



Third Session - Thirty-Seventh Legislature

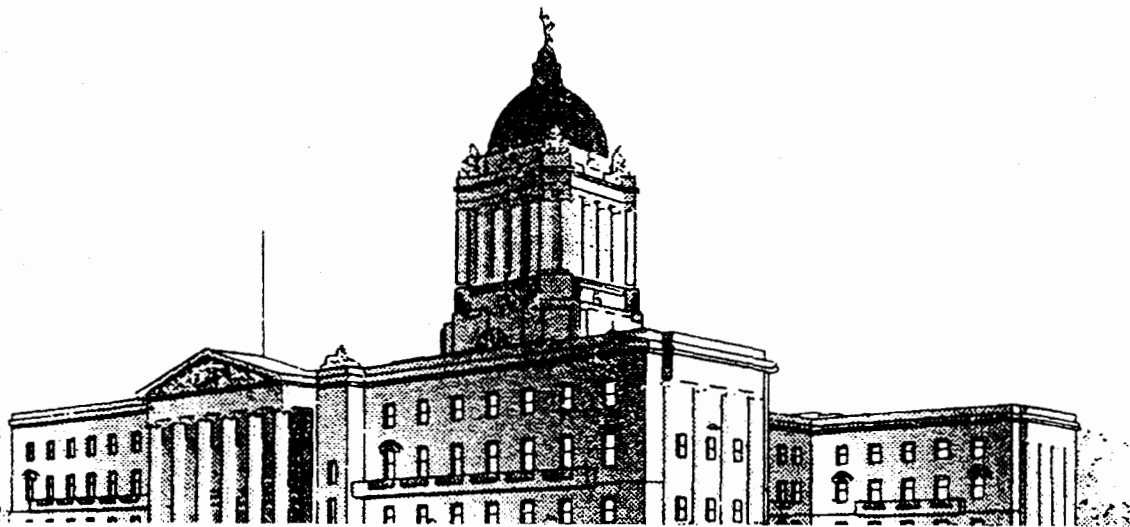
of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
(Hansard)**

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



Vol. LII No. 74 - 1:30 p.m., Wednesday, July 31, 2002

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy	St. Vital	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
ASPER, Linda	Riel	N.D.P.
BARRETT, Becky, Hon.	Inkster	N.D.P.
CALDWELL, Drew, Hon.	Brandon East	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CUMMINGS, Glen	Ste. Rose	P.C.
DACQUAY, Louise	Seine River	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
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GERRARD, Jon, Hon.	River Heights	Lib.
GILLESHAMMER, Harold	Minnedosa	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
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KORZENIOWSKI, Bonnie	St. James	N.D.P.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
LOEWEN, John	Fort Whyte	P.C.
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MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MIHYCHUK, MaryAnn, Hon.	Minto	N.D.P.
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PENNER, Jim	Steinbach	P.C.
PITURA, Frank	Morris	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
ROCAN, Denis	Carman	P.C.
RONDEAU, Jim	Assiniboia	N.D.P.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
SCHELLENBERG, Harry	Rossmere	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Joy	Fort Garry	P.C.
SMITH, Scott, Hon.	Brandon West	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan	Dauphin-Roblin	N.D.P.
TWEED, Mervin	Turtle Mountain	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, July 31, 2002

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Transcona-Springfield School Division

Mr. Ron Schuler (Springfield): I beg to present the petition of Anna Frolick, Chris Schmidt, Kurt Berger and others praying that the Legislative Assembly of Manitoba request the Minister of Education (Mr. Caldwell) to reverse the decision to split the Transcona-Springfield School Division and allow it to remain as whole or to consider immediately convening the Board of Reference to decide the matter.

Trans-Canada Highway—Twinning (Virden)

Mr. Jack Reimer (Southdale): Mr. Speaker, I ask for leave to present on behalf of the Member for Arthur-Virden (Mr. Maguire).

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

Mr. Reimer: Mr. Speaker, I beg to present the petition of Ed Paull, Irene Paull, Bev Ogilvie and others praying that the Legislative Assembly of Manitoba request the Minister of Transportation and Government Services (Mr. Ashton) to consider making the completion of the twinning of the Trans-Canada Highway between Virden and the Saskatchewan border an immediate fiscal priority for his Government and to consider taking whatever steps are necessary to ensure the work begins in the 2002 construction year.

**The Winnipeg Real Estate Board
Incorporation Act**

Mr. Stan Struthers (Dauphin-Roblin): Mr. Speaker, I beg to present the petition of Lorne

Weiss, J. McCullough, Agatha Wren and others praying that the Legislative Assembly of Manitoba pass an act amending The Winnipeg Real Estate Board Incorporation Act.

READING AND RECEIVING PETITIONS

Transcona-Springfield School Division

Mr. Speaker: The honourable Member for Springfield (Mr. Schuler), I have reviewed the petition and it complies with the rules and practices of the House. Is it the will of the House to have the petition read?

Some Honourable Members: Yes.

Mr. Speaker: Clerk, please read.

Madam Clerk (Patricia Chaychuk): The petition of the undersigned citizens of the province of Manitoba humbly sheweth

THAT on November 8, 2001, the Minister of Education (Mr. Caldwell) announced a split in the Transcona-Springfield School Division but despite repeated requests has been unable to identify any benefits of this decision to the students and taxpayers of said school division; and

THAT this decision was not preceded by adequate public consultation as outlined in section 7 of The Public Schools Act; and

THAT this decision would result in significant hardships for the students in both Transcona and Springfield that would affect the quality of their education; and

THAT the proposal by the Minister of Education on February 12, 2002, neither alleviates nor remedies these hardships; and

THAT this decision results in an increased financial burden on the taxpayers of both the

Transcona-Springfield School Division and the province of Manitoba; and

THAT on March 13, 2002, the number of resident electors required by The Public Schools Act requested the Minister of Education to convene a Board of Reference to decide the matter.

WHEREFORE YOUR PETITIONERS HUMBLY PRAY THAT the Legislative Assembly request the Minister of Education to reverse the decision to split the Transcona-Springfield School Division and allow it to remain as a whole or to consider immediately convening the Board of Reference to decide the matter.

Trans-Canada Highway—Twinning (Virden)

Mr. Jack Reimer (Southdale): Mr. Speaker, I am asking leave for reading and receiving of a petition on behalf of the Member for Arthur-Virden (Mr. Maguire).

Mr. Speaker: Is it agreed? [*Agreed*]

The honourable Member for Southdale, I have reviewed the petition and it complies with the rules and practices of the House. Is it the will of the House to have the petition read?

An Honourable Member: No.

Mr. Speaker: Dispense.

These are the reasons for this petition:

Over the years, the Trans-Canada Highway between Virden and the Saskatchewan border has been the site of numerous accidents, a number of which have involved fatalities.

The safety of the motoring public on the Trans-Canada Highway between Virden and the Saskatchewan border would be improved if the twinning of the highway were to be completed.

We petition the Legislative Assembly of Manitoba as follows:

To request that the Minister of Transportation and Government Services (Mr. Ashton) consider making the completion of the twinning of the

Trans-Canada Highway between Virden and the Saskatchewan border an immediate fiscal priority for his Government;

To request that the Minister of Transportation and Government Services consider taking whatever steps are necessary to ensure that work toward the completion of the twinning of the Trans-Canada Highway between Virden and the Saskatchewan border begins in the 2002 construction year.

TABLING OF REPORTS

* (13:35)

Mr. Speaker: I am pleased to table the report on the Operations of the Office of the Auditor General for the year ended March 31, 2002, in accordance with section 28 of The Auditor General Act.

INTRODUCTION OF BILLS

Bill 303—The Salvation Army William and Catherine Booth College Incorporation Amendment Act

Mr. Doug Martindale (Burrows): Mr. Speaker, I move, seconded by the Member for Rossmere (Mr. Schellenberg), that leave be given to introduce Bill 303, The Salvation Army William and Catherine Booth College Incorporation Amendment Act; Loi modifiant la Loi constituant en corporation le Collège William et Catherine Booth de l'Armée du Salut, and that the same be now received and read a first time.

Motion presented.

Mr. Martindale: The purpose of this amendment bill is to include a new section setting out the college's purposes and objectives. It clarifies the college's ability to affiliate with other colleges and universities and removes the distinction between certain degrees the college may grant.

Motion agreed to.

ORAL QUESTION PERIOD

Gaming Control Commission Meetings—Soaring Eagle Accounting

Mr. Leonard Derkach (Russell): Mr. Speaker, for several weeks now we have been asking the

minister responsible for the gaming commission and the Minister responsible for Manitoba Lotteries questions as they relate to the Dakota Tipi Gaming Commission and the Manitoba Gaming Commission.

I would like to ask the Minister responsible for Gaming, who last week twice said in the House that the Manitoba Gaming Control Commission and the Dakota Tipi Gaming Commission have met. Since July 12, the Dakota Tipi Gaming Commission is David Doer and Soaring Eagle. I would like to ask the minister whether in fact David Doer was a part of the meetings that were held between the Manitoba Gaming Control Commission and Dakota Tipi.

Hon. Steve Ashton (Minister charged with the administration of The Gaming Control Act): Mr. Speaker, I would have thought that the member would have apologized on behalf of his caucus for some of the most irresponsible allegations I have seen on a very sensitive issue—

Mr. Speaker: Order. I need the co-operation of all honourable members. I need to be able to hear the questions and I need to be able to hear the answers, so I ask the co-operation of all honourable members, please.

