborn health-care training mannequins that I was allowed to poke and prod at. I was fascinated to find out, Madam Speaker, there are actually mannequins that repeatedly give birth over and over again, training new nurses in birthing methods, those poor things.

This program is a great example of training indigenous women in areas having transformative results not only in their own lives, but in the lives of indigenous peoples across Manitoba.

Most of the students are mothers, Madam Speaker. One of the students is a mother of nine children. In the fall, one student quietly gave birth to her baby on a Wednesday and was back at school on the Monday.

Several students shared why the program is so important to them, indicating they wanted to honour their family's members once engaged and dependent on our health-care system, others simply for the love of our people. I received a message after my visit from a student which I believe best highlights the program, and I quote: For seven years, I have been seeking entry into every and every nursing program in Manitoba, every time faced with an obstacle that ultimately defeated me. I became pregnant at an early age. I had no choice but to move to a small town in rural Manitoba. It felt like a death sentence for my nursing dream. I was too pregnant, too par-too poor and too far away. I nearly accepted my fate until the APN program was born. Now I am a straight-A student. If I had been told two years ago where I would be right now, excelling at nursing school, I wouldn't have believed it.

Madam Speaker, when we lift up indigenous women, we lift up ourselves as Manitobans, and this program, I believe, best illustrates it—

Madam Speaker: The honourable member's time has expired.

Ms. Fontaine: Madam Speaker, I ask for leave of—for the names of the students, instructors and First

Nation funders of the program be added into Hansard.

Madam Speaker: Is there leave to have those names included in Hansard? [*Agreed*]

Students: Alexis Beaulieu, Melissa Beck, Mallorie French, Melissa King, Jody Levasseur, Jocelyn McIvor, Laurie McLeod, Tessa McLeod, Ashlei Orton, Christine Roulette, Gina Roulette, Whitney Soldier, Heather Spence, Jessica Spence, Lena Spence, Kaitlynn Squires, Brandy Strong, Kayla Taylor, Wendy Vivier, Jessica Wiebe

Assiniboine Community College: Karen Hargreaves, dean of health and human services; Cecil Roulette, Aboriginal councillor; Holly Vezina, co-ordinator/instructor, Aboriginal practical nurses program; instructors, Aboriginal practical nurses program: Kirk Joyce, Soroush Khoeiniha, Shahrzad Rahimizadeh

Guests: Gloria Beaulieu, post-secondary education counsellor, Swan Lake First Nation; Lorraine Daniels, Long Plain First Nation; Leslie Dorie, youth co-ordinator, Sagkeeng Employment & Training Services, from Sagkeeng First Nation; Lori French, post-secondary/high school liaison, Swan Lake First Nation; Shawna Kemble, First People's Development; Barb Moran, First People's Development; Denise Thomas, Manitoba Metis Federation

UNLOCKED: Stories of the Interlake

Mr. Jeff Wharton (Gimli): I rise in the House today to recognize UNLOCKED: Stories of the Interlake, a travelling exhibit that is the result of a collaborative effort between the Interlake Tourism Association and the 10 Interlake museums. Replica steamer trunks are traveling the province with artifacts and stories from the Interlake's early history.

Travelling far and wide since May 2014, this display has enlightened visitors with tales of intrigue and accomplishment from Manitoba's earliest days as a province. A project such as this is no small feat and exemplifies what can be done when organizations pool their resources and act as a team.

Thank you to the St. Andrews Rectory and heritage centre, the New Iceland Heritage Museum in Gimli, Arborg heritage village, Ashern Pioneer Museum, Eriksdale Museum, Marine Museum of Manitoba, Oak Hammock Marsh Interpretive Centre, Quarry Park Heritage Arts, Teulon and District Museum and Woodlands Pioneer Museum for

sharing these stories and for the work they have—they do preserving and presenting Manitoba's rich and diverse culture and heritage.

The UNLOCKED exhibit is a small example of how Manitoba's museums contribute to the thriving culture tourism in our province. The trunks will be on display at the Legislature until the 26th on the west side of the Grand Staircase. I would encourage all members to visit.

Madam Speaker, Gail McDonald, manager of the Interlake Tourism Association, and representatives from these museums are in the gallery today. I'd like to ask my fellow members to join me in congratulating them on the development of this exhibit.

Thank you, Madam Speaker.

* (13:50)

Madam Speaker: The honourable member for Gimli (Mr. Wharton).

Mr. Wharton: Madam Speaker, I ask leave to have the names entered in Hansard.

Madam Speaker: Is there leave to have their names included in Hansard? *[Agreed]*

Jacques Bourgeois, Heather Hinam, Gail J. McDonald

Team Zacharias—Curling Champions

Mr. Cliff Graydon (Emerson): Madam Speaker, today it gives me great pleasure to honour four amazing young women and their tireless coach from the constituency of Emerson.

In attendance today, wearing their provincial jackets, is Team Zacharias, the recent 2017 Curl Manitoba U18 provincial champions. The team consists of Mackenzie Zacharias, third, Morgan Reimer; second, Emily Zacharias; lead, Paige Beaudry; and coach, Sheldon Zacharias, who hail from the Altona Curling Club.

Both individually and together, all members of Team Zacharias have a lengthy list of accomplishments. For example, as the newest addition in January, Paige played amazingly and helped her new team claim the top spot on a podium for the third straight year.

At the inaugural curl Canada U18 national championships in Moncton, Emily was awarded the second team all-star award for her outstanding play. And Mackenzie and Emily are both former winners

of the Curl Manitoba Asham U18 provincial championships and have made history by becoming the first Manitoba women champ curlers to win the U18 provincials three years in a row. Together with third, Morgan, those—these women also made history by being the youngest team to participate in the 2016 Manitoba Scotties women's provincial championships.

Madam Speaker, the list of accomplishments listed above only begins to scratch the surface of what this amazing and—individuals and teammates have managed to accomplish in their short time contending.

Your competitive nature and unwavering spirit will only add to your list of accomplishments in the future, and I would politely issue a friendly warning to another Manitoba curling team to be honoured in this Legislature: Watch out, Jennifer Jones, there's a new sheriff in town.

I would ask all colleagues to join me in welcoming the Zacharias team to the Legislature.

Mr. Graydon: Madam Speaker, could I—would I get leave to include the names of the parents that are accompanying the team?

Madam Speaker: Does the member have leave to have those names included in Hansard? *[Agreed]*

Greg Beaudry, Sheri Beaudry, Sheila Reimer, Taylor Reimer

Dakota Community Centre

Hon. Rochelle Squires (Minister of Sport, Culture and Heritage): Madam Speaker, I'm proud today to rise to recognize and honour the Dakota Community Centre in my riding of Riel. Dakota is celebrating its 30th anniversary in 2017 and, over the last 30 years, it has become an integral part of our vibrant Riel community.

The Centre was incorporated on January 29, 1987, and shortly thereafter construction of phase 1 of the facility began. Dakota has since evolved and grown and become a place that promotes health and wellness in our community.

Dakota offers a wide range of sports, recreational and community services that serve a diverse and growing population. Dedicated staff, board members and an enthusiastic core of volunteers all work together to make Dakota a place that binds the community together. They ensure that

Dakota fulfills its mission to be a gathering place for excellence in recreation and sports for everyone.

Dakota Community Centre is also a place where preschoolers can attend daycare, young people can participate in a wide variety of sports, social gatherings are held and seniors can stay healthy and active.

The Dakota Community Centre facility, the Jonathan Toews Sportsplex, is close to 100,000 square feet of indoor recreational space. This complex has indoor ice arenas, a gymnasium, a nursery school and meeting and multipurpose rooms for a wide variety of use.

Madam Speaker, the future for Dakota is very exciting as they expand to better serve our community. They are in the process of building a 60,000-square-foot field house scheduled to be open in September. The Dakota Futures Capital Campaign is raising funds for this expansion and has received a huge boost from a \$1-million donation from Jonathan Toews in 2016.

The success of the centre is proof that great things can happen when everyone works together to build a healthy, engaged and inclusive community, and I would like all members of the House to help me welcome my guests from Dakota Community Centre.

Madam Speaker: The honourable Minister of Sport, Culture and Heritage (Ms. Squires).

Ms. Squires: Madam Speaker, I ask for leave to have the names of my guests from the Dakota Community Centre entered into Hansard.

Madam Speaker: Is there leave to have the guests' names included in Hansard? [*Agreed*]

Randy Anderson, Michele Augert, Erin Homewood, Bob Saelens, Tom Thiessen

Introduction of Guests

Madam Speaker: Prior to oral questions, we do have some other guests in the gallery.

We have seated in the public gallery, from Immanuel Christian School, 22 grade 9 students under the direction of Rob Bonefaas, and this group is located in the constituency of the honourable member for Radisson (Mr. Teitsma).

On behalf of all honourable members here, we welcome you to the Manitoba Legislature.

ORAL QUESTIONS

Vale's Nickel Mine Operations Impact of Closure on Northern Manitoba

Ms. Flor Marcelino (Leader of the Official Opposition): The Premier has no plan for northern Manitoba. Hundreds of jobs are on the chopping block, when shipments from the Port of Churchill have ceased and now Vale has announced that it will be suspending operations at the Birchtree Mine this fall. Add to this the looming loss of the smelter and refinery in 2018, and the community of Thompson is facing the loss of 500 additional jobs. In a small community this will have a very significant impact.

What has the Premier done to encourage Vale to keep its investments in Manitoba?

Hon. Brian Pallister (Premier): Our hearts go out to those families affected, those individuals affected, Madam Speaker, with these layoffs. We knew that this mine was slated for closure, but that doesn't make it any easier and I know that the road to progress is never one that is an easy one to climb.

As Manitoba's new government we'll work diligently with the communities in the North and throughout the province to make sure that we partner on economic progress, because we know that a good job and a new job is critical to the security a family wants to have for itself and for its future. This is an important undertaking and it's one we'll pursue with great diligence, Madam Speaker.

Madam Speaker: The honourable interim Leader of the Official Opposition, on a supplementary question.

Ms. Marcelino: The Premier has a lot of words for northern Manitoba, but not a lot of action.

As my colleague revealed yesterday, the Premier has spent \$100,000 on an out-of-country consultant to talk about the North. But when the chips are down the government really has no plans to face the challenges of our resource communities: 200 good-paying jobs lost this fall and potentially hundreds more next year.

Why is the Premier hanging Thompson and northern communities out to dry?

Mr. Pallister: Well, Madam Speaker, we're reaching out and co-operating and working enthusiastically with representatives from northern communities, indigenous, nonindigenous northern communities

related directly to mining industry and others with more diverse economic basis. And we're doing this because we want to pursue a Yes! North strategy that moves us forward. Golden Boy faces north for a good reason, Madam Speaker: there is potential there and we want to see that potential discovered.

Madam Speaker: The honourable interim Leader of the Official Opposition, on a final supplementary.

Ms. Marcelino: Thompson and communities in the North are facing a growing crisis. The Premier, however, sends ministers and they come back without results for the North—base consultants, when what the North really needs is commitment.

The Premier and his ministers seem content to simply say, well, that's just the way it goes. It's not good enough.

What plans today does the Premier have to address this growing crisis?

Mr. Pallister: Northerners have communicated to all our caucus members, and I expect to members opposite, as well, their weariness, under the previous administration, of being taken for granted. They noted with some frustration the previous administration venturing up to their communities with cheques and promises of jobs through—that they hadn't yet to fulfill in 17 years of administration of the province, Madam Speaker.

* (14:00)

They did this for self-serving reasons, but I don't believe, Madam Speaker, that northerners believed that effort was sincere after all those years of not finding progress, at being ranked below 20th in terms of attractiveness for mining, of lagging the country in terms of prospecting for mineral resources.

We are changing that culture, Madam Speaker. We've moved up in the rankings to second in terms of attractiveness for mining. We lead the country now in small business optimism, and that optimism is shared by people in northern Manitoba, as well—deservedly so.

Mine Closures in Thompson Government Plan for Workforce

Ms. Amanda Lathlin (The Pas): Vale has announced the closure of the Birchtree Mine and the looming closure of the smelter and the refinery, which means hundreds of good-paying jobs are at risk in Thompson—this after the Port of Churchill closed and the rail service in the North has been cut

back. There has been a lot of talk from the government and some looking around at the beluga whales as tourists, but no action.

What actions has the minister taken for the people of Thompson?

Hon. Cliff Cullen (Minister of Growth, Enterprise and Trade): I do appreciate the question relative to Thompson and certainly northern Manitoba, and we certainly have been discussing the situation with northern Manitobans. Clearly, there's a lot of work to do, and we have sympathy for the workers that are going to be impacted as a result of this particular closure.

In talking with Vale, though, this week, I know they are committed to the future. They're currently working on a major capital project in terms of their unloading facility there. So we will continue to work in partnership with Vale, with the workers there and certainly with the community.

Madam Speaker: The honourable member for The Pas, on a supplementary question.

Ms. Lathlin: With all due respect, we need actions, not sympathy.

It's disheartening to see that even the member for Thompson (Mr. Bindle) seems to have given up on his own home community. CBC reports that the member for Thompson is not worried about northern Manitoba's mining future.

Well, I can share with him that—this government, that the people of northern Manitoba are deeply worried about the future of Thompson and the future of their families and their communities.

What action has the government taken for the people of Thompson?

Mr. Cullen: Clearly, we do have a lot of work to do in northern Manitoba and throughout Manitoba. Quite frankly, Madam Speaker, we inherited an economic mess in northern Manitoba. Seventeen years, the NDP government ignored Manitobans in the North, they ignored the communities of the North and they used—ignored the business community of the North.

There's a lot of rebuilding there to do, Madam Speaker. We're a government that is prepared to do that. And working in partnership with northern Manitobans, we will build northern Manitoba.

Madam Speaker: The honourable member for The Pas, on a final supplementary.

Ms. Lathlin: Here's the logic of the members opposite: they deal with demand in health-care system by closing emergency rooms; they deal with the need for opportunity for young people by jacking up their costs; now the member for Thompson mouths the words diversification without a commitment and without a plan.

What exactly is the member for Thompson (Mr. Bindle) and the minister going to do to exactly assist the people of Thompson?

Mr. Cullen: Well, Madam Speaker, let me remind members of the mess that we inherited here, the economic mess we inherited in northern Manitoba.

In terms of mining—[*interjection*]

Madam Speaker: Order.

Mr. Cullen: —we were—less than 2 per cent of exploration money was coming into Manitoba because there was no positive framework for economic development to encourage investment in Manitoba. [*interjection*]

Madam Speaker: Order.

Mr. Cullen: They chose to ignore the mining sector altogether. We are investing in the mining sector to attract that money. Money goes where it's wanted. We are going to set the foundation and the framework to make—allow Manitobans and other people from around the world to invest in Manitoba and grow the mining sector here in Manitoba.

Vale's Nickel Mine Closure Workforce Retraining Plan

Mr. Wab Kinew (Fort Rouge): I'd first like to acknowledge it is International Day Against Homophobia, Transphobia and Biphobia.

So, again, on the upcoming Vale mine closure in Thompson, this could put up to 200 northern Manitobans out of work, and that poses serious questions about our plans for education and training.

When a community like Thompson is hit hard by job losses, Manitobans need to know that there is a plan to keep them working and for their kids to get good jobs.

So what is this government's plan to retrain workers affected by the mine's closure?

Hon. Ian Wishart (Minister of Education and Training): I thank the member for the question.

In fact, we have already begun working with the community group that has been put in place with the City of Thompson and Vale to offer retraining facilities and options to people that will be affected in the community. We've had a number of programs in the past in that community that have been very successful and we anticipate that we will be able to help in this process as needed.

Madam Speaker: The honourable member for Fort Rouge, on a supplementary question.

Mr. Kinew: There's another closure coming up next year: a smelter that is scheduled to be taken offline which could mean hundreds of additional job losses next year. So the Vale mine closure in Thompson will hurt workers, their families and northern—the northern economy.

How will this government replace hundreds of good-paying jobs each year?

We know that they've spoken to Vale, but they have not spoken to the union which represents the workers themselves. They have yet to hear from their MLA. They have yet to hear from this government.

If they did pick up the phone, they would hear a simple question: What is the plan to retrain workers?

Mr. Wishart: If the member would bother to check with the local union, he would find that we have in fact been in contact them—'sevel' years.

The previous government was part of the whole negotiation that will lead to the closure of the smelter up there. This is not new. It was well known and we have put in place a very strong plan to work with the local community, including the union members, of course, to make sure that they have options now and into the future. We hope the community will have a chance to rebuild and we'll be part of that rebuild.

Madam Speaker: The honourable member for Fort Rouge, on a final supplementary.

Mr. Kinew: I just got off the phone with the union rep shortly before I came into the Chamber for question period and they had not heard from this government with respect to retraining workers.

The job market is uncertain. Mines—[*interjection*]

Madam Speaker: Order.

Mr. Kinew: —are closing. Layoffs are increasing. Precarious work is growing.

Manitobans have yet to see a plan from this government about how they're going to invest in good jobs and education towards the jobs of the future. Instead, we see wage freezes and freezes to post-secondary funding.

What is the Premier planning specifically to do to create the jobs for the future and to train people for them?

Mr. Wishart: As I said before, we have been a part of a group with the federal government and the local community, including the city and the union, to work towards a—some options for training in that community for some time. So, certainly, I would suggest that the member needs to check his facts.

But we are certainly working very strongly with post-secondary institutions to get greater access. We have provided additional dollars to Manitoba Scholarship and Bursary Initiative, provide greater access to post-secondary education than that government ever did.

Point Douglas By-Election Political Advertising

Mr. Andrew Swan (Minto): Madam Speaker, time and time again, this Premier says one thing and does another. While he campaigned on transparency and accountability, he now refuses to answer even the most basic of questions.

Now this Premier has ignored the restriction on government advertising during the Point Douglas by-election with advertisements running in print, on radio, on television and in social media.

Why does this Premier think he should be able to play by a different set of rules?

Hon. Brian Pallister (Premier): Well, if the member would share with me the allegations he's making—he's made a number of false allegations in the past, Madam Speaker, as recently as yesterday, and so it serves to give one pause to question the sincerity and the legitimacy of his charges.

Nonetheless, due to the amount of the respect I have for the constituents he attempts to serve, I will certainly entertain any information he has and we'll do everything we can to make sure that we observe the letter and law of the advertising restrictions which the previous government so frequently ignored during their time in office.

Madam Speaker: The honourable member for Minto, on a supplementary question.

*(14:10)

Mr. Swan: Yes, Madam Speaker, this Premier ordered his Health Minister to close emergency rooms across Winnipeg. As damage control, the government now has the Winnipeg Regional Health Authority spending tens of thousands of dollars on an advertising and promotional campaign to try and convince Manitobans that closing ERs and urgent-care centres is a good idea. Not only the WRHA logo, but also the government logo appears on these ads. But this is clearly part of the Premier's partisan political program, and this Premier's using public funds to support his program by advertising during the Point Douglas by-election.

Why is the Premier ignoring Manitoba's election financing laws?

Hon. Kelvin Goertzen (Minister of Health, Seniors and Active Living): Well, for the last number of weeks, Madam Speaker, the opposition's been demanding more information on the health-care plan. They said it was a health emergency and there needed to be more information. Now the member for Minto stands up and demands that there be less information about the issues of health.

Certainly, we know that there's been information provided to the regional health authorities, all regional health authorities, about the blackout and the rules, and they are intended to be followed, and we expect they will follow them, Madam Speaker.

Madam Speaker: The honourable member for Minto, on a final supplementary.

Mr. Swan: Madam Speaker, this Premier claims his hacksaw approach to our medical system is historic. As part of his attempt to convince Manitobans that closing ERs is a good idea, the government is now spending tens of thousands of public dollars on a promotional campaign.

The Premier had complete control over the timing of the Point Douglas by-election. No premier should 'luse' public dollars to influence election campaigns, and no premier should ignore laws—

Some Honourable Members: Oh, oh.

Madam Speaker: Order. Order.

Mr. Swan: —no premier should ignore laws that are clear. The Premier is refusing to follow the rules, and he's undermining a level playing field.

Will he today acknowledge his mistake and pull the WRHA damage control campaign?

Mr. Pallister: Well, I've already undertaken, Madam Speaker, to make sure that we do everything possible to abide by the letter of the law and to go beyond, in fact, to make sure that the by-election presently being conducted is conducted fairly and fair to all candidates, because we respect the process, as I know most members here do. That being said, I would encourage the member to understand that it is with some natural reluctance that I accept his guidance as factual, given his false assertions of recent days in—for which his own leader had to apologize yesterday.

The member needs to understand that his conduct is not only reprehensible but beneath contempt and that it is disgusting to his own members, the members of his own caucus. And so it would be his opportunity to rise in this place today and apologize if he were truly interested—*[interjection]*

Madam Speaker: Order.

Mr. Pallister: —rather than heckling from his seat, if he were truly interested in restoring some sense of integrity to his own conduct and falsely—and apologize for falsely maligning not only my character but the character of all here in elected office, Madam Speaker.

Southern Health Authority Need for Home-Care Workers

Mr. Matt Wiebe (Concordia): Madam Speaker, a recent freedom of information request obtained by the opposition shows that the need for public home-care services is increasing in southern Manitoba, but there are less and less workers in the system to provide them.

The southern regional health authority reports that when this government came to power in 2016, there were 715 home-care aides working in the region, but a little less than a year later, there are now 674. At the same time, in May 2016, there were 1,691 clients served by those home-care aides, and the number has now jumped to 1,734.

Can the minister explain to families why he stood by as the southern—southern Manitoba lost 41 people in its home-care workforce this year?

Hon. Kelvin Goertzen (Minister of Health, Seniors and Active Living): Madam Speaker, certainly, we acknowledge that home care is an important part of the health-care system. It's important to ensure that people can be at home for as long as they possibly can when they're dealing with a medical illness or a long-term issue with their health.

There's a number of different options when it comes to home care. Family- and self-managed care is something that is important. I don't think it's been advocated enough for under the previous government for the previous 17 years. There are a number of different options. We want to provide people as many options as possible, Madam Speaker.

Madam Speaker: The honourable member for Concordia, on a supplementary question.

Mr. Wiebe: Madam Speaker, the shortage of home-care workers in the system are a clear indication that the minister's cuts to RHAs are having a direct impact on patient care. The senior population is growing across Manitoba, but particularly in the southern region. The Southern Health RHA saw 642 seniors added to their clientele in just the last five years, but this minister has cut millions of dollars from the RHAs and made it impossible for them to prepare for the pressures that aren't just down the road, but are starting to affect the health-care system now.

Does the minister admit that the Southern Health RHA needs more funding, not less, to hire home-care workers that can handle the increased workload?

Mr. Goertzen: The southern regional health authority does need more funding, and that's why they're getting record funding, an increase of funding this year, Madam Speaker.

Madam Speaker: The honourable member for Concordia, on a final supplementary.

Mr. Wiebe: On top of the cuts that have been imposed by this minister, they've also now been—put pressure—there's been pressure been put on because of the private companies who are now leaching some of the workers out of our public system and charging families for that care that they once received for free. The health-care minister has opened the door to privatization of our health-care system and, apparently, home care is his first target.

A recent StatsCan report shows that seniors now outnumber young people in Canada. This means there's more seniors who can't afford private health care and who will be relying on our provincial program to meet their needs.

Will this minister stand up for the public delivery of home-care services and protect the public system by investing in it?

Mr. Goertzen: Madam Speaker, it wasn't that long ago, when the NDP were in government, that the

former premier said that flat was the new up, and now we have another narrative from the NDP where they think that up is the new down.

I've already indicated to the member opposite on the previous question; I indicated to him yesterday; I've said it in the 13 and a half hours that we've spent in Estimates time, and I'll spend it in the next 13 and a half hours saying the same thing: The budget for the RHAs is going up, not down, Madam Speaker.

Post-Secondary Institutions Government Consultations

Ms. Cindy Lamoureux (Burrows): There is an obvious trend with how this government is choosing to do business with the people of Manitoba. This government continues to make grand announcements without consultations and then they attempt to come up with a plan.

Madam Speaker, this is completely backwards. This morning we learned that the Premier plans to force a 15 per cent cut to the management staff at post-secondary institutions. These schools had no idea this was coming.

So my question is: Who was consulted?

Hon. Cameron Friesen (Minister of Finance): Our government has been clear that we inherited a mess, a debt that had doubled in eight fiscal years, a debt service charges that are increasing rapidly by millions of dollars, the inability of the previous government to match revenues and expenditures over a long period of time. These are significant challenges and challenges that we are addressing as a new government.

We have been very clear with Manitobans that we wanted the opportunity to face this challenge. We are facing it head on, and our approach, as we've been clear, is a all-hands-on-deck approach.

Madam Speaker: The honourable member for Burrows, on a supplementary question.

Ms. Lamoureux: In other words, Madam Speaker, no one was consulted.

Our universities and colleges have already been forced to cut jobs in administration and programs to stay within their limited budgets set by this government. This latest announcement adds to the long list of Manitobans waiting to hear the fate of their livelihoods.

This government continues to make cuts before they consult, so I'd like to ask the government if they have any more planned cuts to education.

Mr. Friesen: Madam Speaker, I thank the member for the question.

We were also clear as a government that we would lead by example. It's why, in the early days of our mandate, we reduced the number of Cabinet ministers from 18 to 12, took a number of steps to lead by example. As a matter of fact, we also addressed the level of our own senior management within core government senior management levels and middle management that had grown by four times the rate of the overall civil service.

We did address that. We're right now in the middle of an overall initiative to reduce that significantly, and we are on track. I'd like to report to the House that we are on track for the reductions that we're making.

* (14:20)

We've been clear, Madam Speaker; this is a very big challenge we're facing. We need to face it, all of us together, and we expect everyone to do their part.

Madam Speaker: The honourable member for Burrows, on a final supplementary.

Ms. Lamoureux: Madam Speaker, this Premier seems to be unaware that despite receiving public funding, universities are independent institutions that are outside of government control. This announcement follows the Premier's direct interference with the bargaining process at the University of Manitoba just this past fall.

This—why is the Premier taking a page from the former NDP government and micromanaging our independent institutions?

Hon. Brian Pallister (Premier): Madam Speaker, well, this is consistent with the Ottawa-west philosophies of the third party in the House. They take the position that the budget will simply balance itself. No action needs to be taken, nothing needs to be done. This seems to be the position advocated by the members opposite, consistent with a federal government that takes over a balanced budget and proceeds to turn it into a 30-plus-billion-dollar deficit.

This is not how we're going to do things here. We inherited a mess. We inherited a billion-dollar deficit; we're going to reduce it. We consulted with thousands of front-line civil servants, Madam Speaker, and you know what they told us? They told us it was just too big at the top of the organization. They consistently told us that. Throughout govern-

ment, throughout Crown corporations, throughout the MUSH sector that's what front-line civil servants will tell you, if you care to listen to them. We are. We have. We will.

Canadian Forces Members MPI Accepts Military ID

Mr. Jon Reyes (St. Norbert): Madam Speaker, since my appointment just over a year ago as Special Envoy for Military Affairs, I've attended many, many events listening to our proud men and women in uniform at changing command parades, on my visits to 17 Wing Winnipeg air force base and my first official visit to CFB Shilo last month.

I'm always striving to make life easier for our military personnel who are posted here in Manitoba. I understand the challenges when it comes to interprovincial moves, as I served proudly myself for 10 years in the Canadian Armed Forces.

Can the hard-working Minister of Crown Services please explain to the House how the recent changes will make transitioning to our province easier for our proud military personnel?

Hon. Ron Schuler (Minister of Crown Services): Madam Speaker, I thank the member for the question. And I want to thank the men and women of Canada's military who have dedicated their lives to serving our nation, in particular, the member for St. Norbert and his 10 years of active service.

Our government was proud to recently announce that Manitoba Public Insurance would now accept military ID and Canadian Forces driver's licences as proof of identity when applying for a Manitoba driver's licence or identification card. This substantial change will make it much easier for members of the Canadian Forces in their transition to friendly Manitoba when posted here.

Our government is proud to be doing our part in supporting our troops.

Thank you, Madam Speaker.

Minimum Wage Increase Creation of a Living Wage

Ms. Nahanni Fontaine (St. Johns): When the NDP came into power in 1999, the minimum wage was \$6.00. The Premier's Bill 33, if it were still in place, Manitoba would now have the lowest minimum wage in the country. But Manitobans have come to expect an increase to the minimum wage in a balanced and meaningful way. After freezing the minimum wage for a year, the minister now proposes

freezing the purchasing power of low-income Manitobans into the future.

Will the minister instead bring forward a long-term plan to move Manitobans to a living wage?

Hon. Cliff Cullen (Minister of Growth, Enterprise and Trade): I just want to remind members of the House that we take consulting with Manitobans to be very important. Certainly, from this government, we've done that. And we heard back from Manitobans and they're looking for consistency and predictability. And the business community is, certainly, wage earners are looking for that predictability, as well. We believe the indexing formula—*[interjection]*

Madam Speaker: Order.

Mr. Cullen: —that we've introduced in Bill 33 provides that predictability to Manitobans. Clearly, other provinces have moved to this model, as well. So in our consultations with Manitobans this is what they've asked for: consistency and predictability. We've delivered.

Madam Speaker: The honourable member for St. Johns, on a supplementary question.

Ms. Fontaine: So, the Manitobans that he consulted with want 15 cents, that's what they've consulted? That—I doubt that.

The minister said in this House he very much would like to bring more people, and I quote, up and above the minimum poverty wage. So what did he do? He merely rubbed three nickels together and froze the purchasing power of low-income earners.

Here's an idea for the minister, Madam Speaker: deliver a plan for increases above the cost of living and raise thousands of Manitobans out of poverty. It's a simple idea, but one that progressive people across the world are embracing.

Will the minister reconsider his approach by increasing and moving us towards a living wage?

Some Honourable Members: Oh, oh.

Madam Speaker: Order.

Mr. Cullen: Well, it's interesting, Madam Speaker, to watch the members reflect on 17 years of missed opportunities.

Madam Speaker, you know, we're making tremendous moves in terms of leaving more money in low-income Manitobans' pockets. We've increased the minimum wage. We've also indexed and

increased the basic personal exemption, taking over 2,000 Manitobans off the payroll. These are moves that are going to keep more money in Manitobans' pockets. It's the right thing to do.

Madam Speaker: The honourable member for St. Johns, on a final supplementary.

Ms. Fontaine: Fifteen cents is an insult to Manitoba workers.

Minimum wages are poverty wages; the minister even said it so himself. Many Manitobans today lack traditional supports. They're working multiple jobs and often raising children as single parents. For low-income Manitobans, freezing purchasing power means choosing between working or going to school or fully paying bills or saving money.

Will the minister reconsider his 15 cents and provide an increase that will give Manitobans more choice in their daily lives and take them out of poverty?

Hon. Brian Pallister (Premier): Well, the NDP approach, and the workers in Manitoba and people struggling with low incomes understand this, is to put a loonie in their pocket and do a press release and have a big ribbon cutting and make a bunch of announcements, and then jack up the taxes and take the loonie out of the other pocket. They were no further ahead and they weren't getting any further ahead.

The administration under the previous government, Madam Speaker, started taxing people at thousands of dollars earlier than they were having to be taxed in other jurisdictions. In fact, all the Canadian jurisdictions west of New Brunswick start taxing people later. So we're working hard to clean up the mess that was left to us, but we have a lot of support from people.

Here's a nice letter from somebody: Thank you very much for the increase in the minimum wage today. It makes a difference to a large number of working men and women in my community. Keep on surprising me like this. It's a non-ideological issue that people who go to work every day should make enough to enjoy life. Thank you. Long-time poverty-antipoverty advocate, Mr. Sel Burrows.

I thank Mr. Burrows.

Madam Speaker: I would ask the Premier, if he was reading from a direct letter, if he would be able to provide the House with a copy of that letter.

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please. Order. Order.

I would indicate to the member for Tyndall Park that I have been standing for some time now and that when the Speaker stands the House is to be silent. And it is a reminder to all members.

Mr. Ted Marcelino (Tyndall Park): I am sorry, Madam Speaker. I didn't see you stand.

Madam Speaker: Thank you. I appreciate that apology.

* (14:30)

We can now move to the next question, then.

Mine Closures in the North Government Plan for Workforce

Mr. Tom Lindsey (Flin Flon): The minister simply has no plan to deal with the growing crisis in the mining sector. Birchtree Mine has announced for closure in 2018—or right now. In 2018, so is the Reed copper mine and the smelter and refinery in Thompson; 777 mine, Hudbay's copper and zinc mine, is set for closure in 2020. The zinc refinery also faces an uncertain future. Thousands of jobs are being lost or are at risk.

Where's the minister's plan for the mining sector?

Hon. Cliff Cullen (Minister of Growth, Enterprise and Trade): I do appreciate the question from the member. It's interesting to see their new-found enthusiasm for the economy.

Madam Speaker, we knew there was challenges in northern Manitoba a number of years ago. As a result of that, we were engaging northern Manitobans in discussion about the future of northern Manitoba and we recognized there was going to be challenges coming, and we're seeing these challenges unfold before us, even this week.

But we know Manitobans and northern Manitobans are resilient. We're excited about the opportunities in the future. We're working, certainly, on the education front to make sure there's opportunities for those workers that will be out of place, but there will be opportunities for northern Manitobans. That's a commitment by this government.

Madam Speaker: The honourable member for Flin Flon, on a supplementary question.

Mr. Lindsey: Madam Speaker, it's all talk and no action from this government. The government hires a hundred-thousand-dollar consultant to take trips to belugas; they have no action for people impacted by hits to the resource sector.

Can the minister tell us what steps he has taken to help retain—or retrain workers that are being impacted?

Mr. Cullen: Well, we had 17 years of all talk and no action when it came to northern Manitoba.

Madam Speaker, we know there's challenges in the mining sector, because they weren't addressed over the last 17 years.

We are committed to make sure that we are developing a framework for positive investment in northern Manitoba. We are going to make sure we have an effective consultation process. We're going to make sure everyone understands land use in Manitoba, and we're going to make sure that we have a system that works in terms of permitting and work projects as well.

So those are the 'kypes' of things that we will have to get right. If we get that right, investment will come back to Manitoba.

Madam Speaker: The honourable member for Flin Flon, on a final supplementary.

Mr. Lindsey: Jobs are being lost across the North. The Port of Churchill—closed to grain; rail line cut shipments—the number of shipments. In Thompson, the Birchtree Mine has announced for closure in the fall. Many more jobs are at risk across the North in the mining sector. There really is no plan from this government to deal with this.

Will the minister at least convene with leaders in Thompson, and the rest of the North for that matter, and not just business leaders but working people's leaders, union leaders? Will he sit down and meet with those people and try and at least come up with a plan?

Mr. Cullen: What we're seeing now is the results of 17 years of neglect of northern Manitoba; that's the results that we've seen. This government is going to turn things around in northern Manitoba.

We recognize there is issues coming in northern Manitoba, so we did—within the last year, we met individually with the community of Thompson, the workers at Vale, Vale themselves. In the last few months, we actually met with all three of them in the

same room to talk about solutions going forward. So we have solutions in the forward—coming forward. We have a number of different departments working on it and, certainly, we've assisted the City of Thompson in terms of going forward with economic development plans. So there is things happening in northern Manitoba that will put more Manitobans back to work.

Rental Housing Improvement Program Funding for Repairs to Affordable Housing

Mr. Len Isleifson (Brandon East): We've had one great question today from the member from St. Norbert and I'm going to make it two.

Madam Speaker, we're well aware that a home is where families grow and prosper. However, finding safe and affordable housing is a challenge to a lot of people. This is very particularly true when it comes to low-income families. This is why our government is committed to ensuring that Manitobans have access to comfortable and secure housing options.

I would like to ask the Minister of Families if he could please explain how funding programs for rental properties and rooming houses helps landlords make crucial property improvements and upgrades in order to improve these challenges.

Hon. Scott Fielding (Minister of Families): What a great question. Thank you very much.

Our government is very much committed to—safe and secure housing is a priority for our government. Under the Rental Housing Improvement Program, private landlords and housing co-ops can apply for upwards of \$24,000 per unit for repairs required to meet health and safety standards. Properties in northern Manitoba, which are very important as well, can apply up to \$28,000 per unit.

The Rooming House Assistance Program is accepting applications to a maximum of \$29,000 per unit to make similar types of improvements to properties and shared kitchens and bathrooms.

Our government has committed to over \$2.5 million in this budget, where we are doing the projects the NDP had failed in terms of housing.

Madam Speaker: The time for oral questions has expired.

PETITIONS

Neighbourhoods Alive! Funding

Mr. Andrew Swan (Minto): I wish to present the following petition to the Legislative Assembly.

The background to this petition is as follows:

Since 2001, the Neighbourhoods Alive! program has supported stronger neighbourhoods and communities in Manitoba.

(2) Neighbourhoods Alive! uses a community-led development model that partners with neighbourhood renewal corporations on projects that aim to revitalize communities.

(3) Neighbourhoods Alive! and the neighbourhood renewal corporations it supports have played a vital and important role in revitalizing many neighbourhoods in Manitoba through community-driven solutions, including: employment and training, education and recreation, safety and crime prevention, and housing and physical improvements.

(4) Neighbourhoods Alive! now serves 13 neighbourhood renewal corporations across Manitoba which have developed expertise in engaging with their local residents and determining the priorities of their communities—[interjection]

Madam Speaker: Order, please.

Mr. Swan: (5) The provincial government's previous investments into Neighbourhoods Alive! have been bolstered by community and corporate donations as well as essential support from community volunteers, small businesses and local agencies.

(6) Late in 2016, the minister responsible for the Neighbourhoods Alive! program said new funding for initiatives was paused, and that the future of the Neighbourhoods Alive! program was being reviewed, bringing hundreds of community projects to a standstill.

(7) Neighbourhood renewal corporations and their communities are concerned this funding freeze is the first step in a slow phase-out of the Neighbourhoods Alive! grant program, which would have severe negative impacts on families and communities.

We petition the Legislative Assembly of Manitoba as follows:

That the Legislative Assembly of Manitoba be urged to support the Neighbourhoods Alive! program and the communities served by neighbourhood

renewal corporations by continuing to provide consistent core funding for existing neighbourhood renewal corporations and enhancing the public funding available for specific initiatives.

Madam Speaker, this petition is signed by many Manitobans.

Thank you.

Madam Speaker: In accordance with our rule 133(6), when petitions are read, they are deemed to be received by the House.

Taxi Industry Regulation

Mr. Jim Maloway (Elmwood): I wish to present the following petition to the Legislative Assembly.

The background of this petition is as follows:

(1) The taxi industry in Winnipeg provides an important service to all Manitobans.

(2) The taxi industry is regulated to ensure that there are both the provision of taxi service and a fair and affordable fare structure.

* (14:40)

(3) Regulations have been put in place that has made Winnipeg a leader in protecting the safety of taxi drivers through the installation of shields and cameras.

(4) The regulated taxi system also has significant measures in place to protect passengers, including a stringent complaint system.

(5) The provincial government has moved to bring in legislation through Bill 30 that will transfer jurisdiction to the City of Winnipeg in order to bring in so-called ride-sharing services like Uber.

(6) There were no consultations with the taxi industry prior to the introduction of this bill.

(7) The introduction of this bill jeopardizes safety, taxi service and also puts consumers at risk, as well as the livelihood of hundreds of Manitobans, many of whom have invested their life savings in the industry.

(8) The proposed legislation also puts the regulated framework at risk and could lead to issues such as been seen in other jurisdictions, including differential pricing, not providing service to some areas of the city and significant risks in terms of taxi driver and passenger safety.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to withdraw its plans to deregulate the taxi industry, including withdrawing Bill 30.

And this petition is signed by many, many Manitobans.

Kelvin High School Gymnasium and Wellness Centre

Mr. Ted Marcelino (Tyndall Park): Madam Speaker, I wish to present the following petition to the Legislative Assembly.

And the background to this petition is as follows:

(1) Manitobans recognize how important it is to provide young people with quality learning spaces to succeed in school.

(2) Sport, recreation and the spaces to engage in them are critical to the health and welfare of all students.

(3) All forms of educational infrastructure, including gymnasiums and recreation centres in general, represent an incredible value-for-money investment, whereby the return is improved physical and psychological health and wellness.

(4) Kelvin High School is one of the largest high schools in the province, with over 1,200 students.

(5) Kelvin High School spent several years raising almost \$1.2 million towards the construction of a new gymnasium and wellness centre.

(6) Some Kelvin students currently have to pay to use outside facilities to obtain their mandatory physical education credit.

(7) The provincial government, in a regressive and short-sighted move, cancelled funding for the Kelvin gym and wellness centre for political reasons, despite the extensive community support, fund-raising and engagement.

(8) It is wasteful and disrespectful to the dedicated efforts of students, staff and the community in general to simply lay their goals aside without consultation.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to recognize the need for excellent recreation facilities in all

Manitoba schools, to reverse this regressive cut and to provide Kelvin High School with the funding necessary to complete a new gymnasium and wellness centre.

This petition was signed by Bronwyn Chard, Izzy Eskow, and Asma Aden.

Thank you, Madam Speaker.

Taxi Industry Regulation

Ms. Flor Marcelino (Leader of the Official Opposition): I wish to present the following petition to the Legislative Assembly of Manitoba.

The background to this petition is as follows:

(1) The taxi industry in Winnipeg provides an important service to all Manitobans.

(2) The taxi industry is regulated to ensure there are both the provision of taxi service and a fair and affordable fare structure.

(3) Regulations have been put in place that has made Winnipeg a leader in protecting the safety of taxi drivers through the installation of shields and cameras.

(4) The regulated taxi system also has significant measures in place to protect passengers, including a stringent complaint system.

(5) The provincial government has moved to bring in legislation through Bill 30 that will transfer jurisdiction to the City of Winnipeg in order to bring in so-called ride-sharing services like Uber.

(6) There were no consultations with the taxi industry prior to the introduction of this bill.

(7) The introduction of this bill 'prejudizes' safety, taxi service and also puts consumers at risk, as well as the livelihood of hundreds of Manitobans, many of whom have invested their life savings into the industry.

(8) The proposed legislation also puts the regulated framework at risk and could lead to issues such as what has been seen in other jurisdictions, including differential pricing, not providing service to some areas of the city and significant risks in terms of taxi driver and passenger safety.

We petition the Legislative Assembly of Manitoba as follows:

To urge the provincial government to withdraw its plans to deregulate the taxi industry, including withdrawing Bill 30.

Signed by many, many Manitobans.

Thank you.

Madam Speaker: Grievances?

ORDERS OF THE DAY

GOVERNMENT BUSINESS

Hon. Andrew Micklefield (Government House Leader): This afternoon, we wish to continue with Estimates.

Madam Speaker: The House will now resolve itself into Committee of Supply.

Mr. Deputy Speaker, please take the Chair.

COMMITTEE OF SUPPLY (Concurrent Sections)

EXECUTIVE COUNCIL

* (14:50)

The Acting Chairperson (Jeff Wharton): Will the Committee of Supply please come to order. This section of Committee of Supply will resume—*[interjection]* Oh, I had it on. Yes. *[interjection]*

Will the Committee of Supply please come to order. This section of the Committee of Supply will resume consideration of Estimates in the Department of Executive Council.

The floor is now open for questions.

Ms. Flor Marcelino (Leader of the Official Opposition): Mr. Chair, through you, I would like to ask the Premier if he had made use of financial projections developed by Manitoba Hydro in determining the projected summary deficits for the next several years.

Hon. Brian Pallister (Premier): I thank the member for that question.

I also, before I—I want to begin by updating her on a request for information she had given to me yesterday, as we have been doing, in respect of the management reduction numbers that she had asked me about.

Mr. Dennis Smook, Chairperson, in the Chair

But, before I do that, I wanted to say a personal thank you to her for her generous offer and respectful offer to apologize on behalf of her colleague yesterday. That meant a lot to me, meant a lot to my family, and I thank her for that.

On the management update issue, I will say I am only able to give her a partial answer thus far and we're working—and it's a much bigger undertaking to get all the data that I need to give her outside of core government, with all the other sectors like the Crown corporations and so on. It's a—will take a little longer, I think, to get an update from them because it's much more complicated there. But I can—I will give her the information on the core government management streamlining that she had asked about.

First of all, I would say—and, clearly, I'll be taking an opportunity through these Estimates to remind Manitobans, through the Chair, of the need for us to pursue a road to recovery, a responsible road to recovery and sustainability. We have a serious fiscal problem in our province. We have six other provinces, I believe, in this fiscal year that have all achieved balanced budgets. We have three that have had major challenges with crude oil prices declining that are—all three provinces have normally been in surplus. It's a matter of normal achievement for them. But this year, temporarily, because of the—principally because of the crude oil price decline, combined, I'd say, in Alberta, with the reality of a massive historic disaster with the Fort McMurray fires that are temporarily in deficit. That leaves one other province that is not in balance and, really, it doesn't have the same 'ratle' legitimate revenue challenges that the three who are in deficit do. Rather, we inherited a government, a situation with the previous government demonstrating they had a spending problem.

So, to get that spending under control, there are a number of efficiencies that have to be found to protect our services and to protect those front-line services people value. We're committed to doing that after a decade of debt in which—you know, a decade in which we more than doubled our provincial debt under the previous administration. And so we're also, at the same time, committed to finding the efficiencies within our government operations that can assure that those services are available and make sure that we do whatever we can to not have an adverse effect on program delivery, right, that programs that people need and care about must be there for them.

So what we did is, immediately following the election, we undertook a complete reorganization of all government departments, which results in a reduction in the size of Cabinet, from 18 members to 12. Now, of course, this excludes the previous premier and myself from that number. So it was

19 to 13, if you include the premiers; 18 to 12, if you don't.

The next step, then, was to review the senior management complement, and that's what the member is asking me about, specifically, but, I think, that preamble is important to understand the background that led to these decisions. The—and I see I'm running out of time, but I'll just say, in this context, what we're talking about in senior management is your deputy ministers, assistant deputy ministers, executive directors, directors and equivalents to that level of—so, when you—when members look at the organizational charts, for example, in each of the departments, they'll see those positions generally designated by category.

I expect I'm going to go over my time, so I'll stop my comments there. But I do have some additional detail and numbers that the member had asked about, as well, for her edification.

Ms. Marcelino: Thank the Premier (Mr. Pallister) for his response.

Through you, Mr. Chair, I'd like to ask the Premier: The government projects \$74 million in net income from Manitoba Hydro, for 2017-2018. I'd like to ask if, in the Premier's view, this is an accurate figure.

Mr. Pallister: We're getting there with an answer to that, and I'll just conclude by giving the numbers I had committed to give the member earlier.

So, when we're talking about the streamlining of senior administrative structures—in other words, the trimming at the top, to put it in sort of parochial language, the trimming at the top is what, when we consulted in the prebudget exercise—and we did a lot of outreach, and we got a lot of input from our front-line workers, whether within core or throughout government, on this, and one of the most consistent observations was, it's just too thick up in the top of our organization. There's just—it's just grown so much and—over the years, and I expect members have heard that from their own front-line workers when they're talking to them. A lot of growth up there; not so much growth on the front.

So we went in and looked at that and realized that we had, frankly, the biggest civil service in Canada with the most—among the most top heavy in virtually every part of government. Over the last number of years, in particular, last six or seven years, in particular, the new positions and the hiring of

additional people on the top of the organization really expanded.

So we announced, on October 6th of last year, that we would be looking to trim senior management positions, as I described earlier, throughout core government; 112 management positions was our target, and our goal is to complete that by the end of this calendar year, so December 31st of 2017. Now, what—how will that happen? Well, each of the departments was asked to review their own organization internally; take a look inside their organization, with that aim of streamlining their organizational design and focusing on protecting the front-line services, and by—reducing the management layers up above. So Budget 2017 includes a reduction of over 50 management positions—senior management positions. The salary and benefit cost savings of that would be approximately \$7 million.

* (15:00)

I would also mention that some of these people are not fired; they're retiring, and so they're simply leaving that position. But we are not planning to rehire one or two or three people to take over for them. So we are looking to streamline that way, as well, because a lot of our senior people are older than the member for Flin Flon (Mr. Lindsey) even. They're—you know, they're—*[interjection]* Yes.

So I'd also mentioned—and, I think, it's important to understand you have to be fair to your workers, and regardless of whether management or front line, you know, be fair. And severance is there also for those who are leaving. And I should mention that that means that, in the first year after these initiatives happen, you might not see a significant reduction in the cost to the taxpayer, because you're continuing to pay severance under the rules that are there for severance.

That compensation, though, I should point out to all members, for government employees, is disclosed in volume 2 of the Public Accounts. So you can see it; it's right there, and Manitobans who have an interest in this stuff can actually go and read The Public Sector Compensation Disclosure Act documents, and they're there for them to have a look at, if they'd like.

For individuals that have been laid off, and there are some from senior management positions, the conditions of employment regulation provides for severance. And the severance is based on their length of service. The government will not be providing

personal information, because, naturally, that's protected for the individual person. So there's a bit of an overview.

Now, the member had asked me also, though, about the question of reporting on the—Manitoba Hydro, specifically. Manitoba Hydro is reporting—and numbers is—are included in along with all government business entities. So that's included in the projections of summary budget forecast, so it's not just core; we say it's summary, which includes all Crown corporations as well. So this would mean any government business enterprises would be included in that calculation as well. It's not just core government; it's also Crown corporations like Manitoba Hydro.

Ms. Marcelino: Through you, Mr. Chair, I'd like to ask the Premier (Mr. Pallister): Does he think a 7.9 increase in electricity rates for Manitoba Hydro is appropriate?

Mr. Pallister: I'll just gather up some information, so I can give the member a little bit more detail on that. Let me just, though, while we're just waiting for that to come, say it's not just Manitoba Hydro projections. And these projections are arrived at through, obviously, the experts at Manitoba Hydro in discussion with Finance—senior Finance officials, and then they work together through the projections and determine what they think will be the likely—you know, this is nature of a budget-making exercise, right—what will be the likely number at the end of the year.

It should be also understood, though, there are other factors, and I'll get into those in a minute, in respect of the debt of Manitoba Hydro—the debt undertakings of Manitoba Hydro, that play very much into the longer term concerns that all Manitobans, I think, who care about Manitoba Hydro share in terms of the amount of debt that is accelerating because of the bipole, Keeyask—well, some call it a boondoggle and—but that's the proposed levy that Manitoba Hydro is talking about imposing on Manitobans due to the decision by the previous administration to build—for American export, to build Keeyask and to go ahead with the construction of the Keeyask project without proper consultation, without proper deliberation and without proper research—was the decision of the previous administration—will go down as one of the worst decisions in Manitoba History, if not the worst.

The bipole line, of course, has been well discussed, and I expect I'll have a chance to discuss it

further as we go on in the Estimates process today and later.

As far as other government business enterprises, I would mention that the Deposit Guarantee Corporation is another one; Manitoba Liquor & Lotteries Corporation, as well; Manitoba Public Insurance Corporation and Workers Compensation Board; and those are all considered government business enterprises.

Their projected performance plays into the summary budget forecast. So each of those entities will have—work through with their management and researched what they project will be the performance of their entities in the coming year. They will then have discussion with senior Finance officials. They will go through those numbers with a fine-tooth comb. They will ascertain what is an accurate projection to enter into the books of our Province, and then we'll shoot for that.

One thing I'm particularly proud of our—principally, of our senior civil service, but also of our new Cabinet is that in the compilation of our projections on our first budget, which was done very quickly, as the member knows, after the last election. You know, the election was held in April of 2016; first budget was presented in a matter of weeks, and so there was a lot of hard work that went into that and into the projections. And those requirements were met ably by our senior management and by our ministers. And it appears—and we'll know when the final Public Accounts are issued, probably September, first week of September, we'll know—but it looks like, based on the third-quarter numbers, that we're going to be very close. In fact, the closest for a long, long time in terms of the actual result that we'll achieve versus what was projected.

This is an important accomplishment and one that the previous administration was unable to do. Over many, many years, they consistently saw their deficits be larger than they had predicted. And what happens, as a consequence of that, is when you—when that happens, people lose faith in the process. They lose faith in the sincerity of the numbers because they begin to doubt the accuracy of the numbers. And also moneylenders, you know, these bond-rating agencies that the member for, I think it's Fort Garry-Riverview says are part of a neo-liberal plot or something, I think he describes it. But those moneylenders actually like what most of us like. They like people or governments represented by people to keep their word, and when that word is

broken and trust is broken—when trust is broken, they begin to fear that the commitments that are stated will not be met.

So, in restoring that trust, it's very important for us that we do our best to achieve the projections as closely as possible that we budget for, so we put a meticulous amount of work, and for this I give a lot of credit to our, as I said earlier, our senior civil servants.

And I'll give a little more detail to the member in my next opportunity on the actual numbers that we—versus what was projected under the previous administration and our own government.

Ms. Marcelino: I didn't—I'll repeat my question. I didn't hear an answer from the Premier (Mr. Pallister) along the line of questioning.

Does the Premier think the Hydro's application to PUB of a 7.9 increase in rate appropriate? Or is it too high?

*(15:10)

Mr. Pallister: Well, I would say, first of all, we need to go back a little bit and understand that the previous administration led Manitobans to believe that the actual cost of the bipole line would be zero, and they—in the election of 2011, they actually put out literature that told Manitobans that they wouldn't have to pay a single cent. They said the bipole line will not cost taxpayers a single cent. Now, of course, we're finding out that that was a whopper, and the actual bipole line will cost a considerable amount more than that. So, after the election, the member for St. Boniface (Mr. Selinger), who was the leader of that political party that preceded our own in government, claimed that the bipole line would cost \$1.2 billion; \$1.2 billion, he said. And I'm looking for the actual cost now; I think \$4.9 billion is what we're getting now as the actual cost.

So, again, the member is asking: Is Hydro right in asking for a big rate increase? She could also ask: Was the previous administration right in saying that bipole would cost not a cent? The cost has to be borne by the owners of Manitoba Hydro. The owners of Manitoba Hydro are Manitobans. Manitoba Hydro is trying to pay for the things the previous government committed them to building; they committed them to building the bipole line. The bipole line costs around \$5 billion; the previous administration said it wouldn't cost anything. Then they changed and said it'd be \$1 billion; now it's five times that much.

So I don't think that it would be surprising that Manitoba Hydro senior managers and the board would be trying to raise money to pay for something that has actually cost close to \$5 billion. Somebody's got to pay for it.

Manitobans own Manitoba Hydro, and, although they didn't get a lot of say in the previous government's decision to move ahead with this ill-advised project—fact they were largely ignored in that process. And, though the previous government decided to ignore the experts—both present and retired, at Manitoba Hydro—when they decided to build the route in such a manner that the costs escalated by billions of dollars more, thousands of millions of dollars more than was necessary. Now you can understand why some would be puzzled that there'd be questions emanating from the very same political organization that made all these costly decisions as to why the rates should go up.

If you're going to spend five or six or seven billion dollars building stuff, then you're going to expect somebody's got to pay for it, and Manitoba Hydro is, as a result of this overreach by the previous administration, this incredible, unprecedented build—build-up, not for Manitobans but for export, of Manitoba Hydro, there's a cost associated with it. The cost associated with it will be borne by the people of Manitoba, because we are the owners of Manitoba Hydro.

And so, with respect to the member's question, I think it's important to understand that what we understand—that the misrepresentation of the real costs of the bipole line and the Keeyask project, which we just learned is, I think, \$2 billion over its last projection and getting up in the area of—*[interjection]* Yes, we'll get the detail, but, again, thousands of millions of dollars over and above what was projected on cost. It makes—it creates a tremendous, giant debt hole at Manitoba Hydro. And so the management at Manitoba Hydro is concerned about that and wants to see it addressed.

I'll get into the process of how that works with the Public Utilities Board in a minute, but I just wanted to share with the member the summary projections of the previous administration were consistently off. For example, in '15-16, they posted a budget that said, year before the election, that they would end up \$422 million in the red, with a deficit of \$400 million; ended up being close to \$900 million. So they're off by about half a billion or \$500 million. That's off by quite a bit, Madam

Speaker. And that's why the moneylenders knocked our credit rating for a loop and cost us tens of millions of dollars that we can't put into things like better services for health care and education.

Ms. Marcelino: Seems like the Premier (Mr. Pallister) is alluding that that 7.9 increase in hydro rate is appropriate, from the reasoning that he had given.

Anyway, I'd like to ask the Premier, through you, Mr. Chair: In his view, what is the acceptable debt-to-equity ratio for Manitoba Hydro?

Mr. Pallister: I wouldn't want the member to, you know, misrepresent what I just said and falsely parody it in the wrong way. I think that's inappropriate. I did not say that it was acceptable because I don't think that the way the previous government management at Manitoba Hydro was acceptable at all. And so I think what's happened here is we see a rate application that's a consequence of unacceptable behaviour, unacceptable behaviour not by Manitoba Hydro, but by the political masters who instructed them to build the bipole line, for example, down halfway across—well, all the way across the province, frankly.

I'll share with the member that it was clear there was political influence brought to bear on Manitoba Hydro by the previous administration. I mean, there's actually here a copy of a letter that came, that was sent to the chair of the Manitoba Hydro-Electric Board that directs the Manitoba Hydro board to pursue only the west route for the bipole line. Now this: political influence of the worst kind. And the result is that the costs are \$1 billion, \$2 billion higher than would have been the case if the board had not been so directed and Manitoba Hydro's senior management had been listened to. So you have here a direction to not build where any experts I've talked to, present or past at Manitoba Hydro, said the preferred route should have been—should have been—on the east side of the—of Lake Winnipeg. Instead, the previous administration instructed in this letter—this is a letter written by the minister responsible for Manitoba Hydro. The minister responsible for Manitoba Hydro was the member—present member for St. Boniface (Mr. Selinger)—and at the time was also the minister of Finance.

So it says here, and I'll just quote from the letter: The Manitoba government does not regard an east-side bipole route as being consistent with our commitments and initiatives and we'd encourage the move ahead with required consultations and planning

for an alternative bipole route. So they instructed the Hydro board not to build it where the Hydro board and Hydro senior executives recommended it be built. Now, that's left Manitoba Hydro with a massive, thousands of millions of dollars of additional debt because they had to build it—well, you know, 600 kilometres longer that—through a lot of pristine country, didn't help the environment at all, through tornado alley, some question about the reliability and delivery confidence people have about that route—all those instructions political, not listening to the senior people at Manitoba Hydro.

So, in addition to that, of course, there's the Keeyask dam project. Here's an article from a Winnipeg paper, March of this year, says the cost of Manitoba Hydro's Keeyask dam project is ballooning by billions and its in-service date will be pushed back nearly two more years: so over budget and late. The contentious project is expected now to cost \$8.7 billion, up from \$6.5 billion projected in budget Estimates in 2014. So, again, previous administration instructed that this be built, just as they did the bipole west line, causing billions of dollars of expense to be incurred at Manitoba Hydro, now ask questions about rates going up.

Well, I'm going to ask for a copy of the Philippe Dunsky testimony and report. The previous government hired an expert, international expert on Hydro and there was a report filed in respect of these projects, like the Keeyask project which they hid from view, didn't allow it to go to the media. It was blacked out as—I think they said it was advice to Cabinet or something, and they didn't allow people to see it.

* (15:20)

But now we've got it and I'll read from it so the member knows that this—these decisions were made. And I'm not blaming her personally. I am not. I don't know that she was given this information from Mr. Dunsky. If she had it, I expect that she would have done her best to stop this project from going ahead. But I don't believe that she had it. But I'm going to read it to her in the record now, so she has a chance to hear this, because it should make her very concerned. And she'll understand why Hydro rates are—the application for Hydro rate increases is happening.

Ms. Marcelino: I would like to ask the Premier for a copy of the letter she read—or part of it that she read, signed by the then-minister of Finance.

To my knowledge—that was before my time, but, to my knowledge, the decision to build on the west side was borne out of consultation with at least 10 First Nations organizations. And, also, in hindsight, now that it's being built on the west side and now that we're selling power to the west of us, it seems to be a well—an—a decision well made—but would like to—for—just for my personal purpose, because I'm—I know very little. That was before my time; by the time I got elected, that decision was well on its way. But I'd like to see the genesis of that decision.

But I'd like to ask the Premier (Mr. Pallister): Is it more—and I haven't—by the way, I haven't received a response to my earlier query if the Premier believes the debt-to-equity ratio is—for Manitoba Hydro is an acceptable one.

Mr. Pallister: Well, happy to—I'm just going to get a copy of the letter the member had asked about and make sure she has that. And I know—I understand—what year was the member first elected?