Mr. Ashton: In addition to the rather spurious comments in terms of who Mr. Doer is related to, which is not relevant whatsoever, Mr. Speaker, given the fact he was engaged by the Dakota Tipi First Nation and by the federal government, what I find most incredible, and I think this is something the member opposite should put on the record, is in fact that Soaring Eagle has been providing accounting management services, has been working on behalf of Dakota Tipi in terms of meeting the requirements we made for more information in terms of their financial reports.

It is not as it was stated in the PC press release yesterday, acting as auditors. I wish members opposite would stick to the facts, because the Gaming Commission follows standard accounting practice. In effect, any information, according to the format used by the Gaming Commission, will have to be signed off by the requisite financial expertise. They will not be signed off by Soaring Eagle. They are

providing an accounting service. They will be signed off by a CA as a standard accounting practice. I wish the members would put that on the record.

Mr. Derkach: Mr. Speaker, that is not the question I asked the minister. I asked the Minister responsible for the Manitoba Gaming Control Commission, who last week, as a matter of fact, said that Soaring Eagle would do an independent audit and he would accept that. It is in the record.

* (13:40)

I want to ask this minister when he was made aware that David Doer and Grant Hayton signed an agreement with Dakota Tipi to become the gaming commission there and to receive 15 percent of all VLT revenues.

Mr. Ashton: Once again, Mr. Speaker, the member should read Hansard because the issue, in terms of the independent audit, was raised by the member. My comment, it is in Hansard, was with a requisite professional expertise it would be recognized.

Indeed, if the member knows anything about the process, and I wonder if maybe the PCs are using leftover Enron accounting manuals, I tell you the proper process has been followed in this particular case. Meetings have taken place because Soaring Eagle is representing the Gaming Commission, has been providing the information we required back in January. We make no apologies for that. Any information that is provided in terms of an audit will be subject to the same requirements that any audit is: independent, verified, using the proper professional expertise. We make no apologies for requiring that in this particular case.

Dakota Tipi First Nation Soaring Eagle Agreement

Mr. Leonard Derkach (Russell): Mr. Speaker, I want to ask this Minister responsible for Gaming what action he is prepared to take today, when yesterday in the House he said it was inappropriate for the Dakota Tipi Gaming Commission to have signed an agreement with an individual who is going to receive 15 percent

of VLT revenues. What action is this minister going to take as Minister responsible for the Gaming Control Commission to ensure we are not on a slippery slope where private individuals are coming into this province to manage gaming and casino facilities?

Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act): As the Minister for Gaming has already made clear and I will make clear again, any arrangement between Soaring Eagle and Dakota Tipi does not involve the Province of Manitoba.

However, I do want to assure the member opposite, Mr. Speaker, that the agreement by which Soaring Eagle would receive 15 percent of VLT revenue is in violation of the VLT siteholder agreement, and consequently the First Nation has been informed that the VLTs turned off on July 17 will not be turned on again until the First Nation is in compliance and is not in contravention of the agreement.

Dakota Tipi First Nation Soaring Eagle Agreement

Mr. Jack Reimer (Southdale): Mr. Speaker, the fact of the matter is that David Doer and Soaring Eagle have been hired by Dakota Tipi to manage the facilities. They have been hired by the band to do the audits. If the audits are in compliance, David Doer and Soaring Eagle get 15 percent of VLT revenue and the Minister of Gaming is on record that he will accept these audits as independent.

Does the minister not view this as a conflict of interest when a person doing the supposedly independent audit will gain financially depending on the results of that audit?

Hon. Steve Ashton (Minister charged with the administration of The Gaming Control Act): Mr. Speaker, I—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. I would like to remind all honourable members when the Speaker stands all members should be seated and the Speaker should be heard in silence. I ask the full co-operation of all honourable members.

Mr. Ashton: Well, thank you, Mr. Speaker. Once again, I am surprised at this member, whom I have a lot of respect for on a personal basis, but after yesterday in which he made the same accusations in what I consider one of the lowest levels you can stoop to in terms of, even the language, you talk about disgusting.

He obviously does not understand the siteholder agreement is with Manitoba Lotteries. The machines are shut down. Soaring Eagle is not making any money off that 15 percent. Action has been taken by Lotteries to deal with that matter.

In fact, Soaring Eagle's involvement in terms of the Gaming Commission, which has nothing to do with the operation of the VLTs or the siteholder agreement, under the gaming agreement, Mr. Speaker, involves information for the years '01 and now for the current year '02. It is the result of the Gaming Commission and this Government saying back in January of this year that the information provided by Dakota Tipi was inadequate.

* (13:45)

So, Mr. Speaker, there is no connection here. I would suggest the member get some lessons on what is a conflict of interest. If he wants a briefing on the two agreements which are in place, the gaming agreement which they signed in 1994, my office is open this afternoon. It is open any hour of the day. Perhaps the members would care to get their facts straight before asking these kinds of questions.

Mr. Reimer: Mr. Speaker, I have to give credit to the minister. He is a great wordsmith, an interpretation of the way he wants to interpret the situation, but the minister will have to rely on the report that is furnished by this Soaring Eagle and David Doer. That has been indicated. The minister has said they are waiting for this report.

My question to the minister then—

Mr. Speaker: Order.

Point of Order

Mr. Speaker: The honourable Government House Leader, on a point of order.

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, would you please remind the honourable member that a supplementary question requires no preamble?

Mr. Speaker: On the point of order raised by the honourable Government House Leader, I would like to take this opportunity just to remind all honourable members *Beauchesne* 409(2) advises that a supplementary question should not require a preamble. I was sure I was just about to hear the question from the honourable member.

* * *

Mr. Reimer: Thank you, Mr. Speaker. My question to the minister. He has admitted that he is relying on the audit that is coming forth. I want to ask the minister then: Does he not perceive there is a conflict there when the person that is supplying the audit is doing the audit in a sense to protect their interests in retaining 15 percent of every dollar that is dropped in that machine?

I only ask whether he feels that is an independent audit that he must rely on to make a decision for the continuation of gaming on the reserve.

Mr. Ashton: Mr. Speaker, once again the member talks about Soaring Eagle being the auditors. I suggest again that we perhaps arrange a discussion.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Ashton: Thank you, Mr. Speaker. I would suggest the member opposite check any annual report. It could be a community group, it could be a Crown corporation. He will see a format that is used by the Gaming Commission. This is standard accounting practice, an auditor's report signed by a CA with the requisite professional expertise. That is the exact term I used in this House. In fact there is a CA that has been put in place to provide exactly that verification of the books.

* (13:50)

That is how it works for community groups, that is how it works for government and that is how it will work with this particular Gaming Commission. They will have to have the requisite professional expertise and that will be the signature of the auditor, the auditor's report, the CA, not Soaring Eagle. They are doing the accounting work; they are not the auditor of record. The record will state before it is accepted that it is verified by a CA. The member opposite should know that.

Mr. Reimer: My question then to the minister is: On the top of the letterhead Soaring Eagle Accounting Limited, is that not then an accounting firm they are dealing with?

Mr. Ashton: Mr. Speaker, I would perhaps suggest the member opposite take some time to not only review standard accounting practice but also the different professions within accounting, because in this case the auditing will be done by a CA. I believe that Soaring Eagle are CMAs. This is standard accounting practice; this is not something the Gaming Commission invented. I do not know what kind of accounting practice the member opposite uses but the bottom line is the situation here is no different than in any other case.

I will explain it again. Soaring Eagle has been hired by Dakota Tipi to provide accounting services. The auditing, the verification of that, will be done by a CA who will provide independent verification of the veracity of the books. That is the same for every organization in Manitoba.

Dakota Tipi First Nation Soaring Eagle Agreement

Mrs. Bonnie Mitchelson (River East): On July 12 of this year an illegal agreement was signed by David Doer and the Dakota Tipi Gaming Commission, an agreement this minister has already indicated was inappropriate, illegal, against the law.

Mr. Speaker, what action has been taken to terminate that agreement, and is it terminated back to July 12, retroactive to the date it was signed, given that it is illegal?

Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act): Apparently on July 12 an agreement was signed between Soaring Eagle and Dakota Tipi, an agreement that has absolutely nothing to do with the Province of Manitoba.

However, this agreement, as I have said already today, an agreement under which Soaring Eagle would receive 15 percent of VLT revenue, is in violation of the VLT siteholder agreement. Consequently, the VLTs which were shut down on the 22nd will remain shut down until such time as Dakota Tipi is no longer in contravention of the agreement.

An Honourable Member: You said the 17th.

Mr. Speaker: The honourable Member for River East.

Ms. McGifford: Let me correct myself, it was on the 17th—*[interjection]*

Mr. Speaker: Order. I had recognized the honourable Member for River East with her supplementary question because the honourable minister had sat down.

Mrs. Mitchelson: Well, thank you, Mr. Speaker. This has everything to do with provincial law.

My question is: Because this was an illegal agreement, signed on July 12, and David Doer had access to 15 percent of the video lottery terminal money, will this minister ensure that illegal agreement is terminated back to July 12 so that David Doer does not benefit by one penny from that illegal agreement?

Ms. McGifford: Just to clear the record, apparently the agreement was signed on the 12th. It was on the 17th that VLTs ceased to operate on Dakota Tipi and it was on the 22nd that Lotteries officially shut them down. Just so we have that straight.

* (13:55)

I have no control over an agreement between Dakota Tipi and Soaring Eagle. However, I can assure the member—Mr. Speaker,

I would really appreciate if you would call the Member for Fort Whyte (Mr. Loewen) to order. I am trying to answer a question. All I can hear is him mumbling on.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Ms. McGifford: Thank you, Mr. Speaker. Soaring Eagle, I can tell the members opposite, has not received any payment from Dakota Tipi VLT revenues.