An Honourable Member: Mr. Chair, '07.

Mr. Pallister: —'07, and this was dated [*interjection*] Yes, September of '07. So that's when it was sent. But I'll get her a copy of the letter.

On the issue of consultation, she should know, though, on the indigenous consultation piece that, in fact, a lot of the bands—and I can't read off the list; I don't have it with me—but a lot of the bands worked with a gentleman named Elijah Harper that she would have heard of. And Elijah Harper and these bands were very, very, very concerned about the loss of potential jobs, potential opportunities for economic growth in that region on the east side of the lake. And, in fact, there were—as is true in most communities, there were mixed opinions on the issue. But my point—it should not be left unsaid that there was a great deal of support for an east-side route among the indigenous bands in that area and among their community members, because there was. Certainly, Mr. Harper, a well-known Manitoban—I think one we're all proud of and a very, very respected person, and he was very, very supportive of an east-side route as were many of the First Nations communities on that side.

As far as the argument that we might sell to Saskatchewan, so it's good that we already built a route halfway around the province, the member will have to consult—and I won't get into the detail of this except to say she'll have to consult with Manitoba

Hydro experts on this. There's much—it's much more complicated than that. There are tremendous additional costs that will have to be incurred in transporting, in transforming power in—to its useable form for transit to our markets elsewhere. Those costs will be duplicated, in many respects, unnecessarily, replicating additional investments already made. Senior officials at Hydro have told me that there's—frankly, it was just a poor decision to put it on the west side, and nothing can undo it at this point.

We endeavoured, when we came into government, to inquire immediately as to whether there was any possible way to pull the plug on this west-side thing and do as the experts had asked. The previous administration accelerated the process of construction, of ordering materials, of route readiness and, in many other respects, made sure that it was a *fait accompli*, as they say in French—that it was an act that could not be undone.

On the cost of the Keeyask dam—and I should mention that the Keeyask dam itself was a project that should have gone through a respectful process—Public Utilities Board—similar to what the rate application will go through, a Public Utilities Board process, so that the public can be protected, their interests can be served. This is what should have happened with the actual project Keeyask itself. It is not what happened, and now the cost of that project is ballooning by thousands of millions of dollars. It's going to be late when it is done. It is absolutely a disaster in the making, and, unfortunately, this project is also so far gone and so far along that it can't be stopped. In fact, what the members of the Clean Environment Commission said was that—and the Public Utilities Board—both said that it would be ill-advised to do it but that it was—there'd been so many hundreds of millions of dollars already put into it that it was too late to change it.

So, in other words, the previous administration started the construction without approvals. They moved ahead with investments in the hundreds of millions of dollars without going through the proper processes. And then, when it got to the process of looking at this project, it was done already, too far gone to back up.

So, a disappointment, I think, also for workers at Manitoba Hydro I've spoken with who are very, very disappointed in this and recognize that it is a—you know, is a decision that hurts the utility itself and

hurts the owners of the utility: Manitobans. So these are not good decisions.

On the equity issue the member has raised, I can only tell her that—what the CEO of Manitoba Hydro says: equity levels at Hydro are very low. They'll continue to deteriorate in coming years. We are out of step, he says, with other Crown utilities across the country. Our equity levels are far out of step. Our debt levels are far out of step. Manitoba Hydro's debt now, of course, is a very large part of the Province's debt load as well. And I'll go on—additional opportunity.

Ms. Marcelino: A significant portion of Hydro's income is derived from exports sold to Canadian customers, sold to American customers on the spot market and fixed-rate long-term contracts, and based on these export sales, it was the view of what I've heard that these infrastructure projects are needed to fulfill these contracts as well as to preserve the 'integ'—for the bipole to preserve the integrity of the line. Should there be unexpected accidents, there will be energy or a source of energy for the province. But anyway, that's what we learned.

But can the Premier (Mr. Pallister) indicate how many fixed-rate contracts with Canadian or American customers has Hydro signed this past year?

Mr. Pallister: I'll undertake to get that information. It'll take some time, but I'll get that.

I would also continue, though, with the—Kelvin Shepherd's comments. These were—comments were made last fall concerning Manitoba Hydro debt. And he commented that Manitoba Hydro debt is a very large part of the Province's overall debt load. In fact, it's approaching about 50 per cent of the provincial debt.

* (15:30)

Hydro's ability to be considered self-supporting—he says, our ability to service our own debt could potentially be at risk with such low equity levels. Of course, there is a concern that has the potential to impact the Province's credit rating overall as well. He goes on to say: I want to point out, this did not happen overnight and is a trend that's been in place for many years. The combination of 10 years of low rate increases, coupled with increased borrowing to support major projects and infrastructure has led to the current situation.

The comparison in terms of debt to equity with other hydro utilities across the country shows that with, I think, one exception, Manitoba Hydro is in the worst position of a debt to equity in the country.

What is also of concern, of course, is that there will be—it will take years before the projects that are now being built will be in a position to export power if there is a market. And it will also, according to the expert testimony of many at the Public Utilities Board when this project was coming in for examination—the Keeyask Dam I'm talking about not—the Bipole line never went to the Public Utilities Board—experts said there's no rate of return. There's no positive rate of return for potentially, some of them said, for 35 years, I think.

The other concern that seemed to be ignored by the political masters that pushed these projects forward was the reality of a declining energy price. I mean, the alternatives to using hydro throughout the United States, and, in particular in our market—traditional market in the central corridor of Bakken produced, low priced product that can produce energy for a fraction of what we would like to get when we sell our hydro; that's a reality that's emerged and some say will remain a reality in terms of alternative pricing pressure downward for decades and decades to come.

So, clearly, this wasn't thought through by those who pushed this at the political level. Perhaps they had a plan that was written before Bakken reserves were discovered and they wanted to stick to it, but sometimes—well, as Napoleon said, fixed positions are man's monument to stupidity, and, when you hold onto a position after all the facts change and the realities are different, and you should change your mind, you should change your mind. I'm reminded of a friend of mine who insists whenever we drive that he knows the way and never asks anyone else for directions, even when he's lost.

The fact is there were experts who were available who could have assisted. Seeking the advice of experts can be a very helpful thing. So I—you know, I know that the previous administration disrespected the advice of experts at Manitoba Hydro in pushing this bipole west route—bipole waste line, I call it—but they also, then, they did the right thing and went to Mr. Philippe Dunsky and asked him for advice, and then when he came back and gave them a completed report November 1st, 2014—it was the first phase of his mandate to assist the government. He provided a recommended model. He provided advice

to them, but they covered up the report, and they didn't act on the advice, for some reason.

So, again, kind of like my pal who remains lost longer than he should, if he would just simply ask for some help and maybe follow it.

Mr. Chairperson: Before I recognize the honourable—did you have something ready to table here?

Mr. Pallister: No.

Ms. Marcelino: I would like to ask the Premier (Mr. Pallister), through you, Mr. Chair: How does—or what role does the Premier see himself as having in promoting the sale of Manitoba Hydro products to our neighbours? Does the Premier think that water should simply fall over the dam or ought to be sold on the spot market when buyers are available, or does the Premier believe that selling exports to subsidize the infrastructure, in the will of Manitoba Hydro, is an appropriate strategy to keep rates low?

Mr. Pallister: Well, I made a lot of my living over the years, when I wasn't honoured to be elected as a servant of the public, in the private sector, and I understand the importance of good marketing. I understand the importance of, first of all, having a good product, and we have a good, clean product in hydro. I also understand the challenges of getting into new markets and finding those markets, and I know that there are many people at Manitoba Hydro who understand those challenges, as well, are working very diligently to find those markets for product.

And so I suppose that saying that the principal difference between our government and the previous one is that we don't propose to politicize and direct through political endeavours the decision-making powers of experts in our utilities. That is a critical—has been a critical mistake for Manitoba Hydro that we will be paying for for generations to come. That political manipulation of Manitoba Hydro will be written about in history books in the future as a massive multi-multi-billion dollar error in judgment. So we don't presume to follow that example—quite the contrary, tremendous respect for the leadership and the expertise within Manitoba Hydro and our other Crown corporations. There are—there's a need for a strong co-operative working relationship between Crown corporations and the government of the day, but, again, sometimes politics can—has a nasty way of producing waste, and this is a prime example of that in terms of Manitoba Hydro

decisions that were influenced by politics rather than by common sense or co-operative strategies.

The lack of consultation with Manitobans, the disrespect for the role of the Public Utilities Board, of the Clean Environment Commission was evident throughout these—this series of mistaken approaches is now, as they say, the chickens have come home to roost, and Manitoba Hydro has no choice but to move, they say, on trying to reinforce their position.

We should also understand Manitoba Hydro, besides the massive investments that are required now under the—because of the previous overreach in Americanization strategies of the NDP government, there's also been neglect in—evidenced by the number of repairs that have to be pursued. And so Hydro needs additional money and it gets its money from ratepayers, and it needs additional money for a massive amount of repairs. It's catching up to years of neglect on—not just on—I don't know the technical terms. The member—I can't share with the member, but the towers need to be replaced and some of them are past their expected dates of use. There's a lot of maintenance issues that the Hydro board and senior staff have shared with me that needs to be done and undertaken and they need money to do these things, to do these repairs. We want our services to be reliable.

It's—here's the Manitoba Hydro chair, says, we want to make people understand this is a big problem, not a small problem. We take that position not only from Manitoba Hydro's perspective, but from the perspective of the people of Manitoba. Hydro is a ticking time bomb. We have absolutely no margin for error, no cushion. This is a serious, significant problem and Hydro board members, past and present, know that the decisions that were made for them rather than by them have resulted in this significant and dangerous situation that we now have to face.

And so Philippe Dunsky, who was commissioned by the previous administration, made a number of recommendations in terms of, for example, pursuing an arm's-length demand-side management agency—in other words, an agency that could help Manitobans to get a lower hydro bill by conserving the use of hydro. Previously, the government had committed to that position. In fact, that was position 1 of their green plan. Position 1 was the creation of a demand-side management agency. But they didn't proceed to pursue position 1 in their green plan. So because they didn't, we are

now doing that. We're doing what they said they'd do and we're doing it on the basis of the recommendations of an expert adviser that they hired who reported on November 1st of 2014.

* (15:40)

Ms. Marcelino: There has been much discussion and controversy regarding the creation of Efficiency Manitoba. I was here partly for the committee last week on Bill 19 which is creating this Efficiency Manitoba, a new corporation—or a new Crown. Many critics have claimed that this move will simply lead to another layer of bureaucracy, and one very ardent, passionate critic is from the Conservative side, even.

How would the Premier respond to this concern?

Mr. Pallister: I'd say the member's the official—now official opposition can't have it both ways. They—there's casting aspersions at our efforts to reduce the levels of senior management within government on the one hand and I think that's not justified, but nonetheless they have the right to do that. But, on the other hand, they're asking whether, I believe, that we would want to create a duplicate bureaucracy in another arm's length—in an arm's length demand-side management agency. Can't have it both ways. You're cutting too much or we're not cutting enough. I don't know. Can't be doing—can't be wrong all the time. But maybe—maybe—the previous government was because in December of 2015, they said that they were going to pursue several key initiatives. This is—remember, December of 2015; it isn't that long ago. They said Manitoba introduces comprehensive plan to address climate change and create green jobs. And they said, as their first bullet, Manitoba will take immediate action to create a new demand-side management agency. That's what the NDP commitment was. It's not that long ago, really, I mean, it's a year and a half ago.

So the position of the NDP when they were in government was they were going to do what we're doing now, and now they're opposed to it. That's not a great principled position to be on, but that's the position they've adopted.

Now, what's the purpose of a demand-side management agency? Well, according to the previous government, it was to establish energy savings targets, work to lower utility bills and support adoption of green heating alternatives to fossil fuels, such as geothermal technology.

Well, that's exactly what we're doing with the efficiency legislation, but the member's now

opposed. So there's no consistency here. The previous administration said it would do these things, which we are now doing. It supported them when it was in government and didn't do them. We're now doing them. They were for it; before, they were against it; for it when they were in government; against it now that they're in opposition. Either way, they shouldn't have hidden that Dunsky report because it actually recommended these things and would've given them the powerful support for actually implementing these things. But there's a theme here, a consistent theme. Whether it's Dunsky or Peachey or any number of other advisory studies that were done, the members do the studies, but they don't take the action that is recommended by the studies.

Now, at no time, I would argue, in Manitoba history, has it been more important than now, for us to help Manitobans lower their hydro bills. We're on the verge of increases. We knew we were on the verge of increases before Keeyask construction began, but now with this Americanization strategy in place, Manitobans are going to have higher hydro bills, and we owe it to Manitobans to find an efficient, effective way, as other jurisdictions have done, to help them lower those hydro bills. Whether they're small farmers in the Interlake or in the Dauphin area, or whether they're people living on a single income in the inner city, they are going to need help with lowering their hydro bills. That's what this demand-side management agency, in part, is to do, and it's an exciting initiative, and I, you know, I'm really excited, and I would hope the members would change their position and go back to supporting what they supported when they were in government. If they could do that, we could be unanimous in going ahead and finding an agency and developing an agency together that would really do the job, you know, for Manitobans. We'll do it anyway, but I just invite the members of the opposition to be part of it because I think, then, they could share in the joy that comes from knowing that they're keeping more money on the kitchen tables of Manitobans by helping them lower their hydro bills.

Ms. Marcelino: I would like to—I'm not very good at retaining information that I've just read or have read a week ago. But the very criticism espoused by the member of the government was about a very controversial provision of the bill in Efficiency Manitoba that will put members of the Cabinet to decide on specific issues. I don't have a copy of the bill, but we'd like—at another time, I'll get it. But that

was the main thesis of the member from the Conservative government, and we—

Mr. Chairperson: I'd like to interrupt the honourable interim Leader of the Official Opposition (Ms. Marcelino). I would like to remind all honourable members of our rule 42, which states: no member shall revive a debate already concluded during the session or anticipate a matter appointed for consideration which notice has been given. Bill 19 is currently considered in committee and I would suggest that it'd be more appropriate for the member to comment on the bill at the committee considering the bill.

I—while I understand there is a connection between the bill and Estimates in consideration, I would ask all members to focus their comments on the matter currently before the committee.

An Honourable Member: Just, if I could, put a question for clarification?

Mr. Chairperson: The honourable First Minister.

Mr. Pallister: Just for clarification, because I had agreed earlier and I enjoy the discussion with the members, and I had said I'd allow questions of great latitude. So I don't object to the line of questioning personally, and I encourage members to ask questions. This is an important topic and I don't think we're really—we're not really debating the bill here. My colleagues, I think, would agree: we're not really debating the bill. Certain aspects of the bill are important, though, to discuss.

So I'm—if that's possible, I would not try to break to the rules, but I want to consent to let the member ask questions on this issue as she wishes.

Mr. Wab Kinew (Fort Rouge): Yes, I'm inclined to agree with the First Minister.

Again, we're not debating any of the clauses in the proposed piece of legislation. Rather, we're talking about—in a global sense—how this prospective Crown agency might interact with the other functions of government, with the Executive Council, et cetera, et cetera. And so I'm inclined to agree that if we can continue this that it is an important topic of discussion.

Mr. Chairperson: If it is the will of the committee, I will allow such questioning to continue on.

Ms. Marcelino: I don't wish to pursue any more questions related to Bill 19. I was just referencing to this body that there are provisions of that bill that is

of—very concerning and, in fact, a member of the government raised those points very succinctly and quite at length.

My last question before I allow my other colleague to ask the Premier some questions: I'd like to know if the Premier can guarantee that the present programs offered by Power Smart, programs that help low-income Manitobans buy a furnace or insulate their homes, will continue to be offered by the new Crown corporation.

Mr. Pallister: Yes, well, that's—I appreciate the member's question. That's one of the—that's what we're talking about, here, is this Efficiency Manitoba.

I would make the point, though—the member alludes to a member of our caucus having concerns about this. It would be only fair to point out that Ed Schreyer had a lot of concerns about the government's approach on Manitoba Hydro. It would only be fair to point out that Tim Sale, the former minister, had some concerns about the way the government was going about expanding Manitoba Hydro; Len Evans, former minister, well-respected member of the Legislature for a long time—so, you know, former members of the NDP—and I expect present members of the NDP have different views about what's the right thing to do on these issues. And so I don't think it should be a surprise then—among thinking people—we're not always going to agree and have the same views on issues. We're going to have disagreements at times. And so I would just—I would make that comment, that lots of rooms—complication issue, lots of room for divergent viewpoints.

* (15:50)

On the issue, though, of seeking advice from experts, I think it's important to understand this is the—what we're talking about here in respect of demand-side management agency isn't a position we've taken without a lot of research and consideration. A lot of the research was done by the previous government, and we've read it and listened to it.

For example, on June 20th of 2014, the Manitoba Public Utilities Board, whose appointees were all made by the previous government because, of course, the—all—any members of the Public Utilities Board that they would have inherited when Gary Doer was premier were long gone, so it was all members of the Public Utilities Board that were

appointed by the government, and they issued their report on Hydro and they made recommendations, and I'll just read a couple of them. They said: Create a new demand-side-management agency. They recommended that the government of Manitoba divest Manitoba Hydro of its responsibilities for demand-side management. Again this report was issued in June 20th of 2014. So this is the recommendation.

It goes on to say they recommend that the government of Manitoba establish an arm's-length entity that would be responsible for developing and implementing a plan to meet the mandated demand-side-management targets. So, again, this is a recommendation coming from the previous government's appointed board, the Public Utilities Board, based on recommendations that are from an expert they themselves hired: Mr. Dunsky. Philippe Dunsky was the main adviser to the Public Utilities Board.

So, you know, I would hope we could have agreement that, at least according to the expert advice that the previous government commissioned, supported by input we've received from experts as well, that this makes sense.

Part of, I think, the research, without reading Mr. Dunsky's report onto the record—and just let me say, he is saying—has said that demand-side-management agencies work better when they're not run by the utility that sells the power, and there's some common sense to that when you think about it.

And so, in other jurisdictions, if you want to help people to use less power, you don't count on the entity that sells the power to them to help them buy less power. And this is essentially what is part—and I don't want to oversimplify because he's an international expert; he has far more expertise than I can communicate in my comments. But he's saying something that seems to make some good common sense.

So, this is not a knock on anybody at Manitoba Hydro. It's not a criticism of the people in that demand-side-management Power Smart entity that Manitoba Hydro ran. But what the experts are saying is, you can do it better and you can do it better by having it more over here on an arm's-length basis, not inside the same entity that's trying to sell you that power that you're using in your home.

Ms. Marcelino: We agree with the Premier (Mr. Pallister) that we have to hear from experts and respect the rest—the experts' opinions. And, indeed, it

was the—our government in the past who hired Mr. Dunsky, and we have no questions with the recommendations.

What we are questioning was a serious question on transparency and accountability that is lacking in that bill that is before us. But that was not my question now.

I'd just like to repeat my last question for the Premier this afternoon: Will the Premier guarantee that the present programs offered by Power Smart programs that help low-income Manitobans buy a furnace or insulate their homes will be offered by the new Crown corporation—will continue to be offered by the new Crown corporation?

Mr. Pallister: Although I can't make that guarantee because it would be a contradiction in what we've been talking about, which would be political manipulation of what's supposed to be an arm's-length agency—right? I am sure that, based on my reading of Mr. Dunsky's recommendations and others, that these types of programs are the very types of programs that they'll be wanting to promote, because those are the kinds of programs that have demonstrated effectiveness in the past. But I would not presume to tell the people at an arm's-length agency which programs they should run because that would be wrong. That would be political—that would be an attempt to influence from a political level what an arm's-length agency should be doing.

I would also mention that the Public Utilities Board report that I alluded to was called needs for and alternatives to panel, and they concluded—and just to clarify better my earlier comments, when they were recommending that Manitoba Hydro be divested of this demand-side management role and that they establish an independent arm's-length entity of some type to deliver on getting these targets achieved—they also concluded there is an inherent conflict of interest in Manitoba Hydro being both the seller of electricity and a purveyor of energy efficiency measures. And they expressed concern that the full potential for demand-side management Manitoba is unlikely to be realized if the lead responsibility remains with Manitoba Hydro.

So the previous government said they would proceed with this. They did not proceed with this. In fact, they did not make the report from Mr. Dunsky available, and I believe I understand why, but that's speculation. I won't speculate. It's just simply the case that we are now proceeding to act on the advice that was given by an NDP-appointed Public Utilities

Board based in part on recommendations made by an NDP-sourced outside consultant.

We're implementing, now, mechanisms to find Manitoba Hydro users some savings that were not implemented by the previous government despite the fact, as I said, that this was the number-one-stated priority of the previous administration in respect of their Green Plan. So that Green Plan top priority wasn't acted upon. This is a difference I think that's emerging between our government and the previous administration. We actually are ready to get advice and then take it—similar to my buddy—learn from those who have the ability to direct, and then take direction.

We are—of course, we have priorities. I've outlined those in mandate letters to each of our Cabinet ministers, and we have very focused caucus members who are working diligently on important projects that we believe are priority projects, and we will work as a government to establish a mandate for achieving targets in terms of lowering hydro costs for Manitobans. That is our leadership responsibility. We'll steer, but the rowing needs to be left in the hands of the experts in these agencies.

Ms. Marcelino: Before I pass on the baton to the next—to my colleague, I'd like to ask the Premier (Mr. Pallister), through you, Mr. Chair, do I have a copy of—will I have a copy of that letter? *[interjection]* Thank you.

Mr. Kinew: So a couple of questions about the operations of this prospective Crown agency.

How will Efficiency Manitoba be able to access the data on energy production, energy consumption, et cetera, that it needs to be able to carry out its proposed mandate?

Mr. Pallister: It's a good and fair question, and I would suggest it best directed to the minister in charge of Crowns, because he'll have all the detail. I don't want to give the member a general response and not a fulsome response. So I'll just suffice to say they'll need to have access to the data.

My understanding is that they'll be working in co-operation with those who have it to help them achieve their mandated goals, and clearly that would be an expectation of our government in respect of the co-operative aspects of data exchange between our public utility, Manitoba Hydro—Manitobans' public utility, Manitoba Hydro, and the new agency. They'll need to have data, and we expect that it would be provided.

Mr. Kinew: So similarly, how would Efficiency Manitoba be able to access the expertise on, you know, the issues of energy production, energy consumption, which currently—and in the future—will reside within Hydro?

How will that exchange of knowledge and expertise be facilitated with the new agency?

* (16:00)

Mr. Pallister: I'll say I don't think—and nor Hydro officials would blush at the suggestion they're the sole possessor of knowledge on issues of demand-side management. There'll be expertise available. Some of it—some of it—may emerge, depending on the evolution of the agency through a transfer or acquisition of additional expertise. This—to what degree, I am not a hundred per cent sure at this point because we haven't created the entity yet. But the management of the entity would be responsible for those types of decisions.

There were some major concerns, though—and I think it bears repeating—at the Public Utilities Board. Through the Public Utilities Board, through their consultations there were several themes that emerged. I think the member's touching on one of those. There was general support through the consultative process—and again, this is Public Utilities Board I'm referring to back in—two years ago—regarding enhanced oversight in independent evaluations Public Utilities Board review. Remember, the Public Utilities Board will continue to have responsibilities in terms of the establishment and oversight around the targets that are set out for reducing demand within the context of the arm's-length utility, as well as the adoption of clearer targets.

But there were also mixed reactions about the transfer of responsibility. This—outside of Manitoba Hydro—and this is the major issue, I think, that both the member for Fort Rouge (Mr. Kinew) and the member for Logan (Ms. Marcelino) were alluding to, as have others. These concerns were threefold. There were—perhaps there were others, but I'll say the three main concerns about, should you take it out of Hydro, should you not take it out of Hydro: (1) was the transition costs, transition might not be smooth; current plans, current demand-side management strategies might lose momentum as you—you know, you got plans under way, you're switching to a new entity; will you lose momentum in terms of that? So there—that was one concern.

As well, and the member has alluded to this, the transfer of data would have to occur as well and on an ongoing basis would be an aspect of better operations, one would assume. So those were concerns on the transition side. Secondly, concerns were expressed about lost synergies. Existing synergies between Manitoba Hydro's demand-side management activities and their non-demand-side management activities such as engineering expertise, custom services, client relationships, rate design, there's many other aspects—data collection we alluded to earlier, analytics, financing, bill collection. There's lot of different aspects to what the Power Smart program, we'll call it, and the traditional side of Hydro that focuses on other activities: the building of lines, of dams, et cetera, et cetera and the billing of people and so on, do. So there was a concern.

Second thing was that lost synergies issue. Would we end up duplicating, right, as some have alleged. The third concern was quite legitimate, was government micromanagement, that governments would attempt to control, directly or indirectly, the new entity in the process diminishing its agility, saddling it with multiple goals, imposing special pet projects like a—say, a bipole west line that goes 600 kilometres to nowhere and back, that would distract from the prime focus or dilute the effectiveness.

Now, those were the main concerns. I see I'm running out of time, but I would use the time, I hope, in the next response to suggest there are some positive aspects to this too. And as with most ideas, there will be pros and there will be cons.

Mr. Kinew: I'd like to focus on the issue of synergy because, you know, I think the First Minister has already mentioned how it may be necessary to, where there's currently one expert, potentially, on an issue of energy efficiency, now with a second Crown agency there may need to be a second person with the same sort of expertise at this new agency.

So how, with a new Crown agency, can we have efficiency system-wide in terms of expertise and staffing?

Mr. Pallister: Yes, these are really good questions. I'd recommend—if the member hasn't had a chance to peruse it, I'd recommend that you read this report, the Dunsky report, also the testimony before the PUB committee, which, from a variety of witnesses, is very helpful in working through some of these issues that he's raising and they're good issues to raise.

I would mention that in the initial consultations in 2014, there was consultation not only with senior experts and officials throughout Manitoba Hydro, also there was consultation with various organizations. Aki Energy and BUILD Inc, 50 by '30, Green Action Centre, Consumers Association, Public Interest Law Centre, Manitoba Industrial Power Users Group, Infotechnika and government officials as well were all consulted and a lot of these issues were raised, not by one group, but by many.

But I would say there are five key reasons that people who came out on the side of this is a good idea focused on and highlighted and I would reference those as well.

Clarity of purpose. A mission-driven entity with the sole purpose of delivering energy savings cost effectively could be unshackled from other considerations, other competing objectives, and thus would be better able to deliver savings to Manitobans.

Secondly, a performance-based approach could be followed; a new framework could be built on clear contract targets. Faced with independent third party evaluation, that could lend itself to more of a performance-oriented culture and approach.

Nimbleness. A smaller purpose-driven entity could be more nimble, at once in its dealings with the market, in bringing adjustments to its own programs and strategies and not least of all in its own internal hiring processes, its own internal contracting processes, which some have been critical of Hydro on recently and for a long, long time.

Comprehensiveness. A new entity could address savings from a fuel-neutral perspective, could furthermore expand to address a broader array of resource savings beyond hydro. So you could get into things like transportation fuels as well, other aspects of—water management as well.

And innovation. Finally, a new entity could focus more effect on fostering innovation, both in the types of services offered to the market and in the promotion of innovative technologies and practices.

So what the PUB and what Mr. Dunsky say, essentially, is that their experience with models elsewhere, with the transitions involved in moving from one model over to another, which many other jurisdictions, I am told, have done, by and large support—find examples of both legitimate arguments that support some of the concerns and arguments that support with enthusiasm some of the positive aspects

of this. So the recommendations that were arrived at through this rather extensive process were based on, you know, not a sales pitch of just let's push this one idea, but rather on a fulsome examination of what were the pros and cons of both retaining the model we have now, looking at a different model. Recommendations have the effect of recommending what I have already read into the record here, which is the adoption of an arm's-length agency.

There's—there are—there's always room, legitimate room for concern with change and certainly this is a change and I accept those concerns, but I also accept the advice of these experts and others and the experience of others that say that this makes good sense, that, as I said earlier, prior to the member's entry into public life, that the previous administration said this was their position too and adopted it and recommended it and took it as their first point of their green plan. They said they would do what we are now doing, and so again, I'm just—I'm trying to encourage us to have unanimity on this one because I think Manitoba Hydro's too big and too important for us as Manitobans to do anything but work together on, and I'd like to see that happen with this particular bill, especially.

Mr. Kinew: So, at a certain point, the First Minister must have made the decision to proceed down this track based on some or all of this advice. So, given the First Minister's concern in other areas with avoiding duplication of positions, finding efficiency in the spending of government money, what was the rationale in this case that led him to decide to proceed with the creation of efficiency Manitoba act, even though it does seem to add another layer of expenditure, system-wide.

*(16:10)

Mr. Pallister: Well, it's a difficult question to answer, only because it presupposes that there is some additional overlap or duplication, which is precisely and exactly what we're trying to avoid and eliminate throughout other government departments, among various government agencies, and so on. And so I can't accept the preamble, because the preamble presupposes an argument that I am focused on refuting in every aspect of how we are reorganizing government operations, internally and through our Crown corps, as well as in other related sectors.

We're looking for opportunities to find better synergies, to eliminate duplication, to reduce waste and overlap, because we need to find those savings within our organization, rather than just going back

to Manitobans, as too often happened in the past and jacking up taxes. Raising taxes while avoiding these challenges is not our approach, so we've held the line on tax increase in the last—our first two budgets—so, over the last 13 months, as the members know—and we focused instead on finding savings within.

This would be exactly what people in the small-business sector do, and blessed in our caucus—and Manitobans are blessed to have many people who've come into political life with a small-business background, so they have some practical experience in actually dealing with the challenges of finding a better way to do things—a better way to deliver a service, a better way to manage their costs—because they know they have to be sustainable in the long term, not just in the short term—better way to serve the customer. These are things that people in small businesses, who hope to succeed, have to discover. And they have to discover them, very often, quite quickly, or they won't stay in business; they will lose their business, they will lose their customer base and they will be out of business.

Too often what we've seen over the years—and this has been commented on by political scientists and observers of public policy making and public agencies for a long time is that there is not the same competitive pressure brought to bear inside government operations. In other words, there's not a fear of losing business. You know, if you're in a monopoly situation, people come to you and they don't have much choice. That's why a lot of my constituents tell me they're really puzzled why Liquor & Lotteries is always doing all that advertising. They don't really have a lot of options for other—going someplace else; same with Manitoba Hydro. I get those comments all the time.