Mrs. Mitchelson: Since this issue has everything to do with accountability and accountability on behalf of the Government by a minister who is responsible for Lotteries in the province of Manitoba, will she guarantee there will not be a penny that flows to David Doer, not only as a result of the illegal agreement that was signed but as a result of any other activity on Dakota Tipi?

Ms. McGifford: Mr. Speaker, I have already shown accountability, as has the Manitoba Lotteries Commission by shutting down the VLTs on the 22nd. The same question has been asked four or five different ways.

I can also tell the member, as I just told her in my last answer, we can tell her that no VLT revenues have gone to Soaring Eagle.

Dakota Tipi First Nation Soaring Eagle Agreement

Mrs. Joy Smith (Fort Garry): Mr. Speaker, we asked a number of times last week for the Doer government to end the VLT siteholder agreement with Dakota Tipi because they were not in compliance. The Doer government refused to act until the Bingo Palace was barricaded and staff could not enter.

Was the reason the minister refused to end the siteholder agreement last week because every extra day Dakota Tipi's Bingo Palace and the VLTs stayed open it was money in David Doer's pocket?

Mr. Speaker: The Minister of Advanced Education.

An Honourable Member: That is the most disgusting, sleaze politics, absolute sleaze. Joy "Sleaze" Smith, Len "Sultan of Sleaze" Derkach.

Mr. Speaker: Order. I would like to remind all honourable members that we have visitors in the gallery and we also have the viewing public.

If members wish to have conversations there is lots of room in the loges. You can go out in the hallway, go into your offices. There is lots of time for conversations. If you wish to have conversations, there is nothing wrong with open communications. If you wish to have a conversation please do that, because decorum is very, very important to the viewing public and to all of us.

Also, during a question or an answer I have been asked to make rulings. How can you expect me to make a ruling if I cannot hear the question or the answer? So I ask the full co-operation of all honourable members, please.

Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act): I am really shocked at the Leader of the Opposition (Mr. Murray) who allows his members to drag people's names through the gutter. I think it is shameful.

* (14:00)

Furthermore, Mr. Speaker, I would like to draw the attention of the Member for Fort Garry to 1 Corinthians 13:13, now we have faith, hope and charity, and the greatest of these is charity.

She should be ashamed of herself.

Mrs. Smith: Mr. Speaker, I just want to point out one of the Ten Commandments is: "Thou shalt not lie." However—

Mr. Speaker: Order.

Point of Order

Mr. Speaker: The honourable Government House Leader, on a point of order.

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, this is truly a regrettable situation. We cannot hear questions of substance.

On a point of order, the Member for Fort Garry clearly is out of order, using an unparliamentary word and reflected on an honourable member by using the word "lie" attributed to her. Would you please ask her to withdraw that comment and apologize?

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

Mr. Marcel Laurendeau (Official Opposition House Leader): The minister was the first to quote from Scripture. I do believe if you open the Bible that is one of the Ten Commandments: "Thou shalt not lie," so I cannot believe we could rule the member out of order.

Mr. Speaker: On the point of order raised by the Government House Leader, at this time I would like to ask all members, it is getting a little loud in here. I would ask all members to kind of pick and choose their words carefully.

What I heard the member state was more in general terms, from what I heard. I did not see it as being directed at one individual member. It was more in general terms.

So I would rule at this time that the honourable Government House Leader does not have a point of order, but I would like to take this opportunity just to remind all honourable members that we have the public in the galleries. We have the viewing public on television. I would ask all members just to pick and choose their words a little carefully.

* * *

Mrs. Smith: Mr. Speaker, why did the Doer government allow those VLTs to stay open for 10 days when they knew the Premier's (Mr. Doer) brother signed an inappropriate agreement that saw him pocket 15 percent of every dollar spent in the Bingo Palace?

Hon. Steve Ashton (Minister charged with the administration of The Gaming Control Act): Mr. Speaker, the last two questions show just how little regard members have for really getting to the root of any of the issues here. They make a statement, an assumption that this Government knew. I want to put on the record the agreement was made between Dakota Tipi and Soaring Eagle. By the way, it is not illegal. It is in violation of the siteholder agreement. I think members should use the correct terminology. Quite frankly, I said this on the record yesterday, it first came to our attention when it was tabled in this House. I do not know how members opposite came in contact with this but we have acted on it.

For the member to get up and say we knew for 10 days. We did not know. We were not party to the agreement. Now we have found out about it. We have taken action, as we have with every issue that has been raised with Dakota Tipi ever since we came into government.

Mrs. Smith: Mr. Speaker, does the minister expect Manitobans to believe that no one, including the Premier, did not know that the Premier's own brother was getting 15 percent off the top?

Mr. Ashton: Mr. Speaker, I would expect, in the year 2002, that we would get from this member some respect for trying to get to the bottom of what happened. For her to make an allegation that the Premier somehow knew about this I can say is a violation of everything this House is all about. This House is about asking questions. It is about making statements that you have some knowledge of fact. It is not about starting a series of questions aimed at only one thing, a desperate attempt to impugn people, to smear reputations and to get away from the fact that when this Government has found out about any violation we have acted.

Two and a half years ago Dakota Tipi was in non-compliance on major issues. We have acted every time an issue of concern has been raised and will continue to act.

Gaming Control Commission Meetings—Soaring Eagle Accounting

Mr. Leonard Derkach (Russell): Mr. Speaker—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. I would like to remind members once again, if they wish to have a conversation, they can please use the loge, go in the hallway, go in their offices. There are lots of spaces to have a conversation. Decorum in this House is very, very important. I ask the cooperation of all honourable members once again, please.

Mr. Derkach: Well, Mr. Speaker, it is true that two years ago Dakota Tipi Gaming Commission was not in compliance with the gaming agreement, but it is also true that two years ago the Premier's (Mr. Doer) brother did not have a contract with Dakota Tipi to receive 15 percent of all revenues.

I want to ask the minister responsible for the gaming commission: Did, in fact, the Gaming Commission meet with David Doer in the meetings that were referred to by this minister in the House?

Hon. Steve Ashton (Minister charged with the administration of The Gaming Control Act): Mr. Speaker, I put on the record that the Gaming Commission has been in constant contact; first, with Dakota Tipi because Soaring Eagle was not contracted immediately by Dakota Tipi. When we, in January, raised inadequacies of the financial statements, I put that on the record, and meetings have taken place with Dakota Tipi and with Soaring Eagle. Mr. Doer is a principal of Soaring Eagle. That has never been any secret in this House.

Once again, I say to members opposite they either do not know or choose not to know the contractual arrangement. I want to put on the record again that it was Dakota Tipi and the federal government that hired Soaring Eagle. The provincial government has never had a contractual arrangement, has never hired Soaring Eagle, period.

Dakota Tipi First Nation Soaring Eagle Agreement

Mr. Leonard Derkach (Russell): Mr. Speaker, I do not want to put words in the minister's mouth so I am going to ask him one more time. Since the commission, as he has confirmed in the House, did meet with Soaring Eagle, I am going to ask him whether he, as minister, was

aware that Soaring Eagle was indeed now the gaming commission responsible for VLTs at Dakota Tipi since July 12?

Hon. Steve Ashton (Minister charged with the administration of The Gaming Control Act): Mr. Speaker, if the member chose to examine the '94 agreement, and I have a copy of it, and the siteholder agreement—ironically he has tabled a copy himself in the House—I think he has chosen to not either read or understand. As Gaming Minister, under the agreement they signed in 1994, our responsibility is in terms of licensing and having an agreement with the Gaming Commission.

The issue he raised last week, which was a legitimate issue in terms of the 15 percent related to the siteholder agreement with Lotteries, the Gaming Commission is not a party to that. In fact, the first I became aware of that was here in the House, because the Gaming Commission, again, is not a party to the siteholder agreement.

It is the same case, not just in Dakota Tipi but throughout the province. So if the member is going to raise a legitimate concern about the 15 percent, I would ask he do that and not get into deliberate confusion about the framework that his government put in place in 1994 in Dakota Tipi.

Gaming Agreement—Termination

Mr. Leonard Derkach (Russell): Mr. Speaker, has the minister now invoked the section of the gaming agreement which says that he has 90 days to terminate the gaming agreement with Dakota Tipi, since in fact he is now aware that David Doer is in possession of a contract which in the laws of Manitoba and under the gaming act is illegal in this province?

Hon. Steve Ashton (Minister charged with the administration of The Gaming Control Act): Once again, we saw yesterday they cheapened the term "conflict of interest." We see today them cheapen the term "illegal" because it is in contravention with the siteholder agreement, which is a contractual agreement. It is in violation of that agreement. To use the phrase "illegal," I think, is irresponsible of the member opposite and does not get to the bottom of this.

* (14:10)

I can indicate on the gaming side, Mr. Speaker, because last week this same member asked us to terminate the gaming agreement, the gaming agreement they signed required a 90-day notice provision. I have asked for legal advice in terms of if we have other options, recognizing that Lotteries has already acted in terms of the VLTs. They acted last week. Those VLTs remain closed, shut down at Dakota Tipi.

Flooding Protection Infrastructure

Hon. Jon Gerrard (River Heights): Mr. Speaker, today the Premier (Mr. Doer) is in Halifax as part of the premiers' meetings. His goal, I gather, is to enlist the support of other premiers for projects which are critical to Manitoba. While the Premier has indicated he is concerned about changes to disaster assistance when there is a flood or after there is a flood, I am quite surprised he is not pushing for funding support for infrastructure for disaster mitigation and flood prevention for Winnipeg.