So, you know, no, I don't accept the preamble. But I think the essence of what the member is concerned about is a concern we share. And that's the concern that we do not want to create duplication or excessive red tape or administrative duplication that's costly, that gets in the way of keeping rates, as best we can, from accelerating beyond the necessary increases that will have to happen, I suppose, to some degree as a consequence of the Americanization—failed Americanization strategies of the previous administration.

Mr. Kinew: Yes, so this issue at the end is—you know, what I'm trying to understand best. So, you know, the First Minister has said he wants to find better synergies across government, yet he's also

highlighted how one of the concerns with the creation of something like Efficiency Manitoba—the proposed Efficiency Manitoba may have less synergy than the current Power Smart being located within Hydro.

So I'd like to know: What was the rationale? What was the decision point that led the First Minister to believe that, you know, this was the right decision to make, to proceed with Efficiency Manitoba, given his, you know, interest in finding better synergy and yet the concern that this would have less synergy than the current Power-Smart-within-Hydro approach?

Mr. Pallister: Well, I think, the beautiful thing about being honest and forthright about concerns and about listening through a consultative process that's sincere is that you're able to address those concerns that you are aware of. And so, when I read these concerns into the record for the member, I do so in the interest of openness, to tell him, these were concerns raised by those who had looked at this and felt that these had to be addressed. In order to address these concerns, we have to be open and honest about them. We have to say: yes, there's a concern there.

So I would want the member to understand that these concerns are being addressed in this bill and in the transference by divestiture. What is happening here is that Hydro is divesting itself of the demand-side management responsibilities it used to hold. We're not talking about duplicating—retaining Power Smart within the Hydro operation, as an operational obligation of Manitoba Hydro. We're talking about divesting—or taking that operation out of and moving it over to an arm's-length agency. As I say—as was recommended to the previous government by expert advisers they paid and employed and whose report they, unfortunately, covered up.

Again, I think that's the honest answer to the member's inquiry. I don't believe, knowing that that's a concern, the duplication is a bad thing. I think not acting on that concern and making sure that there isn't duplication and overlap is our goal and that is our aim.

So we will do our very best to make sure that the agency so-described and so-recommended comes into being with the approval, of course, of the House, and we'll do our very best to remember that that agency exists to help Manitobans to fight against the onslaught of higher hydro bills caused by mistaken NDP strategies undertaken over the last number of years that created a Keeyask-bipole levy that's going

to be an onerous—a negative impact on billing over the years to come. How much, remains to be seen. That's for the Public Utilities Board to discuss.

The Public Utilities Board exists for that reason, and this is why I, of course, reacted when the previous administration circumvented the Public Utilities Board in their processes and went ahead and began building Keeyask, put in hundreds of millions—in fact, millions of dollars in investment without approval for a dam project that was principally for Americans, not for Manitobans, without the approval of the people of Manitoba, without the opportunity for Manitobans to participate in the hearings, participate in the full discussion that they should have had the chance to participate in.

The Public Utilities Board exists to protect. It's an independent quasi-judicial administrative tribunal and it operates according to The Public Utilities Board Act and it is responsible for the regulations of public utilities. So the Public Utilities Board will look at these applications for Manitoba Hydro as it does on applications for rate setting for municipal water and sewer utilities, for other agencies.

If you—actually, I didn't realize, also, the Public Utilities Board looks after, administers legislation governing pipeline safety. Well, I knew that, but licenses and oversees privately owned cemeteries, crematoriums and pre-arranged funeral services. That was news to me. I'd never been in charge of this portfolio and I didn't know that the Public Utilities Board was involved in that aspect of regulation, as well, on funeral charges and so on.

They also set maximum rates that can be charged for the cashing of specified provincial government or government enterprises' cheques and they provide recommendations to government on payday lenders as well. They: hear appeals on the Highway Traffic Board, Manitoba Water Services Board; 9/11 operator decisions; natural gas, propane and water service disconnections; licensed natural gas brokers and sellers; a pre-arranged, again, funeral plant; approve, deny or vary certain public transportation and related agreements involving the City of Winnipeg; act as a regulator with respect to requirements of Manitoba Hydro with respect to electrical reliability; hold public processes; issue public notices and decisions; and operate a website. Pretty big. They got a small roster of staff, but they have a roster of professional advisers that advise them.

I have great respect for the work the Public Utilities Board has done in the past. I believe there's a tremendous group of people now installed in the Public Utilities Board. They have an onerous responsibility. It's going to be very difficult in the years ahead to try to work effectively to fill in the massive hole.

Ms. Amanda Lathlin (The Pas): It's an absolute honour here to participate in the Estimates process and the opportunity to ask our Premier several questions.

My first question is I'm really interested in your travel schedule within Manitoba within our First Nations: what kind of conversations were had; what communities did you visit, including our Metis communities as well?

Mr. Pallister: I sure appreciate the question and I welcome the member, and I want to say I share one of my favourite memories of the past year with the member when we got the news about Tolko, about the new company coming into The Pas. That was a special day. I was able to share that information with the member and we were able to celebrate together that achievement. I know it meant a tremendous amount to her and a tremendous amount to my colleagues in government. It was a real positive—real positive—for her community and I think for the North too.

* (16:20)

The North faces incredible challenges right now. A lot of this, you could see it coming, you know, over years. We know that. But to be able to accomplish what we did by working, not with subsidization, not with handouts—that had been the approach previously taken with Tolko, to, essentially, for them to go through a process of putting the keys on the desk and then for the government of Manitoba to say, well, why don't we give you, you know, a few million dollars and you can keep operating. That's not sustainable, and it wasn't working. It was keeping everyone in the community, I think, that knew about Tolko's operations and about this process of subsidization, it was keeping them on edge because they knew that's not really security for the long term.

And so we took a different approach, worked with the community, worked with the First Nation, worked with the people who are the suppliers, brought them together, and I give here special credit to the local people, the unions that work there, the

leadership there; they were tremendous. They were co-operative and they were working with the community leadership—all of us working together to achieve the result that can only happen when you really work as a team, when you, you know, when you step up to the plate and you think about the greater good and you can get these jobs done. I think that's a really good thing, and that's what we're trying to do in respect of other things as well.

This is why I invited the members—opposition members—to be part of the prebudget consultation. The member for The Pas did that and she was gracious in being part of that. Other members chose not to, and that's their choice, but that's an open invitation, and I continue that. And I will continue to invite members of all political parties to be part of that process. It's an important opportunity to show up, you know, and to listen. And I really thank the member for doing that. And I think that's, you know, I think that showing up is important.

So I love travelling in the province. I haven't been to nearly as many communities as I'd like to get to. At the start, I mandated our indigenous affairs minister and other ministers to make sure they got out to the communities in their portfolios as fast as they could, meet with the people. And I want to congratulate our ministers for doing that. I haven't got a complete list, but I think we've been to virtually all of the First Nations communities around the province now, with one or another minister or several over time. And we've got to all the northern communities but maybe a couple smaller ones. It's important to show up. It's important to listen.

That's what that Yes! North outreach exercise is about, in part. And, as the member knows, our co-chair is her constituent in that exercise, the chief of OCN, and an impressive community leader, I must say. So for me, personally, I haven't got a list here, but I've been to many—Look North. I keep saying Yes! North, but it's Look North. The—it was called Look North when we were in opposition, okay—*[interjection]* Yes—called Yes! North when we were in opposition; now it's called Look North, yes. Gee, I could start rhyming them off, but I don't know how good that is. Why don't I prepare a list for the member and then I—when I can go through my head and properly do it.

Certainly, in southern Manitoba, I don't know, I've probably been to 20 First Nations communities directly or, you know, just in travelling. I met with the regional chiefs and regional leaders, never as

often as I would like, but I've endeavoured to do that outreach. I know—I'll start listing them off, but I think the Infrastructure Minister has visited, I would guess, probably three dozen First Nations communities himself. The member for Agassiz (Ms. Clarke), indigenous affairs and municipal minister, has travelled, I would expect, in excess of three dozen First Nations communities, Metis communities, innumerable visits there.

Part of this is project-oriented, right, because, you know, we've got the east-side road issues; we've got the Interlake issues around flooding. We have other issues, of course, around the threat of loss of jobs in the North pertaining to the mining issue, the pulp and paper issue, mining issues. And outreach is required in these areas. I value that first—that face-to-face relationship, so I certainly encourage my ministers to get out to the communities, not ask the leaders to all come and see them, but rather get out there and see people in their hometown.

Ms. Lathlin: With all due respect, when you were bringing up the emergency crisis that happened in my hometown regarding the possible closure of the paper mill, a meeting was held. A couple of our people were there, including Ms. Heather Stefanson. And I was—it was an absolute delight to see our folks in my hometown, but it was heartbreaking when I was told that I wasn't allowed to attend the meeting as the MLA for The Pas.

Every other stakeholder was there, and I wanted to know what was the reason behind that, when I was initially given the okay to attend as their representative to participate in this serious issue that I thought I should be there face-to-face as well to listen in? And I just wanted to know—I've always wanted to know why it was changed last minute. And I'm just asking, with all due respect, why was I physically barred? The Westcana staff was asked for me to stand outside.

Mr. Pallister: I can't really respond to the member's inquiry because I don't know the details of the meeting she's referring to. As she knows, I have personally made every effort to reach out to her and include her, as I have with her colleagues, when an issue is of concern to them and, in particular, when it's in their riding. So not knowing the background or the—I can't give her—I can't—don't want to speculate on a reason.

Ms. Lathlin: I'd really, really appreciate a follow-up with that as well because I was asked by my own constituents why I wasn't there. So I had to explain

that I was upstairs having coffee, waiting outside the door and waiting for their—what happened at that meeting. So I would appreciate a follow-up. Minister for Growth, Enterprise and Trade was at that meeting, hosting it. So perhaps he might know.

Mr. Pallister: I can—I won't—I said I wouldn't speculate, but I have to just say I had a situation in Portage la Prairie when I was newly elected there and was my own party that was in government, and I was excluded from a meeting on a negotiation in my own hometown. And so I know how the member feels, but there are times when there is a decision being made, an executive decision being made, based on, for example, an internal document or something that's private to the people, the parties involved. And so confidentiality is the reason that you're not allowed to be there.

These are hard to take, though, and I can remember not being very happy because there were negotiations. I can say the specific issue was Portage la Prairie, and it was—had lost a—our air force base, and then we lost our Campbell's Soup plant, and we were—this very reason that my wife and I decided that we would take this change in our lives and get into public life, and one of the major reasons I got involved was to try to help bring back jobs to our community. And then they were having a meeting about a project that McCain's, the expansion of McCain's potato-processing facility, and I wanted to be there. And I was excluded by my own colleagues.

So I don't want the member to think it's a partisan thing. Sometimes it's just a—it's—there's rules around when they're talking about money, spending, business loans, confidential business practices—I don't know, but I'll inquire, and I will certainly get back to the member on the issue.

Ms. Lathlin: I certainly appreciate that. I really wanted to be a there for my constituents during that crisis.

Another question: Our Premier (Mr. Pallister) has indicated that he's developing a duty-to-consult framework. This framework is a—the purpose is to govern our relationships between the government of Manitoba and our First Nations. And I wanted to know, will this framework only apply to issues of resource development?

Mr. Pallister: I would say that we're the first—I'm told—the first Conservative political entity in Canada to adopt as a matter of policy, the duty to consult in

our actual policies of our party in opposition, and now we plan to implement it in government.

The—there's research underway right now to refine that. And there's also a consultation strategy being refined right now in terms of reaching out and working with First Nations communities to implement this strategy, but to develop it co-operatively.

*(16:30)

So I want to say that it's a cross-government process right now. I don't want to answer with too much red tape, except to say it's in development right now. I know that part of the proposed changes would be that there'd be clear policies, clear guidelines so First Nations communities, as an example—when we say duty to consult this is—includes indigenous people and the Metis communities as well—but that there be updated policies, clearer guidelines, consultation, facilitation and funding so that that can happen effectively; a proponents guide so that when we're working on consultation people can be assisted in doing that properly in the communities—not just the government going and doing consultation—but rather the communities having a role in the development of the consultation strategy too. In other words, a shared process, not one done by government in the community which we've both seen in the past which doesn't necessarily always work, but rather one that's a shared process.

So we're working with the southern chiefs' association. We're working within MKO, working with the Manitoba Metis Federation, working with the Northern Association of Community Councils to get input from rights holders right now.

So I'm hamstrung in telling the member what it'll all look like because we're designing it with the input and co-operation of others. But I am very, very interested in seeing this move forward because I know that to not—not exclusively mining, but we use mining as an example. In other provinces where they've moved ahead and developed protocols for prospecting or resource development, they have been able to attract more capital, and it just makes sense.

If the member for Flin Flon (Mr. Lindsey) and I were in a prospecting firm together and we're debating where to go to look for opportunities, if one jurisdiction had clear criteria that we could understand, real protocols established, duty to consult was explained, First Nations communities knew what it was; we could go out, meet with the

band, say, you know, we're looking to do some prospecting, here's the deal. We both understood it, and then we had this other community where it wasn't understood. We'd go to where it was understood and that's what's happening in the last few years.

We've fallen behind other provinces on prospecting numbers. We're—we need more people out there looking. And so to me for northern development, it isn't exclusively mining, but it is a big part of what we're concerned about, especially with a closure this week. It's in our minds. This is—that was coming. We knew that—everybody knew that mine was nearing the end of its life and we knew that a long time ago.

What we should have been doing was setting up protocols so that people would be more likely to want to prospect in Manitoba. The situation didn't—wasn't—the clarity wasn't there and that's been remarked on by numerous studies. The most recent would be—Fraser Institute does an annual mining—you know, attractiveness to mining report. We've moved up, yes, from—I forget—27th, I think, to second, which is great. But, you know, that's fine, but I'd rather just see mines established. I'd rather see prospectors here. I'd rather see money for exploration flooding into Manitoba's North, because that's where the potential lies. That's where we need to go.

So I'm excited about this, and I know we can't do this without partnerships with our First Nations communities. That's essential because that's—that uncertainty over land claims, future land claims is a big impediment to people wanting to invest and exploration in Manitoba.

Ms. Lathlin: My next question is regarding your—the northern strategy. I don't blame you when you got mixed up with the names. There was Northern Lights and then there was Yes! North and then was Look North. So I don't blame our Premier (Mr. Pallister) for getting mixed up and being corrected by his colleague.

Unfortunately, I wasn't able to attend the first day of the Look North summit that was held in OCN, Kikiwak, and—however, I was able to attend the second day and was able to attend an early morning breakfast summary of what had happened. And I brought forward greetings, basically saying, you know, just because I'm in opposition doesn't mean I'm going to slam everything that is brought forward. I did say, you know, if it's going to benefit northern Manitoba, of course, I'll support it. But there's

always room for debate and there's always room to work together.

However, when we were having our meal, there was a couple of concerns from folks who said, okay, we spent, you know, a good day—the whole day; they had a pretty long agenda, and the concern was at the end, where is this going to go? How is it going to be implemented? How is it going to be tracked? When is the next meeting? And the concern is that this initiative may just sit on a shelf. And I've heard from a couple of people, and even from talking to people at the airport or on the plane.

And so I would like to know—like, I know this probably more focused for the Minister for Growth and Enterprise and Trade, but, from your discussions, I just wanted to know what sureties are out there for our folks who really want to see this be implemented.

Mr. Pallister: Well, I care a lot more about landings and takeoffs, so I'm not big on the advertising budgets to promote what I'm going to do. I'd rather see results, and that's what we're after as a government; we're after better results. So I want the member to feel confident that we'll pursue this, and we'll pursue it to get results.

You know, we've already, I think, demonstrated that with the—that sincerity by reducing our expenditures in a number of categories where it's more for the government's benefit than it is for the province's benefit. I just say we were first in terms of government advertising across Canada, under the previous administration, and we were 10th in promoting tourism. And we switched that around now so that the money that was previously spent on government advertising and promotion is being put towards promoting tourism—a lot of that in the North.

I don't know if the member's had a chance to see some of the new Travel Manitoba ads, but they feature—I think there's five of them, four or five, and I think all but one feature northern Manitoba, and that's just one aspect.

Tourism's a—it's a growing piece of the pie chart in most states and provinces and around the Western world. Tourism dollars—and I guess it's partly a function of the aging population. People got a little more time on their hands; they are able to do a little bit more. They're not all pinned down like—by additional grandchildren like the member for Midland—has to stay around home all the time with all those grandchildren he has to cuddle. He'll show

you the pictures, if you want to see them. And I congratulate him.

But, for more and more people, they have the ability to travel. As the population ages, that opportunity's there, and Manitoba's got a lot to offer, and we know that. Northern Manitoba has a lot of beauty, and it has an appeal, I think, to people to come and to come again and to tell their friends and the people they know, in their circle of influence, to come here and have a look, because this is a beautiful place.

So I'm not excluding resource development in this, but I think tourism's an area we shouldn't ignore either.

On the issue of the Look North strategy, the member referenced meetings. I should just—for background and for the record, on November 1st, we announced Chuck Davidson and Christian Sinclair as co-chairs of the Northern Economic Development Strategy. And it was announced also, in the Throne Speech later in the month. And we set up a task force, and on that task force are representatives from communities from business, you know, working people, business, industry, and they had their first meeting, as the member knows, December of last year. The Communities Economic Development Fund and the Northern Manitoba Sector Council are supporting this process as well.

So, you know, I think that's—it's exciting. And we've had real good engagement, real good idea generation. It's a starting point; it's not the end point. And I know we all want to see results, but, I think, there's a process that matters. I think there's a parallel, in a way, because, you know, we all would like to see mines open, but without that duty-to-consult piece and the recognition that that has to be given, and the consultation with those who have claims or have family land that's theirs, and they have to be respected. So there's a process that matters there, and I think there's a real willingness. I—certainly, the feedback I've gotten so far not just about the meetings but about after the meetings—you know, how people are talking about ideas, that they think can lead to better, you know, stronger communities and real improvements where they live and for their neighbours. I just think it's really exciting.

We had community round tables start in February, in Flin Flon—the member for Flin Flon (Mr. Lindsey) is aware of that—Thompson, Oxford House, God's Lake Narrows and St. Theresa Point,

and those continuing this month. Last month, we had a northern economic summit at OCN, as the member knows, but also at Thompson and Churchill, and we're expecting—in the next three or four weeks, I expect we'll have what we call draft-strategy documents to emerge from all that work and all the input that we got.

I'll go into more of the detail in a second, but I see I'm down on my time, so I'll just stop there.

* (16:40)

Ms. Lathlin: I think this is my final question, but the more and more we talk, I—all these ideas are coming into my mind.

But I wanted to talk about the Look North strategy. You're talking about tourism, and as a northerner, I think we're more than about just, you know, tourism. I believe in economic development. However, I feel that what's going on in the North right now—we're working backwards. My late father always thought that having healthy communities—educated communities is the only way to build towards economic development initiatives. But what's going on in our communities, like—for example—The Pas health—The Past Clinic cut, cuts to our regional health authorities, I just feel like we're working backwards and we're not building that strong foundation in order to work towards those economic initiatives that we all have goals to achieve.

So I just feel that this Look North strategy is working backwards. We're starting at tourism and—what about the foundation? Our communities, our people who need to be healthy and educated in order to fulfill those goals that Look North strategy is trying to address.

Mr. Pallister: Well, just to correct the member in one respect: No, the—I reference the tourism, but that's under Travel Manitoba and isn't a—specifically a focus of Look North. She knows, she was at some of the meetings, the Look North strategy is not focused on anything but economic betterment and social betterment for the North.

This—I'd also correct her in her comments about cuts. The funding for the northern health authority has never been higher than it was in this year's budget, ever. If she's talking about decisions being made and recommended by the northern authority, and by the Winnipeg Regional Health Authority, and by other health authorities that involve changing one program into something else, or taking funding from

one area and moving it to another—that's essentially what's happening around the province right now.

But that's a natural consequence of trying to find the best value you can from the dollars, and it's a natural process of responding to—as we must respond to—the demands to get our programs sustainable. It's just not sustainable to borrow a billion dollars more every year than you take in with some of the country's highest taxes. That's not sustainable.

And that was the approach of the previous government. It's not our approach. We ran on a promise to get the finances fixed. We are going to do that and we're going to focus on doing that. But we focused also on our investments in the high-priorities of Manitobans, and health care is the highest priority, I think, of most Manitobans. So that's why our budget's focus has been to increase the funding to health care at record levels.

Now, there are other departments that have seen reductions, that's true and that's necessary. And that's exactly what the member would do in her own home. If she knew that she was going to go broke, she'd find a way to save. And she wouldn't drop spending in the highest priority areas, she'd drop spending in the lower-priority areas. And there are some challenges within government and across government to identify those and to identify where we can reduce spending effectively, maintaining the higher-priority services that we have to. It's not easy work. If it was easy, the previous government would have done it, but they didn't do it. So they doubled the debt instead, and now we have to face up to that challenge. And that's a difficult reality that we must accept.

This is the lowest interest rates have been in the history of humankind; an interest rate increase of 1 per cent takes approximately another hundred million dollars away from health care, education, social services, and roads. One per cent, and we got to get ready for the reality of that. According to financial experts, the interest rates are going to start to rise—some say in the next six months they'll start to go up again. I don't want to be overly dramatic about it; I'm a practical person, and I believe we can't ignore the reality of what we face. Been ignored for too long. So just handing over the obligation to the next generation—or us when we're older—is not an option for me, it's not an option for our government, and I hope it's not an option for the member.

On Look North, though, I would say that it's being co-ordinated through the Growth, Enterprise

and Trade Department. And what they're trying to do is consolidate their programs to provide funding to third-party organizations in support of economic development—and do it more effectively than it's been done in the past—through a single window. They're going to call it partners for economic—partnerships for economic growth program.

This is something that First Nations communities have told us they're tired of the red tape. Certainly, they're dealing often with the federal government too and there's—that's been well-reported on the amount of documents that have to be filed, particularly with my old friends at the department of—I don't know what they call it this month, it used to—worse than for changing acronyms than anything, and it used to be called DIAND, the department of Indian and northern development.

Sheila—what's her name—Sheila Fraser when she was the Auditor General for Canada, she said that—I won't get the numbers just right, but it was something like every First Nations community had to file something like 170 documents with the department of Indian and northern development every year, and only about 5 per cent of them were ever read. So I get that First Nations communities want less red tape, you know, in terms of processing. So they communicated that, AMM, the municipal government, the City of Winnipeg, they've all said the same thing. Get this thing simplified so that we can deal with—spend less time dealing with paper and more time just getting to the point. Like, let's get to the results; that's what we're all after.

So that's part of this is to develop a better model that helps commercialize business, for example, that helps on economic development initiatives, that helps with urban development initiatives. Certainly, members from Flin Flon, and—both Flin Flon and The Pas are well aware of issues locally where greater co-operation could help, and I won't elaborate on any of those, because they already know what those issues are. But there are opportunities for greater co-operation in terms of working towards more effective job creation throughout this province and throughout the North. And I am very excited about pursuing them and I welcome the suggestions of the members, all members at this table and throughout the province and in the Legislature on these issues.

Mr. Tom Lindsey (Flin Flon): Mr. Chairman, just to follow along on this thread for a minute before we change tracks.

You talked a little bit about the Look North summits. At some point in time there's going to be some draft reports or some reports coming out of that. Are those going to be public documents?

Mr. Pallister: The hope is they'll be out in the next few weeks. I'd like to have them out before we left. If not, before the summer. It depends on the processing time and finalization of the documents. But they're—my understanding is the preparatory work—like, the consultations, as the member knows, have happened, there's just still coming in some final reports that'll be added. It shouldn't be—I don't want, you know—if I tell the member six weeks and it's eight, he's going to be on me, so I'm going to not be pinned down today. But before the end of summer he's going to have these detailed documents to look at.

Mr. Lindsey: I just wanted to make sure that these documents will be publicly available. Whether it's six weeks or seven weeks is fine, I'm not going to try and hold the Premier (Mr. Pallister) to a specific timeline, although sooner rather than later would be appreciated by everyone in the North. But I just want to make sure that he's telling me today that those will be publicly available documents.

Mr. Pallister: Yes.

Mr. Lindsey: So does the Premier believe that the best way to combat poverty is to create jobs and get people to work?

Mr. Pallister: Yes, generally. I also recognize, though, that there are those who have a disability that may inhibit their ability to get a job. In the real world there are folks like that, and so I recognize the reality that for some, who are forced to live in poverty, employment opportunities are extremely limited. And so it's important to remember that a job alone may not be the answer for everyone who's in a situation of need.

Mr. Lindsey: Certainly, I can't disagree that not everyone is going to be job ready. And certainly we need to make sure that we have the social protections, social systems in place to look after those most vulnerable people.

* (16:50)

But, specifically, when it comes to job creation, does the Premier believe that creating employment would be a good way to lift a lot of people out of poverty?

Mr. Pallister: Yes. I think that's generally a thesis that all of us can embrace.

Mr. Lindsey: So what does the Premier (Mr. Pallister) and his government believe is this government's role in creating that employment?

Mr. Pallister: It's a great question.

There's—I think I'd start with the premise that governments don't create jobs alone. They create jobs when they work effectively in partnerships, whether with organized labour, with training institutions, small-business sector, family run-independent family-run firms. I think—I kind of laugh sometimes when I hear politicians get up on a bandstand, talk about how they created jobs when they gave out a grant or had a handout program. I watched that happen a lot with the previous administration. I know the member wasn't here and I'm not blaming him for it, but I watched the previous—some of the previous Cabinet ministers kind of Foghorn Leghorn their way around Manitoba, talking about how they created a lot of jobs when they were borrowing 600, 700 million dollars more than they were bringing in or raising taxes and talking about what a positive effect they were having on our job market.

There's a right way and a wrong way to create jobs. There's a short-term way and there's a long-term way. There's a unsustainable way and there's a sustainable way, so, yes, it's great to have people working, but I guess I have to go back to the bipole line. I mean, some people would actually argue that building it 600 miles longer was a great idea because—or 600 kilometres, I'm sorry—longer was a great idea because it created a lot of jobs. Well, it actually created a lot of cost, too, and the cost—the return on that investment is negative. So I'm all for sustainable job creation.

I like the fact that our caucus has so many people in it who have created jobs themselves, who have actually not asked for a grant from the government to do it, have actually taken their own cash and put it at risk, maybe with the help, like I had, of a sympathetic lending institution, helped me find more capital to put to work than I could ever muster up, and over time I had the experience and the joys and sometimes the sorrows of running a small business and creating some jobs.

I'll never forget, though, the—I started my—one of my companies I started out of my car in 1980 and I couldn't—after a while, just with good intentions and hard work, I developed a bit of a clientele and about a year and a half later, I realized I couldn't keep doing all this paperwork the government was

handing me and also do the work with—the front-line work with the customers, eh. So I made the decision that a lot of small-business people make that I think they would agree—who have done it—is one of the toughest decisions, most important decisions you have to make. I made a decision to create a job. I decided to actually hire somebody, and it wasn't like, you know, when you buy office supplies and furniture, if you go out of business, you could always try selling them to somebody else. You don't get to do that with your employees, so you go and you hire somebody and you train and you work hard together, and you create a good safe work environment and we did all these things.

About four months later—and this is a home-based business, now, instead of a car-based business, right. I converted two rooms in our—in my little house. Anyways, one day my assistant comes in and she's just excited. She's waving this thing around, eh, and she says, look it, we got a letter, and I said, well, we get a lot of letters. I mean, why are you so excited? And she says, this is a letter from the minister of Finance. I said, holy crow. I was pretty excited. I say, what do you think it is? She says, I think it's a letter of congratulations for creating my job. We opened that thing. You know what it was? Payroll tax bill from Howard Pawley—payroll tax bill—sends me a payroll tax bill. I take the greatest—I make the greatest effort any small-business person ever could, create a job out of nothing, and I get a payroll tax bill in the mail. Unbelievable.

So I know that unnecessarily high taxes inhibits people's ability—first-hand, inhibits their ability to create more jobs. That's a danger, and this is why I keep harping—the member knows I don't like that PST on the benefits of people at work. He knows I don't. I keep referring to it. I want us to get back to some sense of fiscal sustainability, and then, boy, the sooner we can take that PST off of benefits of working men and women, I think he'd support that.

Mr. Lindsey: So what exactly is this government's strategy for creating jobs?

Mr. Pallister: Yes, yes. Well first of all, very complicated and very multifaceted, and that's very exciting.

It starts with macro strategies in reducing the unnecessary burden of red tape on small business; continues by reducing the affrontery of excessive tax, which has been posed on small-business people; continues by raising the basic personal exemption—leave more money in the hands of working men and

women; continues with eliminating the—restoring indexation of tax brackets, so that when people—or the working poor don't have to continue to be as poor or more poor because of the failures of government to actually index those things.

I have great agreement from a lot of people on the approaches we've taken. Here's one series of comments that says, reducing—indexing basic personal amount and income tax brackets is a really good idea. That's from Kevin Rebeck of the Manitoba Federation of Labour, and I thank Mr. Rebeck for his observations. However, he goes on to say something I disagree with. He says that tax reductions are unaffordable. Seems to me that they aren't unaffordable for people who are having trouble affording them; they're a necessity to reduce. And so that's the difficulty with consumption taxes in particular.

The previous administration talked about caring more than it demonstrated it with its tax policies. In fact, 90 per cent of its tax reductions were for corporations and less than 9 per cent actually were for individuals. So they lowered the corporate tax, but they raised the taxes on individuals. And so what you saw then was a greater erosion of the purchasing power of those individuals. And, in particular, when you raise taxes and fees on things like benefits at work, add the PST to home insurance, put a fee on anyone who owns a car, put an excessively high charge on beer and wine, raise the costs for anyone who wants to get a haircut—when you do these things—these aren't luxury items. These are basic things that people need to buy. And then you do this after promising not to—yes, that's tough. People have a tough time believing you after you do something like that, I expect. I expect the candidates for the former government must have trouble at the doors in the election. My experience at the doors has been that, you know, people can have a way of making you pretty accountable for decisions you make, and that's good. It's a good idea.

So on this one, then, they followed up. The next year, the government says—well, after they said it was ridiculous nonsense—they went and they raised the PST, too. That's a whack. That's especially hard on lower income families because they are going to be purchasing and spending a higher percentage of their disposable income than people who have a lot of disposable income would. And so on the pie chart for tax expenditure, you've got this big bite out of there for lower income people, lower income families. It may not sound like much, but that's

1,600 bucks or so on fee and tax increases per year on—for a family of four, that's a chunk of change. And you've got to remember, you've got to pay your taxes to get that \$1,600, right? So that's a lot more than \$1,600.

Now, you take that money away after you promised you weren't going to raise the taxes, and you're doing something that isn't going to be well received by people, and I know the member's heard a lot about it. Now, these are new members here, and so they can say they weren't part of the decision, and they'd be right; in fact, a lot of the members who were in the party at that time could say they weren't part of the decision either, but they're, I think, culpable and part of it in the sense they sat there and they ran on a promise not to raise it. So they're kind of accountable for it being raised, even if they weren't in Cabinet, right?

Like we'll say the member for Wolseley (Mr. Altemeyer), who said when he was at the doors—apparently—that he didn't—wasn't part of raising the PST. But he was in the government that, you know, was elected on a promise they wouldn't raise the PST, so he's kind of part of the decision, right?

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

FINANCE

* (15:00)

Madam Chairperson (Colleen Mayer): Will the Committee of Supply please come to order. This section of the Committee of Supply will now resume consideration of the Estimates for the Department of Finance.

As previously agreed, questioning for this department will proceed in a global manner.

The floor is now open for questions.

Mr. James Allum (Fort Garry-Riverview): And we were just in mid-question or mid-answer when we were suddenly pulled out to the Chamber yesterday, so I welcome everyone back to Finance Estimates today.

When we were asked to head back to the Chamber yesterday to vote on a matter from another committee, I had asked the Finance Minister how much the projected wage freeze will save the government going forward and if those savings were included in the projections.

Hon. Cameron Friesen (Minister of Finance): And it's good to be back at the table. I don't know if I'm required each day to reintroduce the officials who are with me, but let me just say that I do have with me again today at the table Deputy Minister of Finance Jim Hrichishen and I have Lynn Zapshala-Kelln, who's the Secretary for Treasury Board; Giselle Martel, who's the assistant deputy minister for Fiscal Management and Capital Planning; and then I have the senior financial officer from Manitoba Finance Comptroller Division, which is Inga Rannard.

So I welcome my officials to the table and also those officials who join us in the room who are standing by to provide assistance and direction, and I do want to say I'm not sure if I properly made the mention of that in my opening comments.

You're always—the member and I both know that we're restricted in the time period that we have to make our answers and I do want to also say how much we value those senior civil servants and the full department that we have the opportunity and pleasure and honour to work with each and every day, so we thank them for their presence here today and we, of course, thank those who will be listening in on the audio and those who perhaps will read this at some point in the future.

We know that all members of this Legislature appreciate those contributions that these people make to our province every day that they're here.

To the member's question, we had some discussion on this item yesterday. We were able to show the member, in the budget and budget papers, how we're showing a direction, and we're showing some improvement when it comes to Manitoba's finances, even from the third-quarter report or what we should call the '16-17 forecast to the budget for this next year, and we're able to demonstrate that the government, even in these early—in this early time, is remaining true to its word to arrest that out-of-control spending growth and then to show a directional change. It is important for this government to get the budget back into balance after years and years of deficit spending by the NDP government. That member knows yesterday we highlighted for him how, when it comes to expenditure growth in the 2016-17 forecast, that growth is showing at 2.7 per cent on core government, and the 2017-2018 budget shows a reduction to 2.1 per cent on core.

So, first of all, I want to acknowledge that I can understand why that member finds this surprising

and he wants to challenge that because it's a direction that his government was not able to show quarter after quarter, year after year, when it came to making progress to match expenditures against revenues.

To—specifically, to his question, as we discussed yesterday, there are many assumptions that government makes when providing those high-level instructions to departments when ministers are working in those early days of the annual Estimates process. There is a refining over time that goes on, but it starts off at a high level, and some of the assumptions we make are things like, you know, when it—expenditure management. It might be managed vacancies. These strategies will include that overall direction we are now indicating to departments that they must attend to in terms of finding efficiencies and economies and effectiveness within departments. We're looking for broader areas where departments can partner with each other on things like procurement and the provision of IT. Right now, in government, we have eight areas, perhaps, where IT is being consolidated, and, as a government, we're questioning that. If that is the standard, then we're going to challenge that and that'll be demonstrated to us. If there's a better way can be got at to save funds, then that will also be taken into account.

The member asks a specific question about the Bill 28 provisions, and I would say to him—probably one good example I can share is the one I shared yesterday, which is simply the taking an entity where the payroll was \$1 billion and thinking about what the implication of a 2 per cent salary increase year over year would be. That would be \$28 million. So, in a year when the government would not have to incur that 2 per cent charge to pass along that wage increase, that would be a savings to government in that year of \$20 million.

Mr. Allum: So, if I take the minister's answer clearly, the answer is that you'll be saving \$20 million a year as a result of the wage freeze contained in Bill 28? And is that included in those savings, such as he wants to describe them? Will they—were they included in the projections?

Mr. Friesen: The answer to the member's question is no because as we explained yesterday, the process is not static, and there are reasons for that. But the principal reason that the process is not static, is that the sustainability legislation that the government has introduced actually is flexible in that it respects the bargaining process.

What—it's important to understand in this what government has chosen not to do. I'm seeing evidence in Saskatchewan. I'm watching with interest to see that government talk about the need to get back to balance, and that government is contemplating a much more rapid path. And we understand that, economically, there are some significant differences in that situation. A sudden and one-time loss of key areas of revenue for that government are having it's—speak about a more rapid path to balance. Now, that government is talking about potentially opening wage agreements; they're talking about perhaps an immediate rollback, you know, of 3.5 per cent across the landscape of government.

So, if that member was asking the question in Saskatchewan, it may be a different answer back because that kind of approach—and we don't know all the details on it yet—but that kind of approach would suggest that government was saying, here's the number; go out and find it.

The approach that this government has taken is very different in that it respects the bargaining process. It respects collective agreements that are currently in place. It respects the place and the necessity for dialogue between management and the union leaders representing their members. And then only at the point in time when a contract would expire, would the provisions of this legislation apply—whether that be in the very first month when the bill's provisions take a place—take place, or whether it be in the very last month prescribed by that four-year recovery period.

However, we could not have a full and complete conversation on these—on this subject without also talking about the extensiveness of the bargaining units and collective agreements across the landscape of government.

Now this discussion came up a few nights ago when we were in the committee hearing for Bill 28, the government's new sustainability legislation. I direct the member to page 15 of Budget 2017, which describes the necessity for Bill 28, The Public Services Sustainability Act, to introduce these provisions to take into account government ability to pay—in such exceptional economic circumstances in which this new government finds itself, inheriting an almost billion-dollar deficit, a debt that has doubled in just eight fiscal years to over \$23 billion, debt-service charges that continue to escalate even in the absence of interest rate hikes.

The real threat of rate increases by the Bank of Canada in lieu of the fed reserve in the US who now is contemplating potentially three rate increases in the scope of just this current fiscal. These are all factors that have to be kept into account. But my point on page 15 of the budget is that the member should know there are more than 180 different bargaining units and collective agreements in the health sector alone.

So the member asks, well, what is the number we can take away for the very first year. Well, I'm looking at a piece of paper in front of me on legal size that talks about various collective agreements in place. It lists the duration of those contracts, it lists them by the area within departments, and it lists them by the collective agreement name. And what I see here is that there are agreements that expire in 2014, 2015, 2016. The member should also realize that within these agreements, there's a large variety of the number of individuals within each collective agreement. So he's talking about some very complex calculations.

*(15:10)

What I would want him to take away from these discussions is that the process is dynamic. What he can keep in mind, though, is that one year in September from now, when we do release those Public Accounts, he will see—verifiably—exactly what that number was able to be, not just for our initiative in respect of the labour legislation, but in respect of all the savings that government will derive from our hard work.

Mr. Allum: So what I heard the minister say in that five minutes—full five-minute answer to about a 25-second question was that he doesn't really know how much he's going to save, and he's going to chart out on a course with his government that, likely, will lead to a very significant court and constitutional battle with organized labour in the province of Manitoba.

Can the minister tell us: Does he really believe that Bill 28 is constitutional?

Mr. Friesen: I want to—you know, I want to be clear with the member that the—these are complex situations, and they're made more complex because the—this government is respecting that bargaining process.

There were many approaches that this government could have taken. We took a—what we believe is a moderate and balanced and fair approach. We've

been very clear with Manitobans: these are challenges that we all face as a province. We need to face them bravely, but we do need to face them, and we need to face them, all of us together.

And what I was not able in the time allotted to me to say beforehand, of course, is when I described that there were over 180 collective bargaining units and agreements in the health sector alone, that same page 15 in the budget goes on to say that that kind of vast array of bargaining units of course adds complexity. It adds administrative burden, it creates challenges—and I'm reading right from the page here—to ensure integrated quality care for patients. And so that's why we set out this framework. To make it fair, but to have us address these things comprehensively.

Now, you compare this vast array of collective agreements to BC, Saskatchewan and Alberta; in those three western provinces, there are less than 20 combined collective bargaining units. Think of the complexity. Think of the resources—the human resources, the staff resources, the time, the effort, the energy that is used in every one of these bargaining cycles, in—often it is the case simply to point to the last agreement and say we'll take what they got. Think of how that process could be made more effective. And that is exactly what this government has been thinking of.

But, of course, not just the government. This is advice that has come to us both through the reports that we have contracted and received in government—the fiscal report that we've received, the health report we've received. We've received the same feedback from Manitobans. We talked about this with presenters at committee. I remember one presenter, I asked him, I thought—knowing that there were less than 20 agreements in western Canadian provinces and over 180 in Manitoba, I asked that presenter, who was a labour leader, I said, well, what is the right number. And that presenter had said the right number is the number that labour decides. Well, respectfully, I disagree because I think that there's a cost that labour pays for this kind of complexity. It's not just a price that management pays, it's a price that all of us pay together. And I know when I talk to union leaders and people who work in labour, they say the same: yes, that's probably a process that could be addressed and cleaned up. We want to address and clean up that process, and we will do it.

Going back to that collective agreement status report, though, that I was reading from, the member has to realize that in any fiscal year, it's not just a

matter of when a specific agreement would then lapse or come full term, but he has to then bear in mind as well that we need to keep in mind, well, then what is the implication of a new settlement in that way even at a zero in the first year, or even at a 0.75 in the third year of this defined sustainability period, because it's not the same amount of individuals within that one bargaining unit.

As a matter of fact, at a meeting yesterday, I heard that in the health field we have bargaining units in some cases with less than five individuals inside a single bargaining unit; I was stunned to learn that. I thought that could not be in the best interest of anyone at all.

The member at the end of his question also added a comment about constitutionality. I would tell him that we have—we've gone to the work of devising a made-in-Manitoba approach to what we see is a real and significant problem; a challenge that we must all address together.

And I noticed that nowhere in the preamble of the member is there any kind of recognition that we're in any kind of exceptional circumstances as a Province. He seems to think that, as the NDP brought an indicated budget deficit number a year and a half ago—I think it was \$422 million at that time—and missed it spectacularly, bringing in an \$865-million deficit, he seems to say it's business as usual and that no kind of efforts are required to address that kind of trend, to address that kind of deterioration, to address the kind of additional costs we pay in debt-service costs. Respectfully, we disagree.

Mr. Allum: It's so hard to tease apart the member's—or the minister's answers. It's like trying to pull apart gossamer.

He wants to make the argument that there's some kind of financial crisis in Manitoba, and we've talked a bit about that yesterday, so I want to read from page A5, budget 27, Economic Review and Outlook under the heading Manitoba Economy.

The Manitoba economy has a relatively well—I'm quoting now—the Manitoba economy has a well—relatively well-balanced industrial base. The majority of industrial sectors in the province are medium-sized, each contributing over 5 per cent to total value-added output. This provides a noticeable level of economic stability. Over the last 20 years—the last 20 years, the compounded average annual growth in real GDP, real exports, and employment was the most stable in Canada.

As with most jurisdictions in Canada, the numerous global economic financial and commodity price shocks—unquote, for just a moment to say something the minister never, ever has acknowledged—over the past decade have—continuing to quote—have slowed the pace of average annual growth. However due to industrial diversity within the province, a balance in interprovincial and international export, strong population growth, high labour force participation, low unemployment rate and the lowest household debt per capita among provinces, Manitoba's annual real GDP growth consistently ranks high in Canada despite the lower pace of growth.

Can the minister describe from—where he finds a crisis when these are the—his own words in his own budget papers?

* (15:20)

Mr. Friesen: I thank the member for quoting from our budget. I think it's the first time that he's acknowledged the budget in these discussions we've been having.

The—what I would want that member to understand, and he talks about something that I've spoken about; I speak about it outside of this place and I speak about it, of course, in the Chamber, speak about it when we go and meet with our investor groups and when we meet with our bond-rating agencies, and that is about the diverse economy that we have in Manitoba. As a matter of fact, I spoke about it in these proceedings just yesterday. That is definitely one of Manitoba's advantages, especially when we see times when those other jurisdictions that rely more heavily on one or two or three areas predominantly in their economy face challenges, as other jurisdictions in Canada right now are facing, then we fare better than some and that's why, even right now, Manitoba is poised to be one of the leaders, actually, with anticipated growth to GDP at 2.0 per cent both for this year and projected for the next year, tied with the federal government.

Now, what I would want to disabuse the member of, though, is this notion that stability is growth. Stability is not growth, and for too long, I would add, in this province, the former government made the mistake of basically echoing a federal error, which is to say the economy will fix itself. The deficit will be eliminated reflexively; it'll be automatic because the economy will grow.

There is challenge on revenue side and there is challenge on expenditure side. I will never forget my very first meeting with Moody's in New York, and I was meeting with some of the principals on the New York desk, and some of the members at the table will know those same names, and I remember sitting across the table, and I had given an introduction. The very first question, and I think it was Adam Hardi who said it, he said, you know, Manitoba has always been a bit of a conundrum to us for the last 10 years because we get it. This diverse economy, we get it. This ability to sell to Canada, to sell to the US and to sell abroad, and we get it. You've got that steady, returnable, modest revenue growth. Your challenge isn't on revenue growth; you just can never fix the finances. And he might have not used the exact term, fix the finances, but he said the challenge is on the expenditure side, and then he referred to that idea, again, about this adjustment fatigue, always with the government coming back and saying they'd do better next time.

So I would say that those rating agencies certainly understood that stability is not growth, and those rating agencies understood what that member has not understood, which is that, yes, we have this advantage that right now—and even our conversations yesterday, we're making certain assumptions about revenue growth. We never know when a major shock will happen with our system. We never know. This Infrastructure Minister never knows when that next significant weather event or flood event will significantly impact on that bottom line, but what we do know is that that issue of revenue growth has not traditionally been the issue in this jurisdiction; it's instead been that out-of-control expenditure growth.

So that member has to understand that there is a significant challenge we have in this province. We said it yesterday: If left unchecked, this level of traditional expenditure in relation to this level of traditional revenue growth would mean an imbalance leading to a \$1.7-billion deficit within just three fiscal years. That member should recognize and acknowledge, not just that in these early days this new government has been able to show some modest directional change; this government has arrested an out of 'trol'—out-of-control expenditure growth that even in this fiscal year was heading to \$1.2 billion.

That very first Estimates of Expenditure by our departments after we had sent those early and initial signals saying all hands on deck, all these things must be managed. We need to make this kind of directional change. Even so, that pressure on price

and volume was expressed at \$1.2 billion. This was the starting point from which all departments, from which all ministers, from which Treasury Board, from which management had to work down and there are other risks, of course, as well, in the system, risks we could talk about like the threat of higher interest rates, risks like trade barriers—

Madam Chairperson: Member's time has expired.

Mr. Allum: Well, boy, that's some kind of answer and some kind of response to the words in his own budget documents that show—and I'll just read that again for him, not the whole thing.

Due to industrial diverse—quote, due to industrial diversity within the province, a balance in interprovincial and international exports, strong population growth, high labour force participation, low unemployment rate, and the lowest household debt per capital among provinces, Manitoban's annual real GDP growth consistently ranks high in Canada.

So the crisis that the Finance Minister is trying to pretend exists is, in fact, a fiction of his own imagination. Of course, you have to manage the finances of the Province. Of course you have to address challenges as they come to you. Of course, there are circumstances that come along that no one predicted would happen.

I've never heard the Minister of Finance acknowledge the greatest financial meltdown in the history of modern capitalism in 2007-2008. I've never heard him acknowledge two major floods that cost Manitobans billions of dollars in remediation and support for Manitobans during that time. He never acknowledges the basic challenges faced by the previous government, instead he wants to create a story and a narrative that he knows to be simply untrue. And we'll take that to the doorsteps of Manitobans day out and day in for the next three years.

But I asked him a very specific question, and I would like a specific answer: Does he believe that Bill 28 will survive a court challenge?

Mr. Friesen: And I want to first respond to the member's beginning part of this question. I'm noticing on A1 of that same economic review and outlook section of the budget to which he himself referred, and I'm quoting there from the second column in the second paragraph. It says, even with a positive trend in Canada and the US, uncertainty remains elevated from the ongoing spillovers from

previous global shocks—so that's the shock that the member spoke about—and potential new repercussions from any broad policy measures from the new US administration and from the UK's exit from the European Union. These factors pose both upside and downside risks to the economy.

The section goes on to talk about things like the US subprime crisis, the European sovereign debt crisis, the slowdown in emerging market economies. I know that we could also speak about the slowing Chinese economy. We could talk about deflated commodity prices in agriculture right now. We could talk about the mineral prices globally.

Only some time ago in question period today there were questions from the opposition exactly on this issue of mineral prices trading at some significantly lower levels, and this is affecting Manitoba.

What the member should understand is that our revenue forecast is based on our economic outlook. And so all of these factors are gathered together and the people in our department dialogue regularly with economists. We look at trends. We analyze our economy by sector. We put these things together. We make assumptions about—to the best of our knowledge and to the best of those professionals' knowledge about where the economy's going. And that's how we arrive at this multi-year projection that we have provided in budget 2017-2018.

In the same way, though, we make those same forecasts about our—about the need to return to balance. And the member makes claims about the areas in which I'm silent. What I would say is that member never acknowledges the size and the consistency with which his government missed their targets, and by not acknowledging that, he seems to imply that somehow on a long-term basis that unsustainability was somehow sustainable, that government could continue to miss its own targets by an increasing amount and somehow the situation would right itself. There would—it would rectify over time with no effort.

*(15:30)

And to support that argument, the former government used in the past that calculation. They used to say, well, yes, net debt to GDP is, of course, higher now than it was. And I believe, actually, it's now exceeding levels at which former NDP finance ministers had said it should never exceed. And yet they say, oh, but it's more easy to support than at any

time before. And so then they point back in time 20 years, and they point to a time when the principal lending rate was three or four times what it now is, and they say that the government can now support this indebtedness more affordably than ever.

And what they're careful to never suggest is that lending rates could never go up. Well, that is exactly one risk that now all governments are concerning themselves with. We know that right now, in this same economic section, our own economists make very clear that there is a threat of rate interests that, as the US economy continues to recover, there will be an increasing downward pressure on the Canadian currency.

And the way that the Bank of Canada may have to address that—it will depend on what they're going to value most and what the Bank of Canada will be able to sustain in terms of downward pressure on the dollar. And if that 'rake hite' does come, that will have to be recognized.

The fact is that the NDP was missing their targets every year—significant difference between their budget and their actuals. That's not supportable over time, it's not sustainable over time. We must address it, and that's why this government is addressing it.

Mr. Allum: That's fine. Now, could he answer the question: Does he believe Bill 28 will survive a constitutional challenge?

Mr. Friesen: So, what I would say about Bill 28, this government's sustainability legislation, is that we have confidence in it. We're expressing confidence in this measure. We've continued in dialogue with labour. I have appreciated the meetings that government has had with labour leaders, with those individuals who—I've been in some of those meetings. We've dialogued with labour, we have described to them the very real and demonstrable need for action on the part of government to return to a more stable path. We haven't agreed on everything inside that meeting room.

We have agreed on some things. We've found points of agreement. As a matter of fact, even in their most recent correspondence, labour did again reinforce that they stood with the government in predicating what they called a supportable path back to balance over a number of fiscal years. I said yesterday that some would say that this government isn't moving fast enough on that path back to balance. Some would say that we're moving too

quickly back to balance. And we know that labour stands with us saying, yes, you need a number of years.

The Premier (Mr. Pallister) used that metaphor last year of being able to turn a canoe without tipping it and so endangering the cargo that you're carrying. And of course, in that metaphor, the cargo is—of course—not just the hopes and dreams of Manitobans, but it's the importance of getting it right when it comes to those key investments we must make to repair our services—front-line services.

So I think the essential question that the member's asking is whether I have confidence—whether this government has confidence—in this legislation. Well, we have confidence in this legislation. We have brought a set of measures here that we believe are fair. We're hoping that Manitobans will give them a fair hearing. We hope that—given the significance of the challenges that we all face in this jurisdiction, we hope that people on the front line in labour will say, well, we understand this is not ideal but, in these circumstances—and we hear our government saying it's going to take all of us—we'll do this.

We hope also that Manitobans will see the extent to which we're trying to demonstrate that we'll lead by example. That's why we cut the size of Cabinet from 18 positions to 12. It's why all members of this legislation have decided to forgo any kind of cost-of-living increase, not just for this year but for the remainder of this 41st Legislature. And we were pleased as a government that, when we took this step and offered to members of the opposition that, after contemplation, they chose to stand with us and to return their cost-of-living adjustment to the province so that we are being clear that we need to lead by example.

In that same way, we're saying these set of measures we're bringing describe a four-year period that we believe is reasonable. It describes the need for government ability to pay to be taken into account. It does release that overall control in the third year but still signifies that no labour contract award for an increase in salary should go beyond 0.75 per cent and in the fourth year, no award should go beyond 1.0 per cent. And then after that period of time, then that control is released.

So, to the member's question of whether we have confidence in our legislation, obviously, we have confidence. We need to continue in dialogue with labour, and we invite them to remain in conversation

with us. We have said all hands on deck, and we know this will take all of us to do. Before, I was also describing the importance of the things of the legislation that the member refers to does not do. And I had neglected at that time to also state that this legislation is clear in that it allows those same awards to continue for any worker, for any employee, who takes a new position. Those same step increases continue in place. There's no change to any of those provisions that already exist. And let's remember, even though a control is in place describing zero and zero for the first two years, there is bargaining that goes on that is not just for salary increases, and I know the member understands that.

So there's still a real and significant need for labour and management to be in dialogue at this time. So, to the member's question, yes, we have confidence in the legislation.

Mr. Allum: So the minister talks about his meetings with labour, and we know—we know—that the Premier (Mr. Pallister) of Manitoba has never attended any of those meetings. We know, we know for sure, that the Minister of Finance deigned to go to one of those meetings and that in the remaining 'meetings' he sent government officials, who 'contingently' told labour leaders that they were unable to provide any assurances or any kind of meaningful dialogue in the absence of the Premier and the minister's participation.

So don't tell us and don't lecture us about your—his consultation—it hasn't existed—which is likely why this bill will not survive a constitutional challenge.

Can I ask him: Has he set money aside for that legal battle over Bill 28, and if so, how much?

Mr. Friesen: Well, first of all, let me say that I disagree with the member when he suggests that we have not consulted. I can still recall that first—very first meeting that I had with labour. As a matter of fact, I mean that I can recall meeting with representatives with MGEU shortly after being installed in my office.

I remember meeting with the MGEU president to talk about FleetNet; I think it was still last summer when we first spoke about FleetNet and the risk—and, sorry, I should describe it because not everyone understands that title. That is the Manitoba's—our public emergency communications system. It's a system that was flagged for replacement, going back a number of years, and the former government did nothing to replace it. It wasn't a priority to them,

even when—even with—when their principal partners on that project were saying, this has become a critical need; you must contemplate a replacement to this system. It is failing.

* (15:40)

I met with individuals who say they warned government again and again. I met with the former CEO for MTS, who of course, helped deliver that program, and they said that in the very first meeting with the NDP premier it was the first item of business, that they had to warn that premier that it needed to be top priority. And yet, in my own briefing notes, when I took the position of Finance Minister, nowhere was that issue flagged to me. It was flagged at a much later date.

I remember the radios being described as held together with duct tape and glue, and not until I actually had a chance to tour one of our courthouses as part of a meeting did I actually see that it wasn't meant to—it wasn't hyperbole and it wasn't a metaphor. I actually saw the radios being used by Justice officials held together with duct tape and glue.

And the system itself, we could have gotten such a better deal for Manitobans had the process advanced at the proper times, keeping the partners inside that conversation, that would have helped us get the maximum degree of scale in terms of our procurement approach. Instead, we're left with an unenviable situation in which many actors have already proceeded unilaterally, and at this point, Hydro has basically built a communications system, and the City of Winnipeg has basically built its own communications system. There are municipalities warning that—you know, that nothing was done for so long that they got down the road on building their own communications systems. So it's just one more area where the former government failed to act.

Now, I don't know what the reasons are why they failed to act when warned even by the municipalities who use the system. We think about the users of this system: this is paramedics; it's fire departments, some of those being volunteer fire departments; it is police services; the RCMP uses this; EMS uses this, as well as 'government' departments like Sustainable Development and Infrastructure. These are all users on this system. And right now it's only one of the challenges that this new government has to face.

I would want to also express to the member, he talks about the fact that there's been no dialogue with labour, I know that only recently there was—I think it was, I don't want to speculate—it was just days ago. I don't want to speculate on the day so that I get the correct information—there was a latest meeting. And at that meeting, officials talked about economic issues, and I know that our officials described the fiscal situation of the Province; we talked about changes that we had to make; they talked about the economy, exactly like we're talking about here; talked about the deterioration in deficit-to-GDP and net debt-to-GDP.

But to the member's point about legal costs being incurred, well, this is a bit premature because this bill is not proclaimed. I don't know what the will of the Legislature will be. The bill has now been through committee and it will be reported back for third readings, so I won't anticipate the future, but I will say that every year government holds in appropriations amounts that they have for unanticipated costs. And this is a normal course of action and it's a convention that was in place when both his party was in government and it's a convention that is in place now.

Mr. Allum: Now, you know, the minister took five minutes to answer a question that was all of about 30 seconds long, and then he answered it in the last 20 seconds. We could get a lot further if he would save the long, tortious preamble and simply just answer the question so that we can have the kind of dialogue that's worthy of the people of Manitoba.

Could the minister tell us, since he's made assertions about interest rates changing, could he tell us how much of debt financing is floating versus what's locked in over the life of the asset?

Mr. Friesen: And I welcome an opportunity to talk about Manitoba's borrowing program and costs because the member knows that we have some very significant borrowing requirements for the Province of Manitoba that have escalated in the last number of years. I actually—I continue to receive correspondence at my office, and it's interesting, citizens will contact the office and they'll say, well, I don't understand it. How can you be borrowing \$6 billion a year when the deficit says it's \$900 million, and they'll ask for those clarifications, and sometimes, you know, Manitobans won't understand that there are a number of categories in which we borrow. And Manitobans may not understand, of course, that the government of Manitoba borrows on behalf of

Manitoba Hydro, and we know the significance of Manitoba Hydro's borrowings.

We know that we borrow when the Province is not in balance, so every year that there's another increase in deficit, as there was under the NDP, we must borrow the amount to make up for that. And there are other categories of borrowing that we do as well, and loan act, so we're borrowing—sorry, borrowing for our capital investments that we're making in the province. There was a time in history when, of course, the government constructed capital out of cash on hand, and, of course, a change was made years ago where government amortizes its capital projects and then smooths that amount out and indicates the amount it will pay every year to principal and interest and amortization.

So, now, first of all, to the member's point, because he's saying that the specific reply is coming too late in my answer, so it's 90–10, first of all. So, to be clear, 90 per cent, approximately, of our borrowing program at any one time is in fixed and 10 per cent floats, and that's approximate at any one time.

Also, the member will understand that when it comes to our borrowing program, Manitoba—I mean we should take the opportunity to say that we've been well served by Treasury Division in this province, and I think that we should never hesitate to talk about those very capable individuals that we have. And so I do want to raise the flag briefly for Treasury Division, and not so long as it should go to their heads, but I do want to say that we're—we're getting excellent value in the market.

Now, No. 1, let's acknowledge there is a need for us to get the best possible value. This is also a theme that comes up when we meet with our creditors who say this is a very significant borrowing program for a province with a \$15-billion approximate annual budget, and so we know that these are significant borrowing requirements. We know that if you would go back even a few years, in 2011-12, I mean, the Province was borrowing around \$5 billion; in the next year, it was \$3.5 billion. But, since that point, there has been an escalation: 4.4 approximately billion dollars in '13-14, over \$5 billion in 2014-15, over \$6 billion in '15-16, and forecast at almost \$7 billion in 2016-2017.

* (15:50)

Now, there are a variety of explanations as to why this Province is borrowing so significantly, but I

do want to say the Treasury division continues to get good value in how we are investing. They do this for a variety of reasons.

We take a very hands-on approach to managing—to developing the relationship with our syndicate and those individuals, those companies that help us basically execute these trades to put these Manitoba bonds and these products in the hands of those who might wish to purchase them.

We also make sure that we describe the Manitoba story so that there is that awareness out there that when we go to execute an offering, that there is that awareness, that good relationship in place, and then we can get the maximum return or the maximum value in that instance.

The—I should also take note of one more area in which Treasury division has been able to get good value, and that is, for the last number of years, a significant part of our borrowings have, of course, been not just in domestic markets but in international markets. Now, it's a long-time practice, when it comes to Treasury division here in the province of Manitoba, that these are all part of swap back, so we don't hold these in foreign currencies. We're not holding in the yen; we're not holding in the euro. Instead, we're swapping these back immediately—offered outside and swapped back into Canadian funds. So what I would also want to stress—

Madam Chairperson: The honourable member's time has expired.

Mr. Allum: It's hard to see through all of that—hard to see the forest for the trees with the minister's answer.

But basically, he said 90 per cent is fixed of the debt, 10 per cent floats. So he knows full well, then, that the change in interest rates—though unlikely to happen—is not going to cause enormous amount of difficulty in the economy. He could lock in the 10 per cent at any time that he wanted if rates were to change.

And so this goes to the heart of the narrative that the government, and in—particularly the Finance Minister and the Premier (Mr. Pallister), have tried to suggest is that somehow, things are a mess and things are out of control.