My question is to the Deputy Premier (Ms. Friesen). Why is the Premier not seeking support from other premiers for a national initiative to support infrastructure for disaster prevention?

Hon. Steve Ashton (Minister of Transportation and Government Services): Mr. Speaker, I want to put on the record this Government has taken a lead role in dealing with disaster initiatives across the country. In fact, most recently we received a commitment from the new minister, John McCallum. I think it was a very productive approach from his part to have a national meeting of ministers of disaster assistance, something that has not happened and I thought should have happened following 9-11 with many of the ramifications for 9-11 in terms of disaster issues.

Our Premier right now is currently leading the provinces in demanding that there be no erosion of DFAA. One of the items we put on the agenda with the federal government consistently is that we need to maintain the integrity of DFAA, but also we need to do what we have done in the past, continue to do, to have

mitigation in place for that kind of infrastructure, the main one of which is the floodway. I wish the member opposite would support that and support the parties in this province in trying to get that most significant mitigation put in place.

Mr. Gerrard: Mr. Speaker, I am a strong supporter for flood protection for Winnipeg. That is why I asked this question.

My question is to the Deputy Premier, who is responsible for infrastructure programs. I wonder if it is not on the Premier's list because the Premier believes that the support for the floodway or whatever other infrastructure is needed for protecting Winnipeg can be obtained through the joint federal-provincial strategic infrastructure program, which is underway at the moment.

Mr. Ashton: Well, Mr. Speaker, I appreciate if the member is now saying he supports the floodway, because I sat on the committee earlier. I must have missed something. I am pleased to see the change of mind.

I want to stress that indeed the provincial government has prioritized the floodway in terms of the strategic infrastructure program as it is developed. That remains our most significant priority in terms of that, but that does not exclude any other kind of arrangement and does not exclude other kinds of mitigation measures. One of the things we are going to be looking for in the experience of the most recent disaster in the southeast is ways in which we can prevent some of the damage that occurred in the future. You cannot stop the weather event, but we know from past experience by sitting down and developing a mitigation strategy you can make a difference. Our Government is committed to both approaches.

Mr. Gerrard: Mr. Speaker, why has there not been an all-party task force meeting on the protection of Winnipeg and the Red River Valley for months and months if this is such an urgent issue? Why is the Premier (Mr. Doer) not bringing this up in Halifax? Does he believe he can get the funding without even bringing it up?

Mr. Ashton: Mr. Speaker, I think the member opposite may have missed that we have a premiers' meeting and that the real issue is going

to come down to the Prime Minister, whoever that may be. I will not get into that.

It comes down to a commitment by the federal government. So the issue here is whether or not we have raised it. We have. We called together an all-party task force, but our Premier has consistently said to the federal government a floodway is a top priority for this province. I am glad the Liberal leader is finally on board. I hope he will stay with us in fighting for federal action on this.

North American Indigenous Games Corporate Sponsorship

Mr. Tom Nevakshonoff (Interlake): Over the past three days at Tec Voc School at the lacrosse fields where I have been acting as a volunteer for the North American Indigenous Games, I noticed a number of corporate logos indicating that the business community is actively involved in the games. Could the Minister of Culture, Heritage and Tourism (Mr. Lemieux) give some indication to the House of the level of support the business community is providing in support of the North American Indigenous Games?

Hon. Ron Lemieux (Minister responsible for Sport): I thank the member for the question. As we all know in Manitoba, we are extremely proud of our volunteers who day in, day out, I would venture to say, are the greatest volunteers anywhere in Canada and anywhere in the world.

We also have a corporate community that gets behind many, many events, as the Leader of the Opposition (Mr. Murray) will know from the Pan Am Games. The corporate community steps up in Manitoba. There are many of them, not only the government of Canada and Manitoba and the City of Winnipeg, but there are many, Mr. Speaker, such as the *Free Press*, APTN, Manitoba Hydro, Red River community college, Mohegan Sun, Sheraton Winnipeg, Myers Weinberg, YouCanDoThat.com and many, many other corporations that are supporting this tremendously successful event. So I would ask all members in this House, any opportunity you get and any time Manitobans get an opportunity to thank the corporate citizens of this community for supporting an event, that they do so.

Hydra House Review

* (14:20)

Mr. Glen Cummings (Ste. Rose): My question is to the Minister of Family Services. About 15 months ago he received a report from a senior civil servant in his department regarding Hydra House. I wonder if, in light of recent allegations, he is still satisfied that report was complete.

I would suggest that many of the allegations, really, are matters for Revenue Canada, and if Revenue Canada of course chooses to audit this company they have every right to do so and to insist on answers to any questions they might have about whether or not there has been appropriate income tax accounting for the use of funds in the company. That of course is a federal matter.

Hon. Tim Sale (Minister of Family Services and Housing): Mr. Speaker, our job in regard to providing care for extremely challenging and challenged people is to make sure the quality of care is there, to receive the same kind of financial accountability from chartered accountants signing off financial statements, as we were talking about some time earlier in Question Period. We are satisfied that the quality of service from Hydra House, the financial accountability that we receive is adequate.

We are concerned about the quality of service to vulnerable Manitobans. Hydra House has a reputation in this community for working with extremely, and I underline "extremely," difficult and often violent people. They do a very good job of caring for people, which other agencies have actually refused to provide plans for. So we value their service. We think their accountability is adequate.

I know he is referring to the investigative reporter, so called, that put a series together for CBC. The same allegations were raised more than a year ago and dismissed by all other media as basically a dispute between a former employee and his employers, this dispute being played out, at least attempting to be played out, through the media. We have made all of the normal and some quite extraordinary checks into this issue. We are satisfied that is what we are seeing as quality service, adequate accountability and a dispute between a former employee and his boss.

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

Also, the time for Oral Questions has expired.

MEMBERS' STATEMENTS

Military Homecoming

Mrs. Heather Stefanson (Tuxedo): Mr. Speaker, on behalf of the constituents of Tuxedo and the PC caucus, I rise today to draw attention to a memorable and wonderful event. Yesterday, 140 soldiers of Winnipeg's Second Battalion PPCLI and 40 soldiers of the CFB Shilo-based First Regiment Royal Canadian Horse Artillery returned home to their waiting families and friends after serving our country in Afghanistan. These soldiers returned home last night after serving six months in the campaign that helped fight global terrorism and bring down the ruling Taliban government. These soldiers risked life and limb for their country and once again fought for democracy around the world.

Mr. Cummings: Well, Mr. Speaker, I am not prone to being sucked down a rabbit hole either, but I am concerned that the minister does not believe there is any further review needed or desired, in his opinion, around Hydra House and the questions that are being raised. Is he not prepared to review this with the Auditor General?

We are extremely proud of their commitment and dedication to fighting for the very freedoms we should never take for granted. They continued the fight for freedom and democracy, the fight our parents, grandparents and great-grandparents have fought for hundreds of years on behalf of our great country, Canada.

Mr. Sale: The Auditor General, I believe, has already met with one of the complainants, well, the only complainant, Mr. Small. The Auditor General, of course, is free to make his own decision as to whether any further audit is required. When we did our investigation, we met with the company's auditor. We received adequate explanations for the allegations that Mr. Small had made.

I would also like to take this opportunity today to remember four great Canadian soldiers we lost in April during the training exercise in Afghanistan. Pte. Richard Green, Cpl. Ainsworth Dyer, Sgt. Marc Léger and Pte. Nathan Smith were all killed on that day in April. Our thoughts, prayers and grateful, heartfelt thanks go out to the soldiers and their families. We thank them for defending our way of life.

Among the 180 soldiers who returned home yesterday at least three of the soldiers returned home to greet new sons and daughters that their wives had given birth to while they were in Afghanistan. In fact, one story from a Winnipeg family is that Corporal Alonzo Hampton met his 11-day-old son for the first time. Last night he got to hold his newborn son for the first time. As someone who has recently had a child of my own, I understand from personal experience the overwhelming joy that accompanies bringing a new life into the world. I want to congratulate all the family members who have been united with their loved ones for the first time since the birth of their children.

It felt great to drive through my constituency of Tuxedo and see all of the yellow ribbons and signs painted with "Welcome home daddy," "Thank you all," and happy families awaiting the arrival of a son or daughter, husband or wife, mother or father, home from Afghanistan.

Mr. Speaker, these men and women can only be known as one thing, heroes. They are the heroes of a new world, a new time, a new war. On behalf of the constituents of Tuxedo and the PC caucus, I would like to congratulate and thank these wonderful people for being our heroes and for making us proud. Welcome home, soldiers. We salute you.

Golden Boy Project

Mr. Jim Rondeau (Assiniboia): Mr. Speaker, I rise today to update the House on the progress of the Golden Boy project. Yesterday, July 29, the Golden Boy was moved to The Forks. The Minister of Transportation and Government Services (Mr. Ashton) and Bill Norrie, the former mayor and chair of The Forks-North Portage Board, began his unveiling. Over the next two or three days his travel case will be

removed and a protective glass case will be built around him to allow the final stage to proceed.

Beginning Tuesday, Michael Kramer will oversee the application of gold on this provincial symbol. This final process will take three to five days. Once the gold has been applied, he will be on display until the end of September. This project continues to move forward on time and on budget.

I would also like to update all members about the Golden Boy merchandising efforts. This part of the project is going well with the final items, golf shirts, historic books, et cetera, arriving next week. These items will complete the adult shirts, pins, kids' shirts, postcards, et cetera, on site.