And yet, when we actually get to the real details, either reading from his own budget or asking specific questions about the debt and deficit, that, in fact, things are in pretty good circumstance, and that for

many, many years over the four terms of our government, the economy was performing as good or better than any other jurisdiction in Canada. So it's disappointing to hear him play politics with the lives of working people in this province.

He said he wasn't sure when the bill will be—Bill 28 will be proclaimed, and I think it's important for everyone to recognize that the bill will pass on June 1st and then it will be proclaimed by an act of Cabinet at some point thereafter.

For the purposes of certainty, for the purposes of predictability, and because the bill itself is retroactive, when will the government proclaim Bill 28 after it's passed?

Mr. Friesen: So what I seem to hear the member suggesting is that there are no issues.

I described for him a—borrowing requirements in the province that had doubled in the space of just five years—or, a little bit beyond that—and he says, there's no issues. He said there's no issues with a province with a \$15-billion budget that is borrowing at more significant rates than at any point in history, even though when we go talk to bond-rating agencies, they say there are issues here. So the member's asking us to accept his word over those who do this at a high level for a living, and I would rather take the word of those who are the experts in this.

But, to the member's point, he tries to convey that because of the size of the borrowings and because of the extent to which the products are fixed in nature, there's no exposure. He is wrong, and I can indicate for him that even a 1 per cent interest rate point increase—in other words, a hundred basis points for the province's overall borrowing program—would mean \$86 million, not just in the first year, but think about the compounding nature of that—in that second year of carrying that. Then it would be 86 another time, and so on and so forth. In that second year that would be 150 million-plus dollars of borrow—of borrowing costs to the Province. These are significant amounts.

And I would also point him to B6 in the budget, where it breaks down the borrowing requirements. I talk about the fact that, you know, of course the government borrows for its own requirements in respect of capital—for schools and education and for child care and for highways, but it also borrows for the deficit that was left behind by the NDP. It also, though, borrows for Hydro. And on that page he will

see that there are costs pertaining to both new cash requirements and costs pertaining to refinancing. Because what the member failed to actually describe is the fact that these borrowings—in whatever capacity they are—these—they are constructed. The conditions are that they're given on a five-year term or a 10-year term, a 30-year term—and they become full term. At that point in time, those borrowings must be refinanced, and I notice even in here from Manitoba Hydro almost \$500 million of refinancing in this year alone. In addition to that, \$3 billion of new cash requirements, for a total of \$3.384 billion. That's Hydro alone.

The member should also bear in mind that there's another challenge he has tried to gloss over, and that is—we talked about the fact that, 20 years ago, interest rates were much higher than they were now. And I know from my conversations with the assistant deputy minister in Treasury Division that there were some opportunities for government in respect of those borrowings that were coming full term that had gone out at a higher interest rate and were now coming in, and we could push them out again—refinance them at lower rates. And now, because we've been in this period of sustained low interest rates for some significant time, any opportunities that government were to take advantage of are largely now already subscribed. It's not as if we're having a windfall now because something that was originally out the door at a much higher rate, we're now able to take advantage of these lower rates.

So I disagree, and I think that the department is saying they disagree as well, with the member's assessment that there's no reason to be cautious, there's no reason to be alarmed. I am alarmed because we know, at the end of the day, why do these things matter? They matter because this same government that has to undertake these significant borrowings is the same government that is called upon to make the investments in front-line services.

* (16:00)

Now, that member talked about issues that I'm silent on. That member has been completely silent on a \$61-million increase to debt-service charges, as seen in the third-quarter report for this year. I would like that member to reflect: What is his thought about a \$61-million increase to debt-service charges in the third quarter? Imagine how many schools, imagine how many teaching jobs, imagine how many daycare spaces, but we cannot build those because

\$61 million goes to moneylenders in New York.
[interjection]

Madam Chairperson: The honourable member for Fort Garry-Riverview.

Mr. Allum: Sorry, Madam Chair, just trying to keep myself awake listening to the Finance Minister's long, tortuous answer.

The question was: Assuming Bill 28 is passed on June 1st, within what period of time will the government proclaim it? Will it be one month? Will it be two months? Will it be six months? People's jobs hang in the balance here. Their paycheques hang in the balance. So to—for those folks, for the very folks he pretends, day in and day out, to care about, in order to provide them certainty and predictability and because the bill is retroactive, can he tell us: How long will it take after the bill is passed on June 1st for the government to proclaim Bill 28?

Mr. Friesen: So, in answer to the member's question—so, I said earlier that I can't prejudice the process, of course. There's a legislative process here. Here is the status of Bill 28, to which the member refers. It's now been through the committee stage. It will be reported back to the House and then third reading will ensue and, should it pass third reading, then it would be eligible for royal assent.

The member must understand, though, as well, that the process is dynamic, just as Bill 29, the health sustainability, innovation and transformation bill—I'm describing that just—that's not the title of the bill but it's a description of the bill—just as that bill is dynamic as well.

I'm thinking about that bill right now, going back to an earlier conversation we had this afternoon, talking about the more than 180 collective bargaining units and agreements within Health itself compared to less than 20 in all the western provinces, BC, Alberta and Saskatchewan, and a working group that is working with labour and government officials to try to whittle that down to a more manageable size, all parties understanding that efficiencies could be gained by a process that was less onerous, by a process that was less time-intensive, and so there's obviously a process that will go ahead there and we want to give that process time.

Now, I don't know exactly the reason that the member asked the question. I know that the provisions of this bill are such that it indicates that the bill would take effect on a date that would be decided, so at this point in time, we'll continue to

meet with labour; we'll continue to look for those areas of agreement with labour; we'll continue to invite labour to partner with us. One thing we've said specifically is that we're looking for guidance from labour officials to help us identify those additional opportunities for savings.

So, if the member refers to, you know, even the part of the budget where he talks about the KPMG report and opportunities for savings that are identified to this government, much in the same way that the former government brought in a third party in 1999 on a contract that was designed to give that government opportunities. I note that at that time, actually, in 1999 there were two reports. There was a health innovation report and there was a fiscal report. I thought that was interesting when I stumbled upon those older reports and dusted them off sometime last year. So we want to give time for the process to work.

The member suggests that there's no engagement. He could not be more wrong. I think the most recent meeting was perhaps a week ago with labour officials and representatives for the government, so we want that process to work. We want to be able to identify those other opportunities for savings and so we put our focus right there right now, and I won't pretend to know when the Legislature will have this bill pass third reading.

Mr. Allum: Well, he knows perfectly well that the bill will be passed on June 1st unless members of his caucus decide not to support it. I hope they make that decision because it would be the right thing to do.

Today, in our discussion about Bill 28, the minister has conceded that he doesn't know how much it will save. It's just some amount of dollars, which tells us that it's really—is all about austerity. He has told us, and we knew anyways, that he hasn't really been personally involved in any consultation, nor has the Premier (Mr. Pallister) of this province. He's told us, though, that he has put money away to fight it out in court when he knows full well—full well that it won't survive a constitutional challenge, and that the right thing to do, the right thing for him to do as Minister of Finance is get back to the bargaining table and negotiate collectively as required by the Constitution of this great country that we live in.

I want to now turn to, because he mentioned it himself, to a discussion of Manitoba Hydro because I think this is an important point about the financial projections going forward, but did the minister make

use of financial projections developed by Hydro in determining the projected summary deficits for the next several fiscal years?

* (16:10)

Mr. Friesen: First of all, I'd like to just respond to the inaccuracies the member put to record at the top of his question.

First of all, he's said that the government has no idea of the savings to government that would result because of the sustainability bill, and he's wrong. I said he'll have a perfect analysis of that one year hence, when the Public Accounts are released for the '17-18 years. He'll be able to see quantifiably what they are, but as we explained to him clearly, there are many complexities because of the number of bargaining units, because of the dates on which those bargaining agreements expire, and based on the number of individuals inside each of those bargaining units. So there are many complexities to keep in mind. He would like to gloss over them, but I think it's important to have that information out there.

He says that I am not personally involved and so the process has no merit; that's not true at all. I have been personally involved in the dialogue with labour but also government officials are involved in those processes as well, as they should be.

He says that the fact that the government puts aside legal costs shows that we're preparing for something. Well, the government always accounts for legal costs that it might incur. I remember when the previous government was incurring significant legal costs because they ran into a legal battle with the Jockey Club in Manitoba, they ran into—there was a number of court charges—or, challenges concurrently that that government was having to face and I think that those challenges might have come at them more rapidly than they had anticipated. Who knows what they set aside at the time, but the fact of the matter is the member knows that both then and now government reflexively sets aside amounts in appropriation for unforeseen costs and it must do so. So there has to be that ability to respond to real events. So I assure him that the process is no different now that it was then.

And then the last thing he says is that the minister knows he should be at the table, it shows a disrespect for the bargaining process. That member should understand that it is management that bargains with labour and what this government is

doing is restoring that good and honourable practice, whereby broad instruction is communicated to management and then a bargaining process ensues. We are respecting that process with this legislation.

He knows—he's probably personally disappointed in the legislation that we have brought. He may have been anticipating something different, who knows. When the member had the first chance to look at that legislation, he might've said, oh, well, I didn't think it was going to look like that; that actually looks pretty reasonable to me.

I know that's, certainly, a part of the feedback that we're getting from Manitobans. They're saying things like, well, considering the significance of the challenge that we're facing as a province, that seems like a pretty fair and equitable approach, fair to all groups, fair because it constrains the period in time—of time for that recovery and fair because it still respects the bargaining process in the way we've described it today.

When it comes to the member's question about Manitoba Hydro, yes, Hydro is taken into account when the Province provides, as it has in—on page 12 of Budget 2017, those year-over-year forecasts for revenue. And the member will see in this budget that a forecast—a profit for Manitoba Hydro in this year is just north of \$70 million, and so this is taken into account.

The member knows that when—if he looks inside the first few pages of this budget, he sees that those statements, those consolidated statements, and they include, of course, all those areas of expenditure, including both a core government and then all those other entities as well, including the Crown corporations, special operating agencies, the regional health authorities, you know, all these different entities consolidate on the bottom line with that net debt of Hydro that is factored out.

And so, all these things are taken into account. I would qualify that, though, and let him know that what's not taken into account, for the purposes of these calculations, would be the most recent rate application of Manitoba Hydro to the Public Utilities Board. That would've come after the fact, after the budget process had completed. The member's aware that Manitoba Hydro is seeking a ratification of its previous 3.6 per cent rate hike for the previous year. It's seeking a current approval of a 7.9 per cent application, effective August 1st, and it's seeking approval of a subsequent 7.9 per cent approval for April the 1st, 2018.

Mr. Allum: Thank the minister for that.

So the government projected net income from Hydro, \$74 million in 2017-18. Does he regard that as remotely accurate now, in light of this submission to the PUB by Hydro?

Mr. Friesen: When it comes to Manitoba Hydro, I'm happy to have this discussion.

I should be clear in that we need to make the connection as to why the borrowings for Hydro are so significant at this time. That member knows that the previous NDP government made promises to Manitobans about this very elaborate Manitoba Hydro expansion plan. They said that Manitobans wouldn't pay a single cent of the costs of the capital projects to construct Bipole III, to construct Keeyask, to construct the Minnesota-Manitoba line to make the changes to the Dorsey and other conversion stations. They said it wouldn't cost them a cent because it would be completely recovered by US electric and energy sales. Well, Manitobans have woken up to discover that they were sold a bill of goods that didn't stand up, and right now it's—like our Minister for Crown Services has said, this really amounts to what he's called a—I heard him say the other day—a bipole and Keeyask levy. He called it a levy, and really—understanding what a levy is—this can be seen as a levy.

* (16:20)

This is coming home to Manitobans now, the fact that the previous government understated the real costs of construction of these assets. They changed the anticipated cost again and again and again when it came to these things. At this point in time, a bipole is seen to be coming in a billion dollars over budget; Keeyask, more than that amount. There is a reason that Hydro Quebec a few years ago put a moratorium on hydroelectric generation projects. They said the cost of construction at this time when so many new technologies were coming up are really impacting on that province's understanding of the needs for large-scale hydro generation projects that would only begin to generate profit 10 years down the line.

Well, the government of Manitoba might've had a very good business case in 2002. The problem was that the world has changed with the advent of horizontal drilling—that like it or hate it, horizontal drilling has changed the way that the US is procuring its own energy needs. The ability for them to take advantage of nat. gas coming up through that process

is changing their ability to respond to their own needs. The fluctuation in policy from the US administration is changing from administration to administration, and what the NDP government does not admit is that they were caught flatfooted, but they were too stubborn to actually admit that they should be looking again at the needs for alternatives too.

They actually even wrote the process of review by the regulator in such a way that bipole would not go to the Public Utilities Board. They had no ability to look at the project. It was an unfair project—unfair process. I reference that now because I stated—oh, I should finish the thought and say the result of that all is, of course, that Manitobans will pay and they will pay dearly, is quite a legacy coming from a government that constantly said they were standing up for those with the lowest incomes.

And I suggest to that member it is disproportionate, the effect that those with low incomes will feel with these rate applications. He would not argue with me. I know a bit of the research too when it comes to low income and the disproportionate amount of their income that must go to cover off the utilities and other basic household costs that someone with a higher income can cover. That's not to say it isn't a burden to someone who makes \$50,000 or \$75,000 or \$100,000. But that effect is felt disproportionately at the low end of that earning spectrum.

The NDP was caught flatfooted. They didn't acknowledge it. They have incurred costs that are now becoming a legacy that Manitobans will have to pay off.

We have a plan to extract better value out of Hydro. Hydro is working hard to get its costs out of control now that it has new leadership, and new management, and new executive direction. But at the end of the day, I would acknowledge that the assumptions we've made for the purposes of Hydro do not include this most recent rate application.

Mr. Allum: So, in answering that question, the Minister of Finance (Mr. Friesen) for the people—government of Manitoba just made clear that he cares not a whit for inner-city security for Manitobans into the future. He demonstrated quite clearly that he cares not a whit for the production of clean green energy when in the midst of a global climate change crisis.

He cares not a whit for good jobs especially in the trades all across Manitoba, as a result of investments in Hydro. He cares not a whit for the partnerships with indigenous communities that have resulted from the build out with Hydro and that has promoted growth and development on traditional treaty lands. He cares not a whit for export sales to Wisconsin or Minnesota or, in fact, to Saskatchewan. He cares not for the World Heritage site Pimachiowin Aki that his government undermined and subverted. And he cares not a whit for affordability for Manitobans, because there was legislation on the books that provided for the lowest bundle of utility, car insurance, and home heating costs in the country, and he repealed that at the bottom of a piece of legislation on red tape.

The Finance Minister continually shows that he cares not for the people of Manitoba; he cares more about an ideological stance that makes no sense for all the people of Manitoba.

But I want to return now. So, he says he conceded that his budget projections did not include the recent application made by Hydro to the PUB. He will see, under the IFF, which is the integrated financial forecast for '16 that Hydro put in place, that in 2017, that projected income could be \$31 million; then in 2018, \$113 million under the projected; \$251 million in 2019; \$357 million in 2020 and \$511 million in 2021; \$691 million in 2022. Where, pray tell, is the crisis in Hydro if these numbers are correct?

Mr. Friesen: Well, I welcome the opportunity to respond to that member's diatribe of Manitoba Hydro. It's very interesting; he takes the position that they completely messed up large-scale capital projects in Hydro that almost doubled in size from the original cost estimates. They run up the scorecard, leave Manitobans with an unsupportable debt inside Hydro. He walks away; he wipes his hands of it and says, not my problem. And then he says that, somehow, he cares about affordability.

Now, that government saw this coming. Boston Consulting, when they went in and did their report, brought it back to government, really revealed the extent to which—and I know that they—those members don't want to talk about the Boston Consulting report. They were very careful to make sure that they did not want anything to come out that would show that they were on the wrong track. They were—as a matter of fact, there were reports that they actually tendered—no, didn't tender, I think they

directly awarded them, sought the advice of experts, and then hid the project from Manitobans because they did not want Manitobans to be aware of what the report said.

Let's talk about what Boston Consulting said. They said that the NDP rushed the project. They said that they had an unsupportable case. They said that they had artificially constructed the business case for the timeline on which they were proceeding. They said they underexplored alternatives to this particular path, that there was an ideologically favoured path. They said they'd failed to respond to market conditions when it came to real cost and increases and how government could otherwise seek to meet its own energy needs and the needs it would have for exports, and it said that this would lead to rate increases that would be significant. And look where we are now. Oh, it also said, of course, that in all aspects of the project, it would lead to cost overruns, and yet that member is careful to tiptoe around any responsibility for the rate hikes that Manitobans are now faced with.

Think of how the NDP artificially charged the Public Utilities Board to go out and hear rate applications by Hydro and said, you can only take into account the ability of individuals to pay. Now, that would be nice if there wasn't a need to actually also address the overall long-term sustainability of the utility, because the member should understand that, if the only value, if the only measurement, if the only rubric, is the utility ratepayer's ability to pay, then essentially you will approve an amount less than is necessary, and, in essence, on the long term, you actually draw into jeopardy the very sustainability of the entity that you said you were trying to protect. And that is what has happened in Hydro, that we have a level of debt and a debt-to-equity ratio that is unsupportable at this current level. The Manitoba Hydro chair has said that; the Manitoba Hydro president has said that. The utility itself quarrels with this member's analysis.

* (16:30)

I note for that member that Hydro is right now in the middle of a workforce reduction initiative that they have undertaken. They shed upper management and VP positions. They are talking about a path back to a more stable debt-to-equity ratio. There is a comprehensive plan to do better in terms of getting contracts, looking for new opportunities. There is a new management in place at Hydro and we are pleased to see the alignment with overall government

direction—the need to cut back, the need to do a better job for Manitobans; but let this member understand that it was the mismanagement of the NDP government that led precisely and exactly to the place we are now in with Hydro requirements for borrowing in excess of \$3 billion, projects that will take years to generate electricity and Manitobans paying much, much more as a result of their mismanagement.

Mr. Allum: Well, the minister says we don't want to talk about Boston Consulting Group, but we don't mind talking about it because we know that it was an untendered contract valued at 4.3—at a minimum of \$4.3 million. *[interjection]* And I hear a member calling to me about Tiger Dams. Stephen Harper paid for those Tiger Dams, so I don't know why the member for Brandon West (Mr. Helwer) always talks about that and I don't know why the Minister of Infrastructure (Mr. Pedersen) often talks about that. But it was an untendered contract for \$4.3 million. When my friend from Minto asked the new board chair, the hand-picked—Premier's hand-picked board chair from Hydro, how it is that Boston Consulting group got this contract, he said, well, I knew him. That was the degree of oversight and fairness that went into the tendering of that particular contract. He knew some guys in Boston that he could pay 4.3, at a minimum, million dollars to provide a 40-page report on Hydro, where all the information came from Hydro and the guys in Boston never actually left their desks in Boston. They never once went to any northern communities; they didn't do anything. All they did was take Hydro's money, and this is a guy—a Finance Minister who talks about value for money. Are you for real?

But what we really know in listening to the minister's answer as well is what he wants is to quickly make Manitoba unaffordable. He conceded, himself, that people are losing their jobs under his government and at Manitoba Hydro, 900 there. We heard about more job losses in Thompson today. We've heard about any number of corporate layoffs going on in Manitoba. It's almost like the economic direction of the Finance Minister is to give permission to everybody in this province to stop laying off—to start laying off workers. That's the kind of context and that's the kind of culture that he's created by the way in which he's described Manitoba's economy and he's doing a disservice to the people of Manitoba when he does that.

But I want to ask him, then, in light of our discussion around the integrated financial forecast that Hydro put forward just recently and the

net-income projections year over year that I just put into the record. Will that have some impact on the government's summary deficit going forward?

Madam Chairperson: Order, please.

While the honourable minister is formulating his response, I just want to remind all members at this table to—if you're speaking, please direct your questions through the Chair to the honourable member.

Mr. Friesen: Now, I know that the member for Fort Garry-Riverview (Mr. Allum) was getting himself all worked up there. I don't know if Hansard is able to actually gauge volume inside these microphones, so maybe they'll record that as—capitalized it and boldfaced in a 16-point font, I don't know; but I'll endeavour to provide a response that is less punctuated by enthusiasm and volume.

To the member's question—you know, and I do invite him to have a more fulsome conversation with the Minister responsible for Crown Services, and I believe that the Minister for Crown Services would invite that conversation. I think that this would be a topic in which he would be amenable to a conversation because it's important for Manitobans. Now, if that member wants to argue with Boston Consulting, which is seen as the pre-eminent, you know, authority on global energy, large-scale infrastructure projects, let him do it. Let him say that they are not the experts. We know what the attitude of the NDP was to expert reports. They preferred an in-shop, in-house approach. They didn't consult. They didn't consult with Manitobans, didn't consult with experts. When they did, and didn't like the results, they just sat on the results and didn't tell Manitobans about the existence of the report. And I think about reports in the past in Manitoba that they chose to hide. I remember one report in particular that was not even disclosed to Manitobans, and, finally, I believe it was a member of the media who ambushed the minister and asked him about a report, and the minister promptly said, I've never read it and I've never seen it. But it was a report of that own government to that minister in that department, and you can understand that we did highlight the cost of that report to Manitobans.

The member can argue with that 'analysis' if he wants to, what the member cannot argue with is that Hydro has indicated to Manitobans a 46 per cent rate hike over five years. And I would ask the member to explain how that is somehow not significant. When we were in opposition, we warned that the business

case was stale and that the government should test again their assumptions for this magnitude of project in this many iterations, or, I should say, in this many forms, at this time in lieu of other opportunities, whether it wouldn't be better to press the pause button, as other jurisdictions were doing, but for them it was full-speed ahead.

And listen to the member talk. He talks about the job generation through this. So he acknowledges the artificiality and the limited shelf life of jobs directly related to pushing down trees, to create the corridor. That member understood these are not long-term jobs. Those jobs were going away. Those jobs were going away when the construction project was complete. That member should understand that in this province, as in any other, it is the private sector that generates jobs; it's the private 'sector'—the sector that creates wealth; it is the private sector that creates those opportunities. But we know that that party was not so well aligned with the private sector and those interests. So let him explain the 46 per cent increase being sought by Manitoba Hydro at the Public Utilities Board.

One thing is certain, though, and I welcome him to talk about this, the fact that we have passed this order-in-council that would allow the Public Utilities Board to examine not just the affordability to Manitobans, but also the capital plan of Hydro in seeking a decision—in arbitrating a decision on this most recent rate hike. This was not analysis that the PUB could take into account in previous rate hikes. Now, that member might say, oh, you see, well, that just proves it, that the rates might go up. I assure this member, these rates are going up because of NDP mismanagement. But what is clear is that if we don't allow the PUB to actually measure properly the need for a rate increase, we simply kick the can even further down the road and drive Manitoba Hydro to an even worse debt-to-equity ratio. We will not allow that to happen.

Mr. Allum: Well, that was quite an interesting answer. It indicates that the minister has no concern for trades training in this province and the trade jobs in the trades, that they go from project to project as they go on, as economic activity happens. He seems to think that people get trained up; they go to one job and then that's it. Clearly, he doesn't understand the job market as—or at least understands it even less than he understands the economy.

* (16:40)

But the discussion around Hydro's rate increases is germane to this discussion—and, believe me, we'll be taking it up with the Minister of Crown Services (Mr. Schuler) when the time comes. But it is germane to this conversation because those huge net income increases that I rhymed off for him going forward will have a substantial impact on his deficit, will it not? In summary?

Mr. Friesen: So the member makes the point that, ultimately, Hydro will generate profit off of that asset. Of course we acknowledge that at the end of the day. I mean, why else would government undertake to build a new dam unless they understood that there would be profit that would ensue?

What the member fails to acknowledge, or he glosses over, is the difference between a long-term and a near-term concern. This is the concern that this government is describing. It is the same concern that has been highlighted by our credit-rating agencies. It is the extent to which Manitoba Hydro can continue to be seen as a self-sustaining entity.

Now, that member understands that in the consolidated statements—when we report, as we do, in Budget 2017, on the summary line we indicate profit loss for core government, we indicate that profit loss for all those other entities, including Manitoba Hydro. And then, for the purposes of reporting, we net out the debt of Manitoba Hydro and we express—the borrowings from Manitoba Hydro, and we express that final number.

That member understands that, in July of 2016, Standard & Poor's indicated that, while they had always seen the Manitoba Hydro debt to be self-supporting, acknowledging—as the member did—that, ultimately, there would be revenue to cover off capital expenditures, they felt that, this time, it—because of direction of government—it had gone too far. And I'm quoting directly from a July 29th, 2016 statement by Standard & Poor's, saying—citing the significant rise in Manitoba's debt burden. This stems from the province's ongoing fiscal shortfalls—that's the failure of the NDP to make their own fiscal targets—and significant debt ongoing on lend to the MHAB—which is Manitoba Hydro—which we no longer consider self-supporting, mainly due to its high and rising leverage. End quote.

Now, that member also understands the implication of this. He understands that, if Standard & Poor's no longer sees Hydro debt as self-supporting, they will take a different view of the supportability of our province at this current

assessment—at that level they've assigned to us, the rating they have given us. And then, if they downgrade from there, the borrowings that we are undertaking will be done at a less effective rate—at a higher rate of borrowing to us.

That goes right back to those millions of dollars that are increasing, that we pay in debt service charges that we are not able to put into front-line services. We cannot hire another nurse with that money; we cannot hire another teacher; we cannot build another daycare space; we cannot pave one kilometre of road with money that we are additionally sending to bond raters and investors and others because of a downgrade to our debt—our credit rating.

This is the point that that member does not acknowledge. He says, ultimately, a dam will generate profit. No quarrel—absolutely. The issue is in the near term ability of government to operate, and that NDP former plan puts government into risk. The new chair for Hydro has said the NDP plan put government into risk. The plan now under way in Hydro, the plan under way in to—in government, is to address the risk, is to put Manitoba on a path to sustainability. In Hydro's case, it is to move back from a dangerous debt-to-equity ratio to a more supportable foundation. Why? Because we come back to that risk of shock to system.

And even right now, and we sit in the room with bond rating agencies, they ask us about the resilience of our systems. They ask us specifically about our ability to respond to emerging threats: economic threats, weather threats, threats to our industries, threats to agriculture, threats to mining, threats to government systems. I think last week about the threat that government systems globally endured when there was a cyberattack on systems. And I think about, you know, the degree to which, are we exposed to that kind of threat? What is the extent to which our province is working to make sure that all of our software updates are up-to-date?

We must attend to threats; that is what our government is doing.

Mr. Allum: What the Minister of Finance (Mr. Friesen) clearly doesn't understand about Hydro investments is that they're intergenerational. And in the 1970s—

An Honourable Member: The '80s.

Mr. Allum: —'80s, the government of his persuasion had a freak-out about Limestone, went off the deep

end about it, said the world was collapsing, things were going to be terrible. And now he now knows many, many years later, in a intergenerational context, Limestone has paid for itself many times over.

And it's a sad commentary that the Minister of Finance (Mr. Friesen) of this province seems to know the cost of everything but the value of nothing, and what he would prefer is to turn the lights out on Manitobans and leave them in the cold. That's why we have this—are having this conversation today.

But he did mention about the order-in-council regarding Hydro's capital plans going forward. And we know that this government tabled a Crown Services governance act—I may not have that perfectly right, but a Crown Services governance act—and it has a whole bunch of revisions toward how the Crowns are to operate and to act in governance structures, yet he chose to ensure that the capital planning stuff wasn't included in the act that they tabled for proper debate in the Legislature; he did it through order-in-council.

So, can he tell us: Why didn't he include that particular provision about Hydro's capital plans in the Crown governance legislation? Why did he do it by order-in-council?

* (16:50)

Mr. Friesen: So it seems to be the position of the member for Fort Garry-Riverview (Mr. Allum) that what was a good enough case in the early 1970s is a good enough case now. And I think there lies the challenge, because the former government—the NDP government—was resistant to opposition—not just the official opposition. The former government was resistant to all opponents that questioned the base assumptions they made in racing ahead toward a project—a project that they deceived Manitobans about.

They said Manitobans would not suffer rate increases as a result of the capital construction of Keeyask and Bipole III and the changes to converter stations and the tie-in lines to the US, and they were wrong. And what we have now is a—is the chair of Manitoba Hydro casting out requirements that he says will equal 46 per cent in rate hikes for all Manitobans in the next five years.

We know that that government did not heed the advice of others—experts or otherwise. We know that they jerry-rigged the process whereby the PUB would be able to hear some arguments and other

arguments would be shut out of the terms of reference of those proceedings. We know that they did this to satisfy their own ends.

What the member cannot deny are 46 per cent rate increases now, and I cannot imagine the contortions that they will have to endure to somehow convey that that was then and this is now. Manitobans understand that this Keeyask-bipole levy is clearly the result of the failure of the NDP to manage those projects, to proceed on a basis that would have been sustainable, to ask the right questions at the right time and get the right advice, to make that investment in a manner that would not have now required these kind of rate increases.

However, to the member's question specifically about why would the government bring an order-in-council: Well, that's very simple. We have a rate application that is happening now in real time in the month of May, and the member knows the process very well. And if we were to open The Public Utilities Board Act, it would have been a change that would have come much later, and the Public Utilities Board would not have had the ability to also look at capital as a reference point in taking in all the information necessary to make a decision on the most recent Manitoba Hydro rate hike.

Now, that is not to say that somehow in the future this government would not entertain the option of opening The Public Utilities Act. I don't think—I think it might be 20 or 30 years since that act was last opened. I know that in recent meetings, officials told me that there are some fines that the PUB has whereby, if an entity like Hydro does not respond to the direction of the regulator, they would have to pay a fine of \$100 each day—\$100 to an entity like Hydro—whereby in jurisdictions like BC, that regulator has the ability to compel that group to pay fines of \$1 million a single day. Now, I'm not saying \$1 million should be the fine, but I am saying, think about how—the difference, and think about the inability of a regulator to compel a group like Hydro to act if they're threatening them with a \$100 fine per day. I think that if I was an accountant at Hydro, I would look at the fine and if I wasn't prepared to act, I might incur that penalty and take my time to think more deeply about the issue at hand.

So, we simply think it was the best case for Manitoba ratepayers that we proceeded through an order-in-council at this time to give the regulator the authority to not just hear the rate hike in terms of what is a—what is good for Manitoba ratepayers, but

also hear it in terms of what is important for the overall sustainability of Manitoba Hydro that has been jeopardized by mismanagement because of interference—and, really, that's the word we should use—because of interference by the previous government.