Manitobans have supported the idea of financially contributing to this historic project by purchasing souvenirs and these mementos. I would like to thank the Government staff as well as The Forks Market, Dillon Consulting, Alpha Masonry, Litz Crane, Bristol Aerospace, ISIS Canada, Bayco Industries, Pritchard Machine, Manitoba Museum and The Winnipeg Foundation who have contributed to this historic project.

I would also like all Manitobans to feel comfortable coming and seeing this historic monument up close. It is a great location because there are two levels of viewing so people can see it. It is going to be at a great location because The Forks is a tourist site. It is a site where there are multiple venues to see it and it is a great project. I invite all people to go down to The Forks and see this project from now until the end of September. Thank you very much, Mr. Speaker.

Little Saskatchewan Conservation District

Mr. Leonard Derkach (Russell): Mr. Speaker, in a very informal way I would like to simply stand in the House today and recognize the opening of a new office for the Little Saskatchewan Conservation District, which took place yesterday in Oak River.

The conservation districts of Manitoba have made great strides in the past number of years in

looking after our environment and ensuring that conservation projects across this province are looked after by a group who understand, if you like, the quality of life in the rural part of our province and understand the issues that confront them as far as conservation, sustainability and economic development.

I was pleased that the Minister of Intergovernmental Affairs (Ms. Friesen) was out at the opening yesterday. Indeed she participated in the Manitoba Conservation Districts Association tour. I want to congratulate her for starting three new conservation districts in the province since she has come into government.

With these few words, I simply want to congratulate the Manitoba Conservation Districts Association and the Little Saskatchewan Conservation District for the work that they have done on behalf of many residents in this province.

Legislative Interns

Mr. Doug Martindale (Burrows): Mr. Speaker, as the NDP caucus representative on the Legislative Internship Administrative Committee, it is my pleasure to recognize and thank all of the legislative interns. It is appropriate that I do so today, on July 31, since this is the last day of work for this year's six legislative interns.

The interns have provided both caucuses with invaluable help for the past 11 months. They now get to spend the month of August completing a research paper which will eventually be catalogued and available in the Legislative Reading Room.

I want to take a moment to thank the 2001-2002 interns. Working in our caucus were John Crookshanks, Greg Kristalovich and Ciara Shattuck. I also salute the interns who worked with the Opposition caucus: Allison Abra, Matthew Enns and Julie Goertzen. I am sure they served their caucus well.

Mr. Speaker, I want to thank the interns for all their hard work. Manitoba's Internship Programme is one of the best in Canada. I am sure that this year's group has learned a lot about the legislative process. I hope their experience will serve them well in their future careers.

I want to add that this month of August is going to be very hard without our interns around to help us. An example of that is that this is the 75th member's statement that John Crookshanks wrote, and now we are on our own. We are going to have to do some of our own research and writing.

Mr. Speaker, on behalf of all of us I wish to thank the interns and to wish them much success in their futures and hope that we see them again.

Flooding Protection Infrastructure

Hon. Jon Gerrard (River Heights): Mr. Speaker, I would like to put on the record two items.

First, I would compliment the Minister of Health (Mr. Chomiak) for the program for first episode psychosis. This is a step forward and one that I have called for for some time.

The second point that I would like to make is the importance of presenting at all forums, including the premiers' forum, the importance of infrastructure for flood protection for Winnipeg. We will need to be spending over the next several years several hundreds of millions of dollars—\$800 million is often a figure that is mentioned, but it may be somewhat less or somewhat more, depending on the end result—on flood protection for the city of Winnipeg.

We have an all-party task force which has met twice but has not met in quite a long time. So this seems to have dropped in priority on the Government side, but it is very important that this is brought forward at the premiers' conference, because when we are dealing with a major initiative like this it is important to get the support of other premiers for a very important Manitoba initiative.

I would suggest that other premiers have disaster prevention or mitigation initiatives that they would like to have on the table. I would suspect that there would be some significant support from other premiers for this sort of initiative to make sure that we are working hard all across Canada, particularly in Manitoba of course, to prevent future disasters.

**ORDERS OF THE DAY
GOVERNMENT BUSINESS**

House Business

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, would you canvass the House to see if there is leave to waive private members' hour today?

Mr. Speaker: Is there leave to waive private members' hour for today? *[Agreed]*

Mr. Mackintosh: Would you please canvass the House to see if there is agreement to vary the sitting hours of the House for next week, so that in addition to regular hours the House will also sit on Tuesday and Wednesday mornings from 10 a.m. to 12 noon?

* (14:30)

Mr. Speaker: Is there agreement of the House to sit next week, Tuesday and Wednesday mornings from 10 to 12? Is there agreement? *[Agreed]*

Mr. Mackintosh: Mr. Speaker, first, would you please call report stage of the bills in the order they appear on page 2, with the exception of 19?

REPORT STAGE

**Bill 22—The Public Schools Amendment Act
(Francophone School Division Governance
Structure)**

Hon. Gord Mackintosh (Government House Leader): I move, seconded by the Minister of Intergovernmental Affairs (Ms. Friesen), that Bill 22, The Public Schools Amendment Act (Francophone School Division Governance Structure); Loi modifiant la Loi sur les écoles publiques (structure de gestion de la division scolaire de langue française), as amended and reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

**Bill 32—The Fatality Inquiries
Amendment Act**

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

Intergovernmental Affairs (Ms. Friesen), that Bill 32, The Fatality Inquiries Amendment Act, as amended and reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

**Bill 33—The Private Vocational
Institutions Act**

Hon. Gord Mackintosh (Government House Leader): I move, seconded by the Minister of Intergovernmental Affairs (Ms. Friesen), that Bill 33, The Private Vocational Institutions Act, as reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 34—The Charter Compliance Act

Hon. Gord Mackintosh (Government House Leader): I move, seconded by the Minister of Intergovernmental Affairs (Ms. Friesen), that Bill 34, The Charter Compliance Act, Loi sur l'observation de la Charte, as reported from the Standing Committee on Law Amendments, be concurred in.

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

Some Honourable Members: Agreed.

Some Honourable Members: No.

Voice Vote

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

Some Honourable Members: Yea.

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

Some Honourable Members: Nay.

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

Mr. Marcel Laurendeau (Official Opposition House Leader): On division, Mr. Speaker.

Mr. Speaker: On division.

Bill 43—The Polar Bear Protection Act

Hon. Gord Mackintosh (Government House Leader): I move, seconded by the Minister of Intergovernmental Affairs (Ms. Friesen), that Bill 43, The Polar Bear Protection Act, as reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

* * *

Mr. Mackintosh: Mr. Speaker, would you please call debate on second readings of bills in the order they appear on page 3, but excluding numbers 12 and 27.

DEBATE ON SECOND READINGS**Bill 2—The Security Management (Various Acts Amended) Act**

Mr. Speaker: Resume debate on second reading of Bill 2, The Security Management (Various Acts Amended) Act, standing in the name of the honourable Member for St. Norbert.

Mr. Marcel Laurendeau (Opposition House Leader): Thank you very much, Mr. Speaker.

Mr. Speaker, we have had numerous meetings over Bill 2 now, and I do believe that the Government will be bringing forward some amendments at committee stage. So we are prepared to see this bill move to committee.

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

Bill 17—The Cooperatives Amendment Act

Mr. Speaker: Bill 17, The Cooperatives Amendment Act, standing in the name of the honourable Member for Steinbach (Mr. Jim Penner).

Is it the pleasure of the House for the bill to remain standing in the name of the honourable Member for Steinbach?

Some Honourable Members: No.

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

Bill 20—The Adult Learning Centres Act

Mr. Speaker: Bill 20, The Adult Learning Centres Act, standing in the name of the honourable Member for Minnedosa (Mr. Gilleshammer).

Mr. Harold Gilleshammer (Minnedosa): Mr. Speaker, I am pleased to have an opportunity to speak to Bill 20, The Adult Learning Centres Act. This bill has been brought forward as a result of the Auditor's report into the operation of learning centres in the province. Certainly, the Auditor was correct in indicating that there should be some structure around learning centres.

I would say that the bill indicates that there needs to be a definition of the roles and goals of the adult learning centres. There are issues around the ownership of assets, the funding surpluses and the responsibility for deficit, which need to be dealt with. This act, in fact, assists in that matter. There is also the issue of the adult learning centres and the school divisions that they are partnered with, where we have had a policy vacuum in the past. There are issues around performance measures, as far as the adult learning centres are concerned, and the need for accountability and reporting.

When the adult learning centres came into being and were growing, they were treated very much like the public school system. One of the issues with the public school system is that enrolment is always measured on the September 30 date. For the public school system, that tends to work reasonably well, although one could find certain problems with that if one were to be critical of the public school system and the way they account for students.

However, that did not serve the Government and the province well when it came to adult learning centres because this is a completely different atmosphere with a completely different set of students who are accessing these adult learning centres, and to be forced to report enrolment on September 30 led to some practices which were the basis for many of the

problems which adult learning centres found as they developed and grew.

The Minister of Education (Mr. Caldwell) has on a number of occasions spoken about the adult learning centres and this policy vacuum that existed. I daresay he became aware of this in the fall of 1999 with the report done for the Government by Deloitte & Touche, and the minister had an opportunity to act much sooner on this issue. There were other actions that the minister could have taken in the fall of 1999 when the adult learning centres were highlighted in the Deloitte report showing this growth of the number of students and the way that they were funded. I think that the minister and the Government deserve a fair amount of this credit for not acting sooner because the problems were pointed out in the Deloitte report at that time and could have been dealt with much sooner. Legislation could have been brought in in the fall of 1999 or the spring of the year 2000.

* (14:40)

The minister did commission what was called the Ferris report. This was a hand-picked consultant by the Government to look at the adult learning centres, and I suspect the Government wanted a different result from the Ferris report than what they got. Certainly, the Ferris report pointed out that there were issues around policy and policy development which the Government should attend to. Again, this was pointed out to the Government in the fall of 1999 and the early winter of the year 2000 when this hand-picked consultant visited, looked at and studied the adult learning centres in the province.

Now, the other part of the report, other than the fact that there was a policy vacuum there, the Ferris report had many positive things to say about the adult learning centres. The Ferris report pointed out to the Government that much of what was happening in adult learning centres was quite different than the public school system and gave the adult learning centres and the school divisions involved credit for the job that they were doing. It pointed out that the public school system dealt with students who were in their latter teenage years and had to be operated much differently.

The adult learning centres were working because they recognized that they were dealing

with adults, and they were treating them as adults and providing to some degree some flexibility, so that adult learners, who had really a number of hard knocks in their life, had dropped out of school. Some of them had started families early. Many of them were economically disadvantaged, and the adult learning centres were in many ways kind of a lifesaver for them to get further education and training and further skills development which would get them into the workforce.

So the Ferris report, I think, was very instructive to the Government, and I am surprised that they gave the Ferris report no publicity at all, because I do not think they wanted to hear that there were positive things happening in the adult learning centres. The information about the governance of adult learning centres was truly highlighted in the Ferris report, and I do believe that the Minister of Education (Mr. Caldwell), who has been so critical of Morris-Macdonald School Division and others who were in the adult learning business, could have put in place policies immediately to deal with the adult learning centres. They could have become more actively involved in the shortcomings that were pointed out in the Ferris report and were later pointed out by the provincial auditor when he tabled his report in the spring of 2001.

So I think the Government deserves a certain amount of blame for what happened with the adult learning centres throughout the year 2000 and going into 2001, because they full well were apprised of the issues and they did not take the remedial action that was necessary to make those changes. In fact, and I have an editorial from the *Winnipeg Free Press* from April 15 of the year 2002 called "Sharing the blame," and it certainly indicates in the editorial that Morris-Macdonald had made some mistakes along the way in terms of their interest and their involvement in millions of dollars of compensation from the provincial government. But it also points out that the Minister of Education was not helpful and did not accept any of the blame for the development of adult learning centres. Many of these difficulties happened under his watch. Yes, there was a policy vacuum there, but the responsibility should have been shared by this Government, by this minister, and, of course, we have questioned the competence and credibility of this

minister over this issue and other issues, because when he was so eager to hammer Morris-Macdonald School Division, on the other hand, for very different reasons, he was giving a sweetheart deal to Agassiz School Division.

The Auditor's report, and it is referred to in this editorial as a broad estimate and we dealt with this in committee on Monday, pointed out that somewhere between \$2.4 million and \$4 million was given to school divisions because of overstated enrolment, and this is a broad estimate. The Auditor explained that to the committee on Monday of this week, but the minister and the Government have never said anything about the department's role. It is not believable in my mind that officials in the Department of Education were not fully aware of what was happening in the adult learning centres and no one from the Department of Education, in terms of the deputy minister or the minister, has stepped forward to take some of that responsibility.

Instead, Mr. Speaker, they have been busy deflecting the attention on this issue to Morris-Macdonald School Division. I say to them that, while they found a scapegoat here, they should have stepped up to the plate and taken some of the responsibility for what happened at that time. They made no effort in 1999, and the year 2000, the early part of 2001, to work with their partners in adult education to find some of the solutions. And there were solutions. When the Deloitte report pointed out, in the fall of 1999, that there was an overexpenditure in the adult education line, there was knowledge at that time that there was an issue here. I would say to members of the Government, the Minister of Finance (Mr. Selinger) and others that there were options at that time that they could have taken to remedy the situation, yet they let it grow and get worse as time went on.

Getting back to this bill, yes, it does comply with what the provincial auditor had in mind when he gave his report. It does provide that framework, that government structure for adult learning centres, and, to that degree, this is a positive step. We would like to have this go to committee. I know there is great interest within the province on this particular issue. There is great interest in the school division of Morris-

Macdonald who, as the *Free Press* editorial has said, have been used as a scapegoat in this issue. They are not blameless. They certainly were part of some of the problems that developed, but the minister and the department need to step up to the plate and indicate that they knew some of these issues in 1999, certainly in the year 2000, and they did nothing about it. So this act is one that there will be a number of presenters, and we look forward to those presentations at committee.

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

An Honourable Member: Question.

Mr. Speaker: The question before the House is second reading of Bill 20, The Adult Learning Centres Act.

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

Bill 21—The Partnership Amendment and Business Names Registration Amendment Act

Mr. Speaker: Second reading, Bill 21, The Partnership Amendment and Business Names Registration Amendment Act, standing in the name of the honourable Member for Carman (Mr. Rocan).

Is it the pleasure of the House for the bill to remain standing in the name of the honourable Member for Carman?

Some Honourable Members: No.

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

* (14:50)

Bill 23—The Pesticides and Fertilizers Control Amendment Act

Mr. Speaker: Bill 23, The Pesticides and Fertilizers Control Amendment Act, standing in the name of the honourable Member for Arthur-Virden (Mr. Maguire), who has five minutes remaining.

Is it the will of the House for the bill to remain standing in the name of the honourable Member for Arthur-Virden?

Some Honourable Members: No.

Mr. Speaker: No. It has been denied.

Hon. Jon Gerrard (River Heights): I rise just to put a few words on the record. This Pesticides and Fertilizers Control Amendment Act would provide for licences for certain circumstances where there are individuals who will be putting hog waste and other manure products on agricultural fields. I have talked to a number of individuals in the industry, and it is my understanding that the large hog operators, in general, Pierre Paul Fielfar [*phonetic*], for example, support this sort of licensing because they want to make sure that individuals who are putting manure are licensed and can be held accountable and responsible.

I think that this is a reasonable development. It provides security and certainty for individuals in this industry, the large operators, clearly, in a recent example just west of Winnipeg. There are quite a significant number of acres on one field which are growing virtually nothing, because the hog waste was not applied appropriately. We want to make sure that farmers are protected from hog waste being applied inappropriately and also that people who are operating in this industry, where they are hiring people, that there is adequate protection.

Mr. Speaker, I think that there are, however, some areas of this legislation where there are concerns, that we need to make sure that people's homes and businesses are not invaded without appropriate search warrants, that where there are circumstances of small operators and small farmers, they do not have to be subject to the potential problems when they are putting waste from a small hog operation onto their own fields or onto neighbours' fields.

I think it is important that as this bill proceeds through consideration at the committee stage and later on, that we make sure that this legislation is given a careful look, so that there are not problems in the industry as a result of this being passed in an accelerated fashion, yet at the same time we have adequate protection for individuals who work in the industry to make sure that things are done in an excellent and environmentally sound way. Thank you.

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

An Honourable Member: Question.

Mr. Speaker: The question before the House is Bill 23, The Pesticides and Fertilizers Control Amendment Act.

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

Bill 24—The Securities Amendment Act

Mr. Speaker: Bill 24, The Securities Amendment Act, standing in the name of the honourable Member for Fort Whyte (Mr. Loewen). Is there leave for the bill to remain standing in the name of the honourable Member for Fort Whyte? No? It has been denied.

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

Bill 31—The Medical Amendment (Physician Profiles and Miscellaneous Amendments) Act

Mr. Speaker: Bill 31, The Medical Amendment (Physician Profiles and Miscellaneous Amendments) Act, standing in the name of the honourable Member for Charleswood.

Mrs. Myrna Driedger (Charleswood): Bill 31 has come about because of Justice Murray Sinclair's inquest report on the pediatric cardiac deaths at Health Sciences Centre, and Paul Thomas has recommended that physician profiles be made accessible to patients.

This particular bill, Mr. Speaker, is enabling legislation and, as such, does not give much detail or description in terms of what sort of information about physicians is going to be made available in their profile.

It is particularly not clear at this time whether physicians' success rates and mortality rates will be included in the profiles. There is a working group with representatives from the College of Physicians and Surgeons, the Manitoba Medical Association and Manitoba Health who will be determining the content of the profiles and the venues through which they will be available.

The minister has indicated a little bit about what might be in the profiles, and he indicated that a physician's education, employment history and specialty might be some of the aspects in that profile, and any disciplinary decisions are also to be included. But the bill does not indicate any process through which experience of the hospital and/or surgical team will be made available. The minister has been unable to indicate precisely when the profiles will be available to the public and, when pressed about the cost of the particular project, said it would be in the millions of dollars.

The Minister of Health (Mr. Chomiak) has also made a statement, and I would quote his statement: I think it could be safely said, if all the measures we have put in place to this point had been put in place, it is highly unlikely we would have found ourselves in the position we did in the early 1990s.

Mr. Speaker, physician profiles will be useful to some degree, but I think the minister is presenting them as something more than what they really are. The baby deaths could have been prevented if the system did not fail, if Doctor Odim's references had been checked, if nurses had been listened to, if anesthetists had been listened to, if new doctors were monitored more closely.

Mr. Conrad Santos, Deputy Speaker, in the Chair

I had a very long conversation the other day with one of the nurses involved in the baby death inquest. She said, well, it is a small step to building accountability and transparency in the system. She did not feel that physicians' profiles would have done much to prevent the baby deaths.

Doctors reporting errors by other doctors is what needs to happen. Doctors listening to nurses is what needs to happen. Respect for skills of professionals one works with needs to happen. Formal performance appraisals, perhaps, for physicians would help where remedial action plans could be developed afterwards to deal with the weak areas of somebody's performance.