That is why this government has taken pains from a governance perspective to clean up the relationship between central government—between Executive Council and Hydro. Ministers should not be in the Hydro offices telling the president how to run the company.

And there was a very, very unfortunate relationship from what we could see, how the NDP approached that. They didn't respect good governance. We respect good governance.

Mr. Allum: Well, I'm glad to see the Finance Minister for the Province of Manitoba putting that on the public record. We'll be sure to share that around.

Let me just say that thank God he wasn't around in the '70s when Limestone came onboard, or it never wouldn't—would have been built. Thank God he wasn't in any situation of influence during the discussions over Keeyask or anything else, because they wouldn't be built. And I, for one, Madam Chair—and I'm sure it's probably true for you as well as every member of this House—want to make sure our children, and our grandchildren, and our great-grandchildren have energy security for years to come using clean, green, reliable energy that benefits not only Manitobans, but it can actually build this country and help jurisdictions even to the south of us.

He knows also, full well, that there was a very good collaboration between the government and Hydro in the past. If the PUB asked for capital plans, that information was given over so long as the commercial information was protected. Nothing new or exciting has happened here. All he wants to do—and he's made this absolutely clear in everything he says, in every utterance, in every public statement—is that he wants to create a crisis around Manitoba's economy in order to forward his own ideological agenda that only governs for the 2 per cent and not for the 98 per cent.

That's been crystal clear in his decision not to raise the minimum wage. He didn't even have the decency to come out with a declaration on the minimum wage during his budget, which is when that should have happened. That's insufficient—and—

as that bill is today, at 7 and a half cents this year and 7 and a half cents last year for a total of 15 cents, it really, really tells you what this government's priorities are. And it's not for building a fairer, more just, more equitable, more inclusive Manitoba for every single Manitoban; it's about pleasing his buddies in the business community in order to, I think, impose an ideological agenda in order to wage some kind of really 'weir'—really weird elite vengeance on the people of Manitoba for having voted NDP in not one, not two, not three, but four governments over 17 years.

So I want to end this afternoon just by getting into the PST a little bit. Can the minister confirm that the final projections incorporate the government's commitment to reduce the PST by 1 cent on the dollar during their mandate? So, do the projections incorporate the commitment to reduce the PST by 1 cent on the dollar?

Mr. Friesen: That was quite the delivery by the member for Fort Garry-Riverview (Mr. Allum). He lives in a world of conspiracy theories, and he must enjoy that particular genre when it comes to movies because it was quite a narrative that he just wove, there. A tangled web, but the 'interestee' is that he doesn't concern himself with facts when he's constructing that narrative. The facts: a \$61-million increase to debt-service charge in just the last quarter. Facts: a debt—net debt-to-GDP that has gone from 26.5 to 35.7 per cent in just five fiscal years.

The member is—somehow believes that all of this is supportable and sustainable, and the facts show that it is not, that these are challenges to Manitoba and that a government that has prudence will address these challenges. That's why our government is addressing these challenges. We are addressing these in Budget 2017 and 2018. We have shown progress. We intend to show more progress, and—

Madam Chairperson: The hour being 5 p.m., committee rise.

HEALTH, SENIORS AND ACTIVE LIVING

* (15:00)

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

This section of Committee of Supply is now resume consideration of the Estimates for the Department of Health, Seniors and Active Living.

At this time, we invite the ministerial and the opposition staff to enter the Chamber.

Could the minister please introduce his staff.

Hon. Kelvin Goertzen (Minister of Health, Seniors and Active Living): Joining us again this afternoon for a return visit are the Deputy Minister of Health, Karen Herd, and the chief financial officer for Health, Dan Skwarchuk.

Mr. Chairperson: Thank you, Minister.

As previously agreed, questioning for this department will proceed in a global manner, but based on the stayed-on topics that—so that the department officials here that work in the department will be here to answer the appropriate questions—*[interjection]*

Okay. But—*[interjection]* Yes.

I'll just explain again to the member for St. Johns, we're going to proceed in a—questioning in the department and proceed on a global manner, but we want to make sure that the questions are going to pertain to a certain topic so that the minister can have the right staff on—in the committee—*[interjection]*

Yes, so we—right now—the minister already introduced his staff, but if I get the minister to reduce—introduce to the opposition?

Mr. Goertzen: Yes, for sure, Mr. Chairperson. We have the deputy minister, Karen Herd; and our chief financial officer, Dan Skwarchuk.

Mr. Chairperson: Okay. Thank you, Minister.

Okay, now—the floor is now open for questions.

Ms. Nahanni Fontaine (St. Johns): So I want to talk about abortion today, so I want to explore the minister's plans in respect of reproductive health for women. So I'm not sure if we have the right staff available. *[interjection]*

Mr. Chairperson: Yes, yes. Go ahead.

Ms. Fontaine: I'd like to ask the minister, in respect of—what are his plans in respect of Mifegymiso and whether or not the department will fully fund 'mife' for Manitoba women?

Mr. Goertzen: Thank the member for the question.

I think she's aware—the process that this and all other drugs undergo in Manitoba, and to a large extent, across Canada, is they go through a CDR review and once that review is over, if they clear the review and they're recommended for further price analysis, then there is a working group of provinces that work to negotiate the price of a drug that goes on

the formulary, and it's my understanding that that process is still ongoing.

Ms. Fontaine: Well, we do know that actually, the CDR had recommended that provinces and territories fund Mifegymiso. So we know that there was a report that did come out that made the recommendation for provinces and territories to fund Mifegymiso.

So, in that context, is the minister planning on funding Mifegymiso?

Mr. Goertzen: There's a number of times when drugs come out of the CDR review process, they then go to the price negotiation process. It does occur that there isn't an agreement on price, and that ends the process. So, process will continue. It's a little bit like, I suppose, purchasing other things; when you're discussing price, you don't make a commitment to buy before you know what the price is.

Ms. Fontaine: So would the minister—has the minister been, obviously, having staff kind of follow the process that's being undertaken right now? And if so, maybe if he could share where the CDR is in respect of negotiating price, if that is in fact what the minister is waiting for.

Mr. Chairperson: While we're waiting for the minister to answer, can the member from St. Johns introduce their staff?

Ms. Fontaine: I can. This is the amazing and incomparable Emily Coutts.

Mr. Chairperson: Thank you.

Mr. Goertzen: Just for the information, the CDR process is complete. It's come out of the CDR process. At that point, once it's come out of the CDR process, it goes to the Pan Canadian Drug Negotiation for price. Sometimes that's successful; sometimes it's not, and that's where it's at. I don't have a specific update in terms of where the price negotiation is at, but that's the part of the process that it's at.

Ms. Fontaine: Yes, you're absolutely right. Thank you for that. I actually forgot to mention that, so I do realize that it had gone to the Pan Canadian Drug Negotiation—I can't remember the exact name of it—but I guess my question to the minister is whether or not he's got—has he identified staff that are actually engaging in that process or ensuring that they know what's going on in that process for the price negotiation for Mifegymiso, and I say that just so I'm

wondering if they know when these negotiations—if they have an idea when the negotiations might conclude in setting a price for Mifegymiso.

Mr. Goertzen: It's my understanding that there's normally a group of provinces that in all these negotiations form a committee. It's not every province that is part of the negotiations. Usually two or three take the lead and they do the negotiation on behalf of all provinces.

Ms. Fontaine: And so is Manitoba a part of the group of provinces that are negotiating the price for Mifegymiso right now?

Mr. Goertzen: No, not at this point.

Ms. Fontaine: With—and I'm going to kind of somewhat quote the minister's own comments in respect of, you know, we've heard for months, actually, the minister state in this House that he's fighting for, you know, Manitobans' health and, you know, trying to get the best deal for Canada—from Canada for Manitobans in respect of our health dollars, so I'm just curious if the minister, on one hand, you know, asserts that or suggests to the House that they're taking a lead in, you know, on behalf of Manitobans' health, and the fact that Manitoba has, you know, a fairly big population, why is Manitoba not part of the pan-Canadian Pharmaceutical Alliance review in negotiating price for Mifegymiso?

Mr. Goertzen: I understand this is the normal process when it comes to the pan-Canadian process in terms of negotiating drugs. There's nothing unusual about this process with this drug.

Ms. Fontaine: Well, okay, so, I don't understand. Is it that provinces and territories opt into it or they're invited into the process or it's kind of the pan-Canadian Pharmaceutical Alliance asserts who's going to be part of the process?

* (15:10)

Mr. Goertzen: It's my understanding, Mr. Chairperson, that because there's limited resources, staff resources and otherwise, not just in Manitoba but in every province, that there's usually two or three provinces that form a group in terms of negotiation on price for drugs. So, for example, Strensiq was a drug that Manitoba recently participated in the price negotiation, but they were not able to come to an agreement on the price of that drug, but Manitoba participated in that one. So it's

normal to have two or three provinces that become part of the negotiation process for drugs.

Ms. Fontaine: So, well, and miigwech to the minister for that. I do get that it's probably part of the normal process to have two or three provinces or territories as part of the pan-Canadian Pharmaceutical Alliance's price negotiations.

But I guess my question was: Why is Manitoba not a part of these price negotiations? And, again, I just want to kind of reiterate, is it because Manitoba chose not to be a part of the price negotiations or they weren't invited to be part of the price negotiations or there wasn't space for them in the price negotiations?

So, if we can just kind of get that cleared up, why Manitoba is not part of those price negotiations for Mifegymiso.

Mr. Goertzen: I mean, the—I understand the negotiation for Strensiq, which we just finished, was fairly demanding in terms of staff resources.

Mr. Chairperson: The honourable member for St. Johns.

Ms. Fontaine: Oh, sorry, I thought I was waiting for more on that.

So, is the minister saying that the last drug price negotiation that Manitoba participated in, like, broke the bank for us to be able to participate in any other price negotiations for drugs that are coming on the market?

Mr. Goertzen: I'm suggesting that there's not a finite number of resources in any department, including Health, and that that's why provinces do these things collaboratively and do them in groups, because when one group is finished trying to negotiate one drug, it's often not a bad idea to task another group that hasn't had the same sort of resource stresses.

Ms. Fontaine: Just so—because the minister keeps bringing up this last drug price negotiation that Manitoba was a part of, just so I have a greater kind of context of our conversation here today, can the minister just explain to me what the drug was—like, what's it for?

Mr. Goertzen: Strensiq is an innovative enzyme replacement therapy approved in the United States for the treatment of patients with prenatal and infantile and juvenile onset of hypophosphatasia, which, I understand, is soft bones.

Ms. Fontaine: So can the minister explain to me how it was determined, so the exact processes or decision making that Manitoba would participate in this price negotiation.

Mr. Goertzen: I gather that the PCPA members meet on a fairly regular basis and strategize which provinces will participate at which negotiations, and when it came to that particular drug, it just seemed to be our turn.

Ms. Fontaine: And so it wasn't our turn in respect of Mifegymiso?

Mr. Goertzen: Right, we'd just come off the negotiation on the previous drug.

Ms. Fontaine: So if the minister had wanted to participate in the PCPA's price 'negoshing' of negotiations of Mifegymiso, could he have ensured that Manitoba was a part of those price negotiations?

Mr. Goertzen: I don't know that that's how the process works in terms of how people get involved in negotiation of drugs. I don't think the minister is involved at that kind of a micro level.

Ms. Fontaine: Well and I mean, I do want to just state that I do appreciate the minister answering my questions or attempting to answer my questions. I really do appreciate that. So I—and, you know, I don't know if I've ever participated in Estimates with the minister before, so he'll know that I try to just kind of work through some of the questions.

So he'll have to patient in respect of what may seem like I'm asking the same question over and over, but I'm just trying to understand the process and whether or not, you know—and again, I don't know if it was necessarily answered in the last answer, but if Manitoba had wanted to participate in the price negotiations of Mifegymiso, would that have been possible either with the direction of the minister or with the recommendation of staff?

Mr. Goertzen: My understanding is that Manitoba's currently involved with the negotiation of four different drugs, and that's the reason why we don't have the current capacity to be involved with more. I—that's simply the reason.

Ms. Fontaine: Could the minister just advise—like, how much—what does that look in—like when we talk about resources?

So I understand now, according to the minister, we're involved in four different price negotiations for different drugs. So what does that actually look like?

Like, how many staff does that need? How many meetings are there? What does that look like?

Mr. Goertzen: It depends, I'm advised, on the—not even so much the nature of the drug, but the nature of the pharmaceutical company that holds the patent on the drug. So Strensiq, for example, went on for months and months before the process just ended without a satisfactory agreed-upon price. So it has a lot to do with the nature of the pharmaceutical company, I'm advised.

Ms. Fontaine: Would the minister advise—if he knows, if his staff knows—like, how many months are we—are in—we're in right now, in 'respiked' of the price negotiations for Mifegymiso, and is there any indication on when those price negotiations are going to end?

* (15:20)

Mr. Goertzen: I understand that the price negotiation hasn't begun yet. That's the most recent information we have.

Ms. Fontaine: Miigwech for advising that.

So, you know, I know that the minister knows I've directed several—many, many questions towards him in respect of Mifegymiso and I know that in the last couple of months I've noted in my questions that New Brunswick, even though the CDR process hadn't been completed, even though they hadn't issued their report and even though, you know, price negotiations now according to you haven't—*[interjection]* I'll just wait 'til you're finished. Good?

So I'll start again. So, even though we know that the CDR process hadn't completed and hadn't even released their review and then certainly, as you've just said, that we know that the price negotiation hasn't even started, but we do know that New Brunswick has stated that they will fully pay for Mifegymiso. So I'm just curious what, you know, what is Manitoba's plan in respect of, you know, we know that these are—certainly there's going to be a decision in respect of the price negotiations. We also know that it's upwards of—I mean, you know, anywhere you look in any of the research or articles, they're always talking about that it's between \$300 and, you know, \$400 and \$450. So we do have some sense of what the price might be for Mifegymiso.

So, you know, New Brunswick, again, and I've stated this in the House, had the most regressive abortion policies in Canada and yet has actually now

taken the lead across Canada in respect of definitively committing to fully funding Mifegymiso, despite the Canadian drug review and the PCPA not having been done.

So what is Manitoba's plan in respect of Mifegymiso?

Mr. Goertzen: Manitoba plans to let the process continue as it has, as it's always done.

Ms. Fontaine: So, I mean, I—it is interesting that there are all kinds of issues or policies or dollars that haven't been completed either that are still up for negotiations or review.

An Honourable Member: I'm listening.

Ms. Fontaine: Are you?

An Honourable Member: I am.

Ms. Fontaine: Okay, good. Good to know.

So, as I was saying, we know that there are all kinds of different, like, policies and fundings that are all up for review all over the country and including in your portfolio of Health, that you actually have set plans for and actually have taken some definitive actions. So I'm just curious why with the abortion pill are we just waiting until the—you know, again, when we do have quite a bit of information. It's not like it's going to be—we're just going to be, you know, shooting out of the dark here, that we have no information. We have some pretty good information about what the price is going to be. You know, we know what Canada has set in respect of criteria for the distribution, but we also know that BC has already started looking at having the abortion pill distributed out of—from pharmacies. So I just don't understand why the minister isn't developing a plan.

Mr. Goertzen: This is being treated as every other drug has been treated since coming to government.

Ms. Fontaine: But, actually, it isn't like every other drug, that's the thing, is that it's a drug that actually is very important in respect of women's overall reproductive health, and it's a drug that's associated with actually quite a time frame and a very limited time frame. So it's not like every drug and I would actually argue that it's not.

So I just don't understand why on the one hand for some things you can look at, you know, plans and policies and, like marijuana—the legalization of marijuana. You—there's a bill before the House, but that actually hasn't even come down from the feds, but there's a plan on that, and there's even legislation

on that. But your—under your administration, you're not even looking at anything, so I don't understand why that is.

Mr. Goertzen: I mean, the member isn't incorrect in the sense when she says that there are many drugs out there that are important to many people. The drug that we referenced before, Strensiq, as I indicated, you have patients who have prenatal infantile soft bones; one can imagine that, for parents, that would be incredibly important.

So, no doubt, if she has the opportunity at some point to be Health Minister, she'll know that to everyone, every drug they're looking for to be approved is incredibly important to them. That's why it's important to have consistency in the process to ensure that we are having a steady process for all drugs that are important to different groups.

Ms. Fontaine: And, certainly, I would agree with the minister that the last price negotiation of Strensiq, I think—if I'm pronouncing it properly; I may be not—is important, and hence Manitoba participated in that.

So, again, I just want to understand why the minister isn't developing a plan or, as I understand, isn't even really meeting with any of the organizations or women's health clinics that are kind of in charge of or, you know, not in charge of but working with women's reproductive health. I understand that the minister hasn't met with any of them to discuss the—fully funding Mifegymiso—so not even—so there's no plan but not even having the discussion.

Mr. Goertzen: I think the member was actually asking a separate question than her previous one.

The previous question: She was wondering why we were not doing like New Brunswick and jumping the process and getting ahead of the process. Now this question, she's saying something different.

So we're adhering to the same process as has been done on other drugs. Some of the groups that the member references, I understand, have been met with by the Minister with the responsibility for the Status of Women who is the lead on the file, so there have been—those discussions have taken place.

Ms. Fontaine: Well, actually, all of my questions are all connected so, I mean, I—yes, I was talking about New Brunswick but I am still wondering, in respect of the plan, because meeting with organizations that are doing reproductive health for women is part of that plan.

And so, I mean, I appreciate the minister advising that the Minister of Status of Women is the lead for the issue, which is the first time that I'm hearing about it. And I understand that, you know, the minister had answered all the questions, so I'm just under—I'm just trying to understand, then, did the mandate for the Status of Women Minister change that now women's health is a part of her portfolio?

Mr. Goertzen: Well, I don't want to speak for the Minister of Status of Women. I'm sure that she'll have an opportunity to speak for herself when her Estimates arise, and I know she's eagerly anticipating and looking forward to those Estimates coming forward.

But I certainly believe that she would say, when she has the opportunity—and she can correct me if I'm wrong—that as the Minister for the Status of Women, it's clearly within her mandate to be involved in issues that involve women's health.

*(15:30)

Ms. Fontaine: And, actually, I wouldn't disagree that obviously the Minister for Status of Women has roles and responsibilities in respect of women's overall health.

So—but it's something different when the—when a drug—a brand new, game-changing drug comes to the market, which traditionally falls under the Minister of Health, the minister refuses to answer any questions and now I've been—[interjection]—I mean—no, no. I mean in question period. You're answering my questions now, yes—refuses to answer any of my questions in question period and always defers them to the Minister of Status of Women, but, traditionally, those responsibilities fall under the Department of Health.

So, are—is the Minister of Health stating here today that the plan, the policy, the strategy, the distribution, of Mifegymiso actually now falls under the mandate or the preview of the Department of Status of Women

Mr. Goertzen: Well, the member talks about traditionally. I mean, traditionally in society, there are many things going back many decades ago that were traditionally the purview of men, which I think we're in a much more enlightened time now. The fact that the Minister of Status of Women answers questions that relate to a women's health issue and relates to a drug that is a specific—specifically taken by women, I think, is entirely appropriate in the year

2017, and I'm surprised the member doesn't feel that way.

Ms. Fontaine: Well, I've always appreciated when the minister tried to make it—and now yourself—trying to make it that I don't appreciate the empowerment and, you know, anything in respect of women's movement. I mean, that's quite ridiculous to say. But I'm just trying to figure out whether or not the Minister of the Status of Women is now the administrative authority on Mifegymiso.

So, I know that the Minister of Health has just indicated that my colleague, my sister colleague, the Minister for Status of Women, is the lead of Mifegymiso. So, would the minister clarify, does that mean that the Minister for Status of Women and her department, the Status of Women Department, will develop the policy, the strategy, the funding arrangements, the distribution, of Mifegymiso?

Mr. Goertzen: Well, the department would provide support to the minister, but, again, the process hasn't been completed. And so, we will do like the majority of other provinces in Canada are doing and await for the process to be finished.

Ms. Fontaine: So, in respect of—I know the minister stead—said that his colleague has—you know, has taken the lead on women's health, so is—has the minister deferred his responsibilities of women's health to the Minister of Status of Women?

Mr. Goertzen: When it comes to issues of drugs that are particular to women, there are examples and other examples where the minister has taken the lead, and I think that is solely appropriate in 2017.

Ms. Fontaine: So, to be clear, the minister is saying that the Minister for Status of Women is taking the lead, but I'm not sure if that's the administration—administrative leave for—or lead for Mifegymiso. Has the Minister of Health, then, directed the minister, his colleague, the Minister of Status of Women, then—is she responsible for cancer drugs in respect of breast cancer and ovarian cancer?

Mr. Goertzen: Member is assigned and been responsible for issues of women's reproductive health. I understand, in my consultation with her, that she has also recently signed a formulary for the generic version of Plan B.

Ms. Fontaine: That's great to hear because that's going to be very helpful for women that—those are very expensive costs, so I'm glad to hear that.

But I just want to back up in respect of the Minister of Health's comments just, I don't know, like, maybe four minutes ago, five minutes ago, where the minister said that the Minister for Status of Women was taking the lead on women's health. And so does that include, then, women's health in respect of ovarian cancer, cervical cancer, breast cancer, because those are women's issues as well because, certainly, men don't get those cancers as far as I'm concerned and know. So, does that mean that the Minister of Status of Women is now also responsible for Manitoba women's health who have ovarian cancer, breast cancer—what was the third one I said?—ovarian cancer?

Mr. Goertzen: Like I indicated in my answer that the member as the Minister of Status of Women would certainly play a role in issues that involve women's health. And she does, and I'm glad for her input. She's a valuable colleague, a great addition to our team. I expect that she'll have a long and successful career as a minister of the Crown in the Province of Manitoba, and I'm glad for her advice.

Ms. Fontaine: So, well—I mean, because the minister can't have it both ways, you just finished saying that the Minister for Status of Women is taking the lead on Mifegymiso and for women's health. So women's health includes those particular cancers that only women get.

So either the Minister for Status of Women is taking the lead for women's health, which includes ovarian cancer, breast cancer, or she's not. I mean, there's one thing to say that she's playing a role, but you indicated that she is taking the lead on women's health. So I'm just trying to figure it out.

Mr. Goertzen: I said that she would play an important role. There are other departments and there are other ministers who play an important role. I know the healthy status of children's committee of Cabinet is an important element. It's obviously not related specifically to children's health for females, but that would be an important part of it.

And so I rely very strongly on the advice of many of my colleagues within Cabinet. That's what a team does. We are a strong team, a united team, and I'm glad to be able to rely on their advice. I hope the member is also a part of such a strong team.

Ms. Fontaine: Well I'm glad for—I am part of a strong team. I love my caucus, and I'm actually so honoured to sit in caucus with the member just to the left of me, who I absolutely learn lots from, and I am

really proud of being a part of a really strong team. So thanks for your concern, I appreciate that.

So to get back to women's health and, you know, the Minister for Status of Women taking the lead on women's health, and—again—I know that the minister was saying that she's taking the lead on Mifegymiso, which is women's reproductive health—is the Minister for Status of Women, then, also now administratively responsible for the Birth Centre?

Mr. Goertzen: As I indicated to the member opposite, the minister plays an important role in providing support and advice in women's health. She's taking the lead on the issues of reproductive health, which we've already discussed. I'll continue to rely on her advice. I'm sure she'll have her own views on the women's—the birthing centre, and I'm always happy to hear her advice, as well as the colleagues that I have around me and to hear their advice.

I'm glad that she also has the same collegial relationship with her colleagues. In particular, she mentioned the member for Concordia (Mr. Wiebe), who I've gotten to know over the years in this House and who I also have great respect for. So we are living in an afternoon in a time in this Chamber of great collegial respect for all.

Ms. Fontaine: Well, we'll probably have to hug it out after here, I think, it's been so collegial.

So I—again, just want to kind of go back to some of the, you know, roles and responsibilities that—what I'm understanding the minister for status of health—or, Minister of Status of Women actually has. But—and so I'm—now, if we're looking at women's health, as the minister had said in that the Minister for Status of Women is taking the lead on that, is the Minister of Status of Women now going to be the administrative body and departmental body for the Birth Centre and whether or not there's going to be an increase to their funding?

* (15:40)

Mr. Goertzen: I'd be happy, of course, to continue to receive advice from the Minister for the Status of Women. I know she's got a great interest in all—on all those issues, but also on a variety of other issues, and I very much appreciate the many colleagues that I have.

The member for Fort Richmond (Mrs. Guillemard), as well, who has been a great colleague in terms of giving me advice on issues within her

own area, and—specifically when it relates to issues of women's health, as well. But not just those things.

And I very much appreciate the advice that I get from all of the members within our caucus. It's a very important aspect of having a team.

And I can say, in the years that I've been in this Legislature, in 13 years, I've never worked with such a strong and diverse team of strong women and men, and I very much appreciate that opportunity. I'm humbled to learn from them each and every day. And I'll continue to learn from them. I certainly don't believe that I know all the answers when it comes to Health or any other file, and that humility, I think, bodes well for all of those of us who serve in this Chamber. So I'll continue to learn from them and others, and I'll learn from the member opposite, as well, as we do from all members in this Chamber.

Ms. Fontaine: Well, I always appreciate a man that can understand and recognize and honour the women that are in his life and talk humbly about what they—what he learns from them, as many men do, so I say congratulations to that. And I would agree that you have some great colleagues that I also really respect and like talking to. So I don't think that's in question. I think that both the minister and myself can agree that, actually, all the women MLAs in this House are pretty phenomenal women. They wouldn't be here if they weren't pretty phenomenal women. So that's not in disagreement, or that's not in confusion, or that's something that we can all agree and support and appreciate.

So, but I do want to just get back to the question at hand in respect of the Minister of Status of Women's kind of role. Like, you said that she's playing the lead role on women's health. So I want to go back to, then, the discussion in respect of women's health and the cancers that I had noted: breast cancer, ovarian cancer, fallopian tube cancer. So I just want to know if the Minister for Status of Women will now be the lead on those particular women health—you know, those particular cancers that affect women's health?

Mr. Goertzen: Well, it's worth noting, of course, that men get breast cancer, as well, so let's not break it down purely on these issues. But as I've indicated, the member has repeated a few times now about the member opposite and their role as—in women's health, and as I've indicated, she is taking the lead on the drugs as relates to reproductive health, and she's very supportive, and in many other aspects, as well. The member opposite might be classifying it as

something different, but I'm not as hung up on those sort of things.

I value the colleagues that I have, both in Cabinet and those who someday will be in Cabinet, as I like to refer to them, because they are all deserving and all very capable members. And, when the day comes when they enter Cabinet and I may not, I hope to support them in the way—same way that they've supported me. And so I will continue to look for their advice on a number of different issues, not just those that relate to women's health, but those that relate to their constituencies and to health more generally. And I think that's what a strong team does.

Ms. Fontaine: So, when did the Minister of Status of Women, like, officially take the lead, and what did that look like? Was there a new mandate letter from the Premier (Mr. Pallister) giving direction and that authority to the Minister of Status of Women to take over, I guess, everything, in respect of Mifegymiso? When did that officially happen?

Mr. Goertzen: I understand it was several months ago. I don't have the exact date here, but wasn't recently.

Ms. Fontaine: So, to be clear, the direction from this government, in respect of Mifegymiso and in respect of women's health and reproductive health, the direction, the policy, the administration will come from the Status of Women department?

Mr. Goertzen: As we've indicated, when it comes to reproductive health for women, the status of minister is taking the lead on those issues. She'll be supported, of course, from the Department of Health.

Ms. Fontaine: So was there a letter that went to the Minister for Status of Women giving this direction, this authority, this new authority?

Mr. Goertzen: Well, if the member would review my own mandate letter, it clearly indicates in there that I am expected to work with other Cabinet ministers on issues. That's within my mandate to do that. I'm glad to see the member for the status—Minister of Status of Women take the lead on this issue. I'm fulfilling my mandate in working with other ministers of Cabinet.

Ms. Fontaine: Well, I mean, to be fair, the Minister of Health's mandate letter also says that he is responsible for the overall health of every Manitoban, which includes the reproductive health of women, which includes under the umbrella, Mifegymiso. So that is part of his mandate letter.

So you—I'm sure the minister can appreciate why we're a little confused as to, you know, here's this formal mandate letter coming from his Premier (Mr. Pallister) stating that he is responsible in a very wholesome and, as I always say, sacred way, for Manitoba's health and well-being, including women who are pregnant and wanting to end their pregnancies, including the distribution of Mifegymiso. That was—that's his mandate letter.

So you can understand why I'm confused in respect of, then, if it's—you know, a lead to the Minister of Status of Women, was there new—a new mandate letter? Was the Minister of Status of Women's mandate letter updated? Like, was it amended, was it edited? Was there a formal letter given to the Minister of Status of Women?

Mr. Goertzen: You know, there's been a variety of different reports that show that the determinants of health, in spite of what the member might say, don't all rest in my hands—wouldn't want that responsibility; I'll leave that to other entities.

But, when it comes to determinants of health in government, really all departments play a role. The social outcomes of health are very much determined by education and social services, employment, working conditions, a variety of different things. So it certainly doesn't all rest with the Minister of Health.

I appreciate the fact the member feels that I have such a strong say when it comes to the outcome of individuals' health. I might have challenges of taking care of my own health, let alone everybody else's. But I do—but I certainly know that it really is a government-wide effort.

Ms. Fontaine: And certainly I agree that there are many social determinants in respect of people's health. But pregnancy is certainly something that is pretty straightforward, and is a health-care issue. So either you're pregnant or you're not, and if you are pregnant and you don't want to be pregnant, the state currently—Manitoba currently pays for surgical abortions, and so—of which is under your responsibility, under the responsibility of the Department of Health.

So you can see, then, why I'm asking the questions in respect of Mifegymiso. So your department pays for surgical abortions, and therefore the issue of Mifegymiso and what Mifegymiso does in ending pregnancies, I would imagine should fall under your responsibility. But I'm being told that it

doesn't, that it falls under the Minister of Status of Women.

So did, in this—I don't know, again, whether or not a letter has come forward just stating that the minister of status woman, that her role has changed, and she's now the lead for women's health in Manitoba. Did it also include—or is she also in charge of surgical abortions here now in Manitoba?