What we have heard so far is that the profile could include information about a doctor's

education, certification, recognition of achievements, convictions under relevant legislation, a description of disciplinary actions and medical malpractice judgments, but will these profiles show how often, for instance, a surgeon has done a particular procedure? Will it address success rates, mortality rates? Will it address how a hospital's program compares to those elsewhere? Nowhere in it does it mention the employment history of the physician. So one of the most significant elements of a physician profile, which is where that person has worked and what he has done within that practice, would not be available at all. I think that is one of the more significant points that have been left out. It also will not have any indication, it does not appear, of any surgical clinic affiliations or other hospital affiliations a doctor might have. Basically, Mr. Deputy Speaker, patients put their lives in the palm of the hand of a physician, so I do not think it is too much to ask for some of these qualifications.

One thing that is of particular concern to me and it was a phone call I had not long ago related to one of the doctors that had been involved with the pediatric deaths. That is the local cardiologist here who was the person that had been referring these patients to Doctor Odim, and, in fact, was an integral part of the whole process. This physician, following the inquest, has moved to the United States.

* (15:00)

I have been told that the site where he is now working in the United States has physician profiles. Do you know what, Mr. Deputy Speaker? Seven years of his Winnipeg experience is missing on that profile. I think that says a lot about physician profiles. If you can eliminate seven years of your experience and, in this case, it was seven years of experience that certainly would have acknowledged some of the problems that this physician had here, was basically left out, deliberately, of that physician profile. If a doctor can say, well, I had a bad experience for seven years and so I do not want that information on the profile, it is eliminated. So, then, what good are physician profiles?

This particular person, who was on the Web site and had noticed that this cardiologist, seven

years in Winnipeg, was not even on the profile, phoned down to where this physician worked in the United States and said, you know, what is happening here? This almost seems to be a lie by omission where this doctor has not put forward those seven years, which were absolutely crucial.

If we are saying that physician profiles are going to help us to address the challenges of people being able to determine a doctor's experience and a doctor by omitting this information therefore misleads about his experience, then physician profiles will have absolutely no validity whatsoever.

I stand back and I look at physician profiles and I ask the question: How would having that information on a Web site have prevented this from happening? There were so many other gaps in the system, so many failures in the system that if the systemic problems had been addressed we would not have been in the position of having the problems.

While I think the physician profiles in and of themselves will have some merit, I certainly question the degree of merit, because the minister is certainly making them out to be something that is going to be highly significant in preventing medical errors.

Mr. Speaker in the Chair

While I agree that there is certainly some merit to having more accountability in the system, more transparency in the system, it certainly is not the be-all and end-all and certainly may not in any way prevent some deaths.

I think you need to really address the systemic changes in the system which truly would have prevented those baby deaths, but also we have to look at the whole issue of medical errors.

I look forward to more opportunity here as we move through discussion on this particular bill. I look forward to more discussion about looking at outcome analysis. I look forward to more discussion on medical errors. I think we have to find ways to put more teeth into this particular bill, because right now with the bill the way it is and until the regulations come out

on it, we really do not have much of an idea as to what will be included in those profiles.

Those profiles could be very sparse, as many of them in the United States are, and therefore they will really be quite useless. If we want to make sure that they have some meaning to them, they are definitely going to have more teeth put into them. As this is only enabling legislation, Mr. Speaker, we are going to have to wait until the regulations come forward.

So I certainly look forward to what comments will arise out of committee on this. I do hope that we can have a good debate and discussion on it, but there is much work yet to be done in this whole area if we want to prevent future baby deaths or any other deaths.

Hon. Jon Gerrard (River Heights): Mr. Speaker, I rise to comment on Bill 31, The Medical Amendment Act. I am in general support of this legislation, but I do have some issues and some questions that I would like to raise.

First, I think it is important to recognize that in putting forward the physician profiles, as is being proposed here, that what is in those profiles is critically important. I think it is also important that there be some method of ensuring that what is present is accurate and complete. I think that, when we look at physician profiles and the results of physician practice, the outcomes as well as the incomes, that we should learn from what has been done in a number of jurisdictions.

I would include Ontario as an example. Though the Government has suggested that this is the first attempt to provide physician profiles in Canada, in fact, in Ontario, they have been reporting standardized mortality rates for cardiac surgery for a number of years. These are the results of physician practice. Although in Ontario they may at this point be reported by hospital, in many other jurisdictions these are reported by individual surgeons, in New York state, for example.

This reporting of standardized mortality rates has been done in Ontario and has proved in a variety of jurisdictions to have a beneficial effect on outcomes to decrease mortality rates, to

improve quality of surgery, to change patterns of practice so that the overall quality of care that is provided is indeed increased.

I believe that this is really the goal that we have here, that citizens of Manitoba want the sort of information that will give them a chance easily and quickly to determine whether this is the kind of physician or surgeon that they would like to have treating them.

The information needs to be presented in as standardized and as simple and as useful a way as it possibly can be. That is one of the reasons I suspect that Ontario and a number of other jurisdictions have moved to present standardized cardiac mortality rates, because in fact it has been proved and shown to be useful in decreasing mortality rates and effectively allowing hospitals as well as citizens to be on top of the circumstances in their jurisdiction and to make informed decisions about which surgeon or which hospital they would prefer to go to because of what is available publicly on the outcomes of medical practice.

So I would suggest that it is quite important when we consider legislation and the regulations which come from this that the goal here is to measure outputs in a simple, standardized way that will make a difference in terms of the quality of care and the practice and ensure that citizens in this province are informed as to the quality of care that is being delivered and be able to make informed decisions as to which cardiac surgeon, for example, they might want to be their surgeon.

I think, as we have seen in recent discussion of surgeons in Manitoba and the recent Krindle report on the handling of a particular surgeon, that the assessment of physician performance and the measures that are used to evaluate the work of physicians and surgeons are issues which need to be addressed carefully and with due consideration.

It is no longer good enough, I would say, that we rely on anecdotal opinions from individuals and that we in fact move to a circumstance where there is a clearer mechanism for assessing.

* (15:10)

I was quite surprised, for example, in the report of Justice Krindle, that there was not really a satisfactory resolution to the fundamental issue of whether the surgeon, Doctor Del Rizzo, was a good surgeon or not. There were certainly a number of complaints, but I think one has to be careful in terms of judging the complaints and evaluating the whole performance of a surgeon. Clearly, the problem here was not the job that Justice Krindle did. She was a very credible individual with a lot of integrity and addressed the question that she was given, the process, in a careful manner, as one might, from a legal perspective, was that process that was undertaken adequate.

Well, I would suggest, Mr. Speaker, that the problem was the way that the Government approached this, and the Government and the arm of the Government, the WRHA, set up a process which looked not at the question was Doctor Del Rizzo a competent and excellent surgeon, but looked, rather, at some peripheral issues of process and that, in trying to look just at the issue of process, the Government has missed the fundamental question. It is too bad that this Government tried to manipulate the results in this kind of political manipulation fashion because, when you do that, just as the Government did when it moved by stealth to spray people in Wolseley without proper notice at 3 in the morning, what you do is you undermine the whole system. You undermine the approach that we would like in this province, which is based on credible evaluation based on evidence.

I looked in the Krindle report, for example, to see whether there was numbers there for the mortality rates for the surgical procedures that were conducted by Doctor Del Rizzo and how these surgical procedures' mortality rates compared to other surgeons and to other jurisdictions, whether it be Ontario or New York or other places around the world, but that was not there. There was no objective assessment of how good a surgeon this is, that Doctor Del Rizzo is or was in fact now.

It was curious that, when asked point blank by Charles Adler on CJOB, Dr. Brian Postl, of

the WRHA, had to admit that for, at least some procedures, WRHA believes that Doctor Del Rizzo was a very good surgeon. Well, that is kind of interesting because it would have been important to have the ability to have an objective assessment. That really is the goal here when we are looking at physician profiles, to treat people, health care providers and citizens fairly and not try to manipulate things so that things are hidden or camouflaged or the way the Government would like to see them instead of what people, citizens should be able to get access to.

One of the areas, for example, that I had expected to see in the Krindle report was information or reports from the patients themselves. Surely, in a health care system, what we are trying to do is to do the best for patients. We are trying to improve the quality of care. As people like Janice Gross Stein have argued in *The Cult of Efficiency*, we need to look evaluate and respond to input from patients, from people who are using the health care system, because their input is fundamentally important. It is a measure of how well the system is working. People who use the system and receive care should not be forgotten in an evaluation.

We do not know at this point precisely what the Minister of Health (Mr. Chomiak) is going to put on these physician reports, but clearly one of the things that is needed in an objective evaluation of physicians like that of Doctor Del Rizzo is some measured input from patients. We do not know in the case of Doctor Del Rizzo, for example, to what extent this was even sought. It is not clear from the Krindle report. There are too many questions which are unanswered. It is too bad because it was an opportunity to bring closure to this issue, to have people in Manitoba know whether or not Doctor Del Rizzo was a good surgeon.

Clearly, the debate that echoed on CJOB and the discussion that has been in the media around this issue shows that it is still continuing, that there are many who are concerned that the way physicians are assessed is not done in an objective fashion as it might be. I suggest so long as that continues, we are going to have problems because one needs to have objective evaluation.

I was surprised in the Krindle report that there was no mention of evaluation of Doctor Del Rizzo's contribution in the area of research.