Mr. Goertzen: Member stated that pregnancy is fairly straightforward. I can tell you from family—my wife had several miscarriages before we were fortunate enough to have my son. And even when we had my son, it was indicated to us that it had also been a miscarriage, and we were fortunate enough to find out that there was still a heartbeat. And there's still a heartbeat today, and he's an amazing little—well, he's not little anymore; he's 10 years old. In my mind I guess, like all parents, he'll still always be little. But he's an amazing, amazing son.

So, no, these things aren't always that straightforward. And I think it's important to have the input not only of my colleagues, but it's important, I think, to have the Minister of Status of Women to play a lead role in reproductive health. Strong colleague, great advocate for women. We're made better as a caucus to have her involved in that role.

* (15:50)

Ms. Fontaine: So, again, I don't think that the minister answered my questions, and actually I'll just repeat some of the questions that I've asked that he hasn't answered.

So I had asked whether or not the Minister for Status of Women, who is now apparently according, this afternoon, responsible for women's health here in Manitoba. So I had asked whether or not the minister was now, you know, responsible for cervical cancer, breast cancer all kinds of other cancers that I'm not going to name out loud here in respect of women's bodies and different areas. I asked whether or not the minister of status of health is now administratively and departmentally responsible for the Birth Centre.

And I asked whether or not the Minister for Status of Women is now responsible for surgical abortions here in Manitoba. I think it's a fair question because the minister just indicated, not more than—I think we started a little—maybe half an hour ago, but the Minister for Status of Women was now responsible for women's health in Manitoba that includes surgical abortions. So is she responsible for

surgical abortions? Is her department now responsible for surgical abortions?

Mr. Goertzen: I indicated to the member before that when she's using the role of responsibility—but I've indicated before that she has taken the lead on these issues as it relates to medication for reproductive health that has included other drugs that she has signed on over the last number of months. I'm not getting the inclination from the member that she doesn't feel that the minister with the responsibility for the Status of Women is capable or that that should fall into her hands. At least, I hope I'm not getting that I certainly have great confidence in her. I know our colleagues do. I know our Premier (Mr. Pallister) does, and I hope that she has the same confidence as she's doing a tremendous job and I know she'll continue to.

Ms. Fontaine: Yes, I certainly wouldn't want the minister to put on record or put words into my mouth that I'm in any way, shape or form, you know, having—saying anything in respect to the Minister of Status of Women's capabilities. I'm just trying to figure out and trying to determine the—who's responsible for what in Manitoba now. So I'm trying to determine whether or not the Minister for Status of Women is responsible for, you know, all the medications that women take in respect of the very particular cancers that only women get.

I'm trying to figure out whether or not the Status of Women is now responsible for, you know, birthing centres, and I don't know, midwives? Is the Minister for Status of Women now responsible for all birth control? Those are medications, right? So the pill, is the minister now responsible for that? Is the Minister for Status of Women responsible for IUDs?

Like, I'm just trying to figure out, because it's a little confusing and you can imagine that when you're trying to work with community organizations and women's organizations, you know, trying to figure out, well, do they talk to the Minister of Health, who it's actually in his mandate letter that this falls under his responsibilities? Or now if you, you know, want to have an abortion or surgical abortion or if you're waiting for the pill to come or you want an IUD, which IUDs are pretty expensive, do we now go to the Minister of Status of Women?

So, i.e., if I want to have an abortion, do I go to the Minister of Health or do I go to the Minister of Status of Women if I want to have an abortion?

Mr. Goertzen: I've indicated to the member opposite that the Minister responsible for the Status of Women (Ms. Squires) has taken the lead on medication when it comes to reproductive—women's reproductive health. She continues to do great work in the many roles that she plays. I appreciate her advice and I'll continue to seek her advice.

Ms. Fontaine: So is the Minister of Status of Women also responsible for the drugs in respect of labour and delivery? Because if you've had a baby, you know that there's a little bit of drugs that you can take, if you so choose. I chose to. So is now the Minister for Status of Women now responsible for labour and delivery drugs?

Mr. Goertzen: I believe that those drugs are already listed, but certainly is—we've received new drugs, and I've indicated one already to the member where they deal with reproductive health, the Minister responsible for the Status of Women has taken the lead on those.

Ms. Fontaine: So, to be clear, again, what are the drugs besides Mifegymiso that the Minister for Status of Women is taking the lead on?

Mrs. Sarah Guillemard, Acting Chairperson, in the Chair

Mr. Goertzen: So there have been—I think I indicated one drug before, there's been two drugs that have—and there might be iterations, variations of them, but there have been two drugs that the Minister responsible for the Status of Women has signed on to the formulary. One is levonorgestrel, otherwise known as Contingency One, and the Backup Plan Onestep, which is Plan B, has also been signed onto the formulary by the member for—or, the Minister responsible for the Status of Women. But in terms of who's responsible for the drug, I mean, the doctors are responsible for the drug once they're signed on to the formulary. The—it's doctors who administer the drug, not me or the Minister for Status of Women.

Ms. Fontaine: No, I get that doctors are responsible for that but, you know, drugs change. As we know, there's always new drugs that come to the Canadian market, so I'm just trying to figure out if the Minister for Status of Women is now, you know, taking the lead formally on all of these, you know, potential drugs for women's health, women's reproductive health. So, you know, we could look at, you know, is the Minister for Status of Women now also departmentally and administratively responsible for, like, hormonal replacements for women or for—what

are those—can't have babies—fertility drugs. So, is the Minister for Status of Women now in charge of fertility drugs as well?

* (16:00)

Mr. Goertzen: The Minister responsible for the Status of Women is going to be taking the lead on a number of drugs when it comes to women's reproductive health as they come forward.

The member's right. I can't predict every drug that comes onto the formulary or that it would change; neither can she. But we certainly think it's appropriate in 2017 to have the Minister responsible for the Status of Women taking the lead on those decisions.

Ms. Fontaine: So, when we say that the minister's taking the lead on those decisions, and we've talked about quite a bit as I'm sure we—well, many of us know in this room, there's quite a bit in respect of women's overall health and certainly quite a bit in respect of women's overall reproductive health.

So we've talked about, you know, different cancers that are very—for women; we've talked about labour and delivery drugs, we've talked about, you know, IUDs, which we actually haven't even gotten into really; we've talked about different birth control pills. So—and that's just to name a couple, because there's certainly a lot that probably not all of us know, certainly.

So, when the minister says that the Minister for Status of Women is taking the lead on women's health and women's reproductive health, does that mean that the minister now—does that mean that she yeas or nays them? Or does that mean that she does the departmental budgets for women's health and reproductive health, all of those pieces?

Like, I—we're just trying to figure out who's got the final decision-making capacity in respect of all of these different things that affect women's health, not the least to say Mifegymiso. Mifegymiso's only one piece, one very, very small piece of women's reproductive health.

Mr. Goertzen: Well the member was right when she says it's difficult to predict the different drugs that will come forward, but certainly we're—it's viewed that drugs that are specific to women's reproductive health, we'll be working with the Minister of the Status of Women. I would think that that would be something that the member opposite would applaud and would consider to be a very positive thing. I've

not yet heard her indicate that she does think it's positive, but I'm sure she does, and I certainly think it's positive. I think it's a great step forward in 2017.

Ms. Fontaine: You know what I think is positive—and again, I have nothing but the utmost respect for the Minister for Status of Women—what I think is positive is in 2017 giving the full right to choose your health, your reproductive health. At the end of the day that's all I care about.

At the end of the day, all I care about is that women in Manitoba, and across Canada, and certainly across the world have full control over their bodies and their reproductive health. Meaning that if they choose to have a baby, they make that choice and they're supported to have the baby. I mean, we haven't even talked about all the supports that women need when they're pregnant and afterwards.

But it also means that in 2017, that if a woman or a girl wants to have an abortion, that she has every opportunity and most safest means to have an abortion. That's what's important to me in 2017, and at the end of the day that's all I care about.

So I—you know, we're kind of going back and forth and we're trying to, you know, have these little niceties and, you know, and make it that somehow that I don't appreciate the Minister for Status of Women and her capabilities. I certainly do, but at the end of the day Manitoba women and girls have the right to choose whether or not they have an abortion. And now we have the opportunity for here in Canada and in Manitoba, for women and girls, particularly women and girls that are more isolated, to take two pills in the privacies of their home without having to travel down to a hospital, get drugged up, put your legs up, and get suctioned out. We have the opportunity for women and girls to choose abortion in the healthiest, most safe, most dignified manner, and that's what I'm asking this minister and the Minister of the Status of Women, is: what is this government's plan in respect of Mifegymiso?

It's very simple, and I know that the minister keeps deferring and deflecting on Mifegymiso and can't even say the word. Not once have I even heard the minister say the word or 'the abortion' or 'the abortion pill'. I've not once heard the minister say that. But, in 2017, it is the right for every Manitoba woman or girl to choose that for themselves if they want. And it's our responsibility as legislatures, and certainly his responsibility as the Minister of Health, to ensure that that happens.

Mr. Goertzen: I thank the member for the question. And, you know, I know it was last year's Estimates she was asking questions around abortion, and she indicated at that time that she felt frustrated that there was many things, when she worked in the previous government, that she wasn't able to achieve on this file. And so, I'm—at that time, I indicated that there certainly are things that she might have been frustrated about and her own inability to achieve those things when she worked for the previous government. She outlined those clearly in Estimates last year, and I appreciated her sharing that. I thought it was good to become forthcoming with the various things that she indicated that she wasn't able to achieve working in the previous government.

What I am proud about in this government is that we value the role of women. We very much ensure that they have important roles, of course, within a government, but more than that, not just important roles, but that we seek advice and share advice together as a team, regardless of gender or roles because there are many within our caucus who don't have ministerial roles, but have other roles. And their advice is just as valued. And so, we'll continue to operate in that fashion. I think that is the appropriate fashion to operate in.

When it comes to the drugs and the process by which drugs find their way or don't find their way onto a formulary, the member opposite, in one hand, says that, yes, she understands that there are many drugs that are important to many people in many families, but some drugs are more important than others.

Well, I've met with many families—many families—that very much needed a drug, a life-saving drug, and there remained a process in place. So, the member opposite feels that she wants to select which ones should follow the process and which ones shouldn't follow the process. I think that's a very dangerous path to head down and so do other provinces. There are many other provinces who are doing exactly the same thing.

And so, if the member opposite feels that some families who need life-saving drugs, that those aren't as important to her, that is unfortunate. But there is a process in place and the process will be followed, and the outcome will be a result of that process.

Ms. Fontaine: So, while I was just about to leave because I actually have to take my youngest son to his first job interview to make sure that he's not late—but I don't—I certainly can't leave when the minister

puts two things on the record that are wholly inaccurate.

So, first, we did speak about reproductive health last year in Estimates, but, actually, what I had said was it was—I had really, for many, many years—actually, for well over 20 years, in a variety of different capacities, have really wanted to look at indigenous women's reproductive health. But my role as the status of women was so busy with all these other things, I never got time to do it. I was never able; I never had the time to be able to pursue that, not that this government, not that the NDP government didn't do anything, so I want to correct that.

And, certainly, you know, I want to correct that I'm not saying, let's pick and choose and not follow processes and—with life-saving drugs. As I've shared in this House, you know, I am a family member of a little sister who died of leukemia. She's—she was six when she died and, certainly, I know those life-saving drugs, and, unfortunately, they didn't work for my little sister. So I would never want the minister to put that on the record because I actually think that that's quite offensive, so I'll leave at that.

* (16:10)

Mr. Goertzen: And I do appreciate the member's comments in terms of last year's Hansard. Well, it exists for—as it exists. But I'm glad that she understands that—the need to ensure that a process is followed when it comes to drugs. I'm—very much appreciated the fact that we've come to that common agreement, and I appreciate her acknowledging that.

Mr. Matt Wiebe (Concordia): I wanted to just switch gears a little bit and talk a little bit about mental health and just get a sense from the minister—hopefully get a little bit more information about some of the long- and short-term goals for mental health care.

Just wanted to know how exactly will the funding for mental health services in Manitoba be distributed across the province when it comes to cities, rurals, communities, our First Nations communities, our North? Can the minister give me a sense of how that funding will be distributed across the system?

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

Certainly, when it comes to the allocation of resources to the Winnipeg Regional Health Authority for mental health—and when it comes to other things,

as well—the most common scenario is that each regional health authority would do a community health assessment to see where the greatest needs are within their particular region.

The needs of regions in the south, for example, might not be exactly the same as the needs for regions in the North, even though with the amalgamation of regions—and them getting bigger—there are more common—commonality between the regions because they're taking in larger parts of the province. But there's often great differences within those regions, now, because of how large the regions actually are.

So it's not done on a per capita basis, it is the regional health authorities looking at what their needs are based on their community health assessment, taking the resources that they are receiving and deciding where the proper allocation is for those resources.

Now it might be that, with the task force on mental health and addictions—which we'll report late this year, if I remember correctly—they might have some different views and some different opinions in terms of how resources should be allocated or how people access the system, and certainly how the system is aligned and the possibility of bringing the two systems together. But we'll have to wait for that report.

But, at this point, the community health assessments really drive the decisions of the regional health authorities and where they best feel the resources that they're allocated are utilized.

Mr. Wiebe: Will any of the RHAs be getting any less mental health funding this year based on the process that the minister outlined?

Will any of the RHAs be getting any less this year than they received in previous years?

Mr. Goertzen: Officials indicate that it's not our expectation that any regional health authority would be getting less this year for mental health services.

Mr. Wiebe: I'm sure this is in the budget and—or, in the Estimates papers; I'm sure it's pretty obvious, but I don't have it right in front of me, so I'll just maybe just ask it: What percentage of the Health budget is going towards mental health programs? So what amount—total amount—or what percentage goes towards mental health programs?

Mr. Goertzen: And maybe the member can give us some clarification. There are a number of different

places where mental health services appear in the appropriations and, by extension, are provided in the province. For example, while the regional health authorities provide a great number of services and resources when it comes to mental health, the Selkirk Mental Health Centre is actually housed within the Department of Health. It's one of the few areas where direct service is provided by the Department of Health. There are others, but it's less common than more common. And so, maybe he could just clarify in terms of how he would like that broken down.

Mr. Wiebe: Well, and I'm glad to hear that my confusion isn't just because of my ability to read the document, but just that it maybe exists in several different places in several different forms.

Maybe I'll focus up here just on one of the areas that I had some questions about, and that might lead to some better clarity for myself.

So, with regards to the Addictions Foundation of Manitoba, page 93 of the Estimates book, there's been a slight reduction in the amount that the Addictions Foundation of Manitoba receives. In particular, it looks like there's a fairly significant reduction under Mental Health and Addictions under line b), and Primary Health Care as well—that's e).

And, again, I may be incorrect that this is purely under the Addictions Foundation of Manitoba. This might be, I think, what the minister was talking about where it's administered within the department, or it might be the Addictions Foundation of Manitoba, because they get a separate line. But if the minister can clarify the reductions in those areas.

Mr. Goertzen: So, no, the member's right. The confusion exists because there's multiple, different places where there's funding.

But the Addictions Foundation of Manitoba, the Estimates is housed on page 113, so there is not a reduction for the Addictions Foundation of Manitoba in terms of their services. There's an increase this year over last year when it comes to the Mental Health and Addictions portion under page 101, which is housed in the department. Where Addictions Foundation is not housed in the department, the reduction, I understand, would be a result of reduction of management.

* (16:20)

Mr. Wiebe: Okay, and so that's for Mental Health and Addictions, for both line (b) and (e) are—again, I'm referring to page 93—are reflected on page 101,

and the reductions are purely in the staffing of those areas. Is that what the—oh, I'm just catching up here—so Supplies & Services under the Other Expenditures decreased, as well; Other Operating also decreased. What would those—what would be the source of those reductions?

Mr. Goertzen: There was a program funded by the federal Liberal government which they ceased funding.

Mr. Wiebe: Is the minister going to make me guess? Tell me exactly what Jon might—sorry—there is a possibility that other members in the House might be able to fill me in, but maybe the minister could just fill me in on what exactly that program would be.

Mr. Goertzen: Thank the member for the question. I know this will confuse other members of the House because the federal government has made much noise about the desire to support mental health and addictions; however, there was an expiration this year of a program called the drug treatment program that was funded by the federal government. It was for \$680,000. The program was not renewed by the federal Liberal government in October—on October 31st of 2016. This program provided financial support to provinces, territories and key stakeholders under two separate but complementary components, one component being the strengthening abuse treatment system, and the second being support for substance abuse treatment services.

And so, obviously, we're disappointed in that, and it certainly stands in counter to the comments made by the federal Liberal government about wanting to provide more support for mental health and addictions. On the one hand, they say they are looking to provide more support. On the other hand, they cut funding.

Mr. Wiebe: So, is the minister then saying that the entire reduction that's represented in the budget papers here is due to the removal of that federal program?

Mr. Goertzen: I'm advised the entirety of the reduction is the result of the federal Liberal cut to programs and also through the reduction of staff, which was a result of an amalgamation of mental health and addictions support in the department together, which was a recommendation from the Peachey report.

Mr. Wiebe: Again, just to switch gears a little bit, I'd like to talk about the Department of Active Living or the section of the department under Active Living.

This is a very basic question, but I'm just trying to make sense of this. In the Estimates book on page 62, the department—the line item is listed as Active Living, Indigenous Relations, Population and Public Health and then further into the Estimates of that section of the department, it's listed as Active Living, Population and health—Public Health. That's on page 71.

Why would there be a difference in the names given to that part of the department?

Mr. Goertzen: My understanding is that they are two separate branches in the same division.

Mr. Wiebe: So maybe the minister can point me in the right direction on where I can find the specific Indigenous Relations portion and the Estimates for that, but while we're—while he's gathering that information, maybe I can just dig into the active living portion of the Estimates book.

So, once again, a fairly significant reduction in the amount of money in Active Living, Population and Public Health. Obviously this is a very broad department, if I can call it that. It covers a lot of things that are identified in the book that it would be—the department would be responsible for.

Mr. Chairperson in the Chair

Can the minister talk about why some of those reductions—again, this is Communication, specifically, and Supplies & Services. We can see there's been significant reductions in those two line items. I—wondering if the minister can just talk about why those reductions—or where those reductions came from.

Mr. Goertzen: So I—pleased to inform the member that the indigenous health portion is under the Intergovernmental Strategic Relations portion of the department, which would also include, for example, the northern nursing stations, which the department funds. There are several—many—most, which are funded federally, but there are a handful which are funded provincially.

Mr. Wiebe: Okay, so that's helpful. That does—I sort of suspected that, but I wasn't a hundred per cent sure.

So then, again, let's just stick with the Active Living, Population and Public Health—page 71. Again, quite a significant reduction in Communication and Supplies & Services; small reduction in Other Operating.

Can the minister talk about the source of those reductions and what programs those—specifically from the two previous pages—I guess three previous pages—what programs would those be—would be impact by those changes?

* (16:30)

Mr. Goertzen: I will do my best to explain the two causes for the reduction in funding in this appropriation.

So there's a decrease in funding for Tobacco Cessation Program, as noted at the bottom of page 71. They're ahead—there's no change in programming for tobacco cessation. However, there had been, in previous budgets, a \$2-million fund allocated in this part of the department that had never been used. And so there's no change in the programming, but the \$2 million that had been previously put in the budget but never used is being removed. So that would result in a reduction of the funding, but not a reduction in programs.

The second is a reduction in funding for the Manitoba Larviciding Program. That, as noted on note 1 of the bottom of page 71, that relates to a reduction in funding of spraying for—not the general larviciding program, but there was funding that's been allocated for very small municipalities for West Nile virus. And the reason that that was eliminated is because they were such small land masses that mosquitoes weren't obeying to the borders. And so, one—you could spray within a very small municipality, but all the mosquitoes that surrounded that municipality and the huge land mass around them didn't stop at the border of the municipality. They continued to fly into the small land masses, and so it wasn't having the effect that it was intended to have.

Mr. Wiebe: Also on the same page, External Agencies. I believe that's a payment from the Department of Active Living to External Agencies.

Can the minister walk me through the reduction there?

Mr. Goertzen: It is our expectation in this budget year to do a review of the external grants and funding that we have to different agencies. That's a review that has not been undertaken for many years or perhaps never been undertaken. And so the expectation from that is that there'll be savings of that amount once that review is complete.

Mr. Wiebe: Can you—can the minister just maybe go through—or maybe—well, maybe just go through the list of those External Agencies? *[interjection]*

Mr. Chairperson: The honourable member from Concordia.

Mr. Wiebe: I'm sorry, Mr. Chair—or maybe point me to in the Estimates book where they exist.

Mr. Goertzen: My understanding is that there is north of 120 different agencies. They would—they don't appear in the Estimates book, but they would appear in the payment section for Public Accounts annually.

Mr. Wiebe: Okay. Well, I appreciate that I can look up that information. I was carrying around my Public Accounts books for many days, and, of course, the day that I need them, I don't have them.

Can maybe the minister just give me—

An Honourable Member: We'll have many more days, I'm sure.

Mr. Wiebe: Many more days to make sure that I have them here.

Can the minister maybe just give me the top five in terms of dollar amounts, external agencies that would be captured under that line?

* (16:40)

Mr. Goertzen: So we believe that the top five took best efforts in a fairly short period of time. And then this is in no way a reflection of what their future funding would be. Member shouldn't read anything into it in terms of whether there'll be any—differences in the funding, going forward, for these groups. But he asked for the top five, so we'll give him the top five.

We understand they would be the behavioural Health Foundation, the Main Street Project, the College of Physicians and Surgeons of Manitoba, Manitoba Institute for Patient Safety and the Native Addictions Council.

Mr. Wiebe: Well, and I can appreciate that the—as the minister said, the—just because they're the top five, doesn't mean that those will be affected in the reduction. But what I'm seeing here is a very significant reduction, and I can appreciate that the minister's undertaking a review.

But I guess what I'm wondering is: Is there any—does the minister have any information that he can share with the committee today that would indicate

why he believes that such a significant reduction would be forthcoming after the review has been completed? You know, if we were undertaking a review, you know, you might suspect that the number might stay the same. It might go down, but it might even increase if you were just taking an honest review of the external agencies.

In this case, written into the budget is a very significant reduction. Does the minister have any information that he's privy to that would inform that decision to have such a reduction in the budget before the review has been completed?

Mr. Goertzen: There's some initial analysis that that has been done, and really what we're looking at is where is there redundancy in programs? Where are there maybe multiple funding sources for things that are very similar or the same thing? Where are there programs that are not really delivering direct services to individuals or they could be delivered in a better way?

And so I mean, that's the criteria that we would use in terms of looking at those, and because this has—when I asked the questions, minister of Health, when was the last time this has been done, nobody could remember the last time it'd been done. And I think what sometimes happens in government, and probably other large organizations, is that there is sort of an incremental growth to programs and there's additions that are added on. Maybe it's like building your house, and you continue to add one room after the next, and you know, many years later, you look back and you go, well, if we were sort of starting to design a house, that's not exactly how we would've designed it, but it just sort of grew each and every year.

And so a department isn't much different. So there are a number of different things that should be looked at. Where are programs duplicating things? Where, sometimes, are there other levels of government that have taken on similar roles and are already providing support for those sorts of initiatives?

And so, because it hadn't been done for so very long, it seemed like an important thing to do. And it's not something, of course, that one would do each and every year but, because it hadn't been done for so many years, we thought it was important.

Mr. Wiebe: Just going back again to the reduction in the—under lines Communication and Supplies & Services and Other Operating. So the minister

outlined the Manitoba Larviciding Program, the Tobacco Cessation Program. Are those—can he give me dollar figures on the reduction in the budget that were realized through the reduction in those programs?

And do those—so there—do the—and I guess what I'm trying to get at, do those account for all of the reduction that we see under Communication, Supplies & Services and Other Operating?

Mr. Goertzen: Just for context, this might answer the member's question.

So there's a planned reduction of \$750,000 on a total grants program of \$42 million. So it would amount to 1.8 per cent of the grants budget; 1.8 per cent, we think, is achievable just by looking at places where there might be duplication, overlap of programs, particularly since this exercise hasn't been done for a very, very long time.

And the other—and when I talk about duplication, what hasn't been analyzed is whether or not there are other entities that are, maybe, doing the same thing within government. So—for example, is the Winnipeg Regional Health Authority funding a certain program that the Department of Health is also funding? Now, that might seem odd to the member—it seemed odd to me that there would be this multiple level of funding for the same program, or that nobody might not know about it, but what I've been informed is there just—I'm not—we're going to—guess in terms of the reason is. But, for whatever reason, over the last number of years there hasn't been an analysis of the programs. They've just simply grown, and there hasn't been checking in between the RHAs and the department about what programs are you funding, what programs are we funding, are they the same programs, do they do the same thing, are they affecting the same people, could we do it in a way that could save 1.8 per cent of funding if we actually aligned those services?

So is in everything in Health, and this is sometimes the challenge, is a big number. But it's a small percentage. And because there's hasn't been this analysis done for so many years, it's our expectation that we'll be able to find the 1.8 per cent funding—or, funding savings.

Mr. Wiebe: So, on the question about the decrease in funding for the Manitoba Larviciding Program, a decrease in funding for the Tobacco Cessation Program, what were the dollar figures attached to those, and are—is that—are those two programs—do

they account for all of the reduction that we see in lines, Communication, Supplies & Services and Other Operating that we see on page 71?

* (16:50)

Mr. Goertzen: Well, in terms of the Tobacco Cessation Program, I think I put on the record that it was \$2 million that had not been used before, so it's a notional savings. It appeared in previous budgets, but it had never actually been actioned in any way. So services won't change, but the dollar figure is reduced.

Mr. Wiebe: Maybe I'll just move on, and if the minister can get some more of that information that would be fine, and I can see our time for today is running short.

With regards to the then Intergovernmental Strategic Relations, page 75, again, a fairly significant reduction that I'm seeing here under Communication—sorry—under Supplies & Services and Other Operating. Can the minister talk through the reduction that we see there and what that represents.

Mr. Goertzen: It's part of the government's commitment to reduce management within both core government and also within the regional health authorities. This page would reflect a reduction of two management positions. One position was the executive director for Intergovernmental Relations. One position was the executive director for First Nations Health.

My understanding is those executive director positions have been eliminated, and so the directors within those portions of government now report directly to the assistant deputy minister, Avis Gray, in that portion of the department.

Mr. Wiebe: So I do see that's up at the top there, Managerial—two positions have been reduced. I also see that—oh, no, my mistake. I was going to say that there was also an additional two positions, but that was the two positions in the Managerial—under the Managerial section that are removed.

The lines that I'm looking at are Supplies & Services, which is, you know, granted, a fairly small reduction, but under Other Operating, it's quite significant, so I'm just wondering what—why would that be the case? What would that indicate

has been—what programs have been impacted by that reduction?

Mr. Goertzen: Part of this is a process of—and that process exists in different parts of the department, to properly match the expenditures to the services that are actually being provided. So that is a challenge in government generally. I know when I was a critic in Justice and we would ask these questions, and we had a challenge because you were always comparing Estimates to Estimates, year over year, as opposed to Estimates to actuals.

Now, you know, we're trying to refine the process more clearly so that we're looking at the actual expenses as they've existed previously and trying to drill down to make sure they are more properly matched and more properly aligned, this budget process in particular. That implies also, for F staffing positions, to try to ensure that those positions that are—have been unfilled for a long time aren't simply holding a spot within the budget and eating up—or appearing to be an expenditure within the budget, but that FTE remains vacant for many years.

That sometimes is related to vacancy management, and that's a part of the budgeting process, recognizing that there were variations of positions being filled. But reductions that you'll see in parts of the budget relate to trying to ensure we're properly matching the actual expenditures that exist in a year within the department to the upcoming budget.

I sometimes have thought as a critic, and might still think this way as a minister, that it's difficult when you're comparing Estimates to Estimates, year after year, that it would be more useful—although I think it's a timing issue in terms of the legislative process—if you could match actuals to Estimates, so you'd get a much clearer indication. So I think some of what the member is referring is a bit of a gap in terms of—

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

Call in the Speaker.

IN SESSION

Mr. Deputy Speaker (Doyle Pivniuk): The hour being 5 p.m., the House is adjourned and stands adjourned until 10 a.m. tomorrow.

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, May 17, 2017

CONTENTS

ROUTINE PROCEEDINGS			
Introduction of Bills		Vale's Nickel Mine Closure	
Bill 223–The Orange Shirt Day Act		Kinew	2166
Kinew	2157	Wishart	2166
Committee Reports		Point Douglas By-Election	
Standing Committee on Private Bills		Swan	2167
Second Report		Pallister	2167
Mayer	2157	Goertzen	2167
Standing Committee on Justice		Southern Health Authority	
Second Report		Wiebe	2168
Piwniuk	2158	Goertzen	2168
Ministerial Statements		Post-Secondary Institutions	
International Day Against Homophobia,		Lamoureux	2169
Transphobia and Biphobia		Friesen	2169
Squires	2160	Pallister	2169
Kinew	2160	Canadian Forces Members	
Gerrard	2160	Reyes	2170
Members' Statements		Schuler	2170
Model United Nations 60th Anniversary		Minimum Wage Increase	
Stefanson	2161	Fontaine	2170
Aboriginal Practical Nursing Program		Cullen	2170
Fontaine	2162	Pallister	2171
UNLOCKED: Stories of the Interlake		Mine Closures in the North	
Wharton	2162	Lindsey	2171
Team Zacharias–Curling Champions		Cullen	2171
Graydon	2163	Rental Housing Improvement Program	
Dakota Community Centre		Isleifson	2172
Squires	2163	Fielding	2172
Oral Questions		Petitions	
Vale's Nickel Mine Operations		Neighbourhoods Alive! Funding	
F. Marcelino	2164	Swan	2173
Pallister	2164	Taxi Industry Regulation	
Mine Closures in Thompson		Maloway	2173
Lathlin	2165	Kelvin High School Gymnasium and Wellness	
Cullen	2165	Centre	
		T. Marcelino	2174
		Taxi Industry Regulation	
		F. Marcelino	2174

ORDERS OF THE DAY
GOVERNMENT BUSINESS

Committee of Supply
(Concurrent Sections)

Executive Council

F. Marcelino	2175
Pallister	2175
Kinew	2184
Lathlin	2190
Lindsey	2195

Finance

Allum	2197
Friesen	2198

Health, Seniors and Active Living

Goertzen	2216
Fontaine	2216
Wiebe	2226

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