Research is the forward edge of where things are going in a medical surgical fashion, and it is my understanding that Doctor Del Rizzo has been involved in quite advanced research at the St. Boniface Research Centre, and indeed in conversations with Dr. John Foerster, I understand that he is quite well regarded.

Surely, if you are going to evaluate the performance of a physician like Doctor Del Rizzo, it should be done in an objective fashion and it should be done in a comprehensive fashion so that one knows what are the objective patient outcomes, so that one knows what do patients think about this physician. Was he a good doctor? Did he respond well to their concerns? We should know if this is a physician who was able to make contributions in research or not. These are kind of standard ways of evaluating physicians in work, partly in academic centre for a long, long time. What we do not know in terms of the physician profiles is whether these aspects are going to be included in any fashion.

Surely, it is a major shortcoming of, you know, what was in the Krindle report. I do not blame Justice Krindle; what I blame is the Government. The Government blew this. They made terrible errors in judgment in trying to manipulate results.

One of the other standardized ways of assessing physicians who work in academic centre is their contributions in the area of education. We have no idea whether Doctor Del Rizzo was or was not a good teacher. That is part of what he was doing, what his job was. I understand from second-hand that he was, from time to time, called in by surgeons because they valued his expertise.

* (15:20)

The circumstance here was that surgeons sometimes went to Doctor Del Rizzo because they valued his expertise. Yet we have no information that balances the information that is there. We have no real assessment of both sides. We have no standardized assessment of his contributions to education. It is my understanding that Doctor Del Rizzo was even given an award. I understand that it may have been by the Premier for his contributions. What a sorry state

of affairs when we cannot have in the physician profiles, the positive, the good things recorded about what physicians have done as well as the problems.

Clearly, what we want to create in Manitoba is an environment where we stress and support a positive environment for health care providers, where we acknowledge the positive things that people are able to do as physicians and as surgeons. In order to do this, we need to provide standardized approaches. In this respect, this legislation is doing the right thing, but the issue here is in the details. Are we going to get outcome approaches like standardized mortality rates? Are we going to get standardized assessments of individuals on an objective basis, on the reports from patients, on their performance in education and research, as well as on their surgical or other procedures?

Mr. Speaker, increasingly, when we are looking at the performance of physicians, they are working as part of a team, not just a local team but a cross-Canada network or team or an international team. It may be physicians and surgeons from the United States and Canada or sometimes even broader. In the case of Doctor Del Rizzo, there was a North America-wide database for cardiac surgery.

Surgeons work together to improve outcomes, to have standardized reporting so that people would be able to compare. These are the sorts of measures that are so important to have and to continue. It is troubling that there are rumours that this database is not being kept up as well as it might, and certainly from requests for access to information, the time to get that information, the difficulties in getting it, it is certainly consistent with the fact that the database has not been maintained. I would certainly feel that this general direction is the right direction, but it is tremendously important that we not only get the direction right but that we implement it.

I have seen many times in government where there may be good intentions, but they have gone awry in the execution. Clearly, this is an area where we need to work carefully together to make sure that the health care providers are treated in a way that is fair, that we are able to put and show positive things that people have

done, that we are able to provide the outcome results, so that we can, in fact, know and, indeed, celebrate the outstanding, positive achievements that many health care providers in this province have been able to achieve.

I think that in many areas we would find that the standards that are produced in this province are equivalent to anywhere in North America and indeed anywhere in the world. But it is this sort of comparison between here and elsewhere that is so important in being able to show that. Sometimes we know these results from research studies, research networks, databases which are built and work together with other centres. Clearly, this is an area where we need to make sure that, as we move on this bill and report outcomes and the features and the information about individuals' positions in this province, that we are, in fact, able to provide for people, citizens, patients, the kinds of information that will be useful, will allow people to make good decisions to improve the quality of health care.

One of our goals is to empower individuals to be able to look after their health care better. In being able to make choices among physicians based on good information, we will, in fact, not only improve individual care, but we will improve the overall care because this will become a part of the way that citizens in this province work and work to improve the quality of health.

So I support this bill and this legislation in a general fashion as a step forward. I think it is quite important how it is implemented, that, in fact, it is done in a fair way and that it is done in a way that will highlight the positive contributions in physicians, not just the negative aspect. As we move and look at other health care providers, perhaps in the future, we want to make sure that what we do here with physician profiles sets us on the right course instead of being an expensive operation which does not achieve what our real objectives are. Those real objectives are to have something which is simple and useful and looks at outcomes and performance and not just people's past history. Thank you.

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

An Honourable Member: Question.

Mr. Speaker: The question before the House is Bill 31, The Medical Amendment (Physician Profiles and Miscellaneous Amendments) Act.

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

Bill 36—The Drinking Water Safety Act

Mr. Speaker: Bill 36, The Drinking Water Safety Act, standing in the name of the honourable Member for Gimli (Mr. Helwer).

Is it the will of the House for the bill to remain standing in the name of the honourable Member for Gimli?

Some Honourable Members: No.

Mr. Speaker: No. It has been denied.

Mr. Glen Cummings (Ste. Rose): Mr. Speaker, I would only indicate that there are some aspects to this bill that we would like to pursue further at committee and recommend that this bill go to committee.

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

An Honourable Member: Question.

Mr. Speaker: The question before the House is Bill 36, The Drinking Water Safety Act.

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

House Business

Mr. Speaker: The honourable Government House Leader (Mr. Mackintosh) on House business.

Hon. Gord Mackintosh (Government House Leader): On House business, Mr. Speaker, would you canvass the House to see if there is leave to move to third reading of Bill 33, The Private Vocational Institutions Act?

Mr. Speaker: Is it the will of the House to go to third reading of Bill 33? [*Agreed*]

THIRD READINGS

Bill 33—The Private Vocational Institutions Act.

Hon. Gord Mackintosh (Government House Leader): I move, seconded by the Minister of Advanced Education (Ms. McGifford) that Bill 33, The Private Vocational Institutions Act, be now read for a third time and passed.

Motion presented.

Mrs. Heather Stefanson (Tuxedo): Mr. Speaker, I will be very brief just with a few comments on the record about this bill. Essentially, this bill is a response to some problems that have occurred as a result of the private vocational schools going bankrupt and leaving students without their tuition being reimbursed or having the opportunity to complete their courses.

In principle, we are very supportive of protecting our students and ensuring that they receive a quality education in our province, but there are, however, just a few concerns that we do have with the bill that I would like to just make mention of today.

In light of our dynamic and changing economy, the people of Manitoba are responding with demands for strong educational programs. Manitobans wish to be current in their education and kept abreast of technology and skills demands. The Minister of Advanced Education has said that her Government assists students in their quest for further education, but she has in fact in some ways, Mr. Speaker, done the opposite. I would like to just say that the elimination of the Manitoba learning tax credit is, in fact, taking, on average, about \$322 out of the pockets of post-secondary students in our province. I guess when things like this happen I question the commitment that this Government has to the students of our province.

Essentially, because this bill will require up to 1 percent of tuition fees to go towards a fund that will be set up to ensure that students can continue their education in the private vocational school area, I think one thing that is clear is that likely tuition fees will go up as a result of that. So I think it needs to be stated that tuition fees

are likely to go up in the private vocational schools as a result of the setting up of this fund.

* (15:30)

Bill 33 outlines legislation regarding the operation of private vocational schools. Vocational schools are a vital part of the education system of Manitoba. They offer a large variety of educational programs, from hairstyling to massage therapy to computer technicians. Vocational schools can be a viable alternative to university and community college programs. I would endeavour to see that Bill 33 respects the right of the students and protects them as they pursue a career. I think that that is prudent. But I would also like to see that Bill 33 ideally respects the vocational institution itself as a valuable and respected education source in our province.

Mr. Speaker, just to talk again just a little bit about some of the issues that we have a concern with, first of all the fact that tuition fees are likely to go up as a result of this, up to 1 percent of tuition fees going into a fund that will be managed, as I understand, by the Minister of Finance (Mr. Selinger). That leads me to another issue that I have some concerns with. In committee we introduced an amendment to the bill that would state that if the funds are not used over the next number of years for the purposes of the tuition fees as it is set out for in the bill, the question is what happens with the fund.

As I understand, it says in the bill that it would only be used for these purposes, but that does not prevent anyone on the government side of this House to essentially introduce a bill that would effectively allow them to be able to raid this fund. Given the fact that the Minister of Finance will be responsible for the management of this fund, I believe that, considering his track record with Manitoba Hydro, it would be prudent that this Government should have at least given consideration to our amendment that would allow more public consultation in the event of this Government seeing it incumbent upon themselves to raid this fund for the purposes of supporting their spending habits and their spending problems.

I think that was a concern of ours and is a concern of ours. I believe that, if the

Government did not have anything to hide, they should have supported this amendment. They chose not to, at the committee stage. I would ask: Why would they not support it, and what would they have to hide? I do not see why they would not support it, unless there is something to hide.

Just to let you know, there is an average of \$7,000 in tuition fees, and there are currently 4393 students that attend vocational schools in Manitoba, in 2001. If 1 percent of all the tuition revenues are going into this fund, that equals just over \$300,000 a year that will be going toward this fund.

Mr. Speaker, what happens if the fund is never touched? It leaves it open for this Government to essentially have the ability to go in and raid it. I just wanted to put that on the record, that we, on this side of the House, are not in support of this Government raiding funds, like the Minister of Finance and his Government has done with Manitoba Hydro. I believe that our job is to ensure that they not have the opportunity to do that and we prevent them from being able to raid these funds to support their spending problems.

Having said that, that is all I have to say to this bill today, Mr. Speaker. We are very supportive of the students in our province, and we want to ensure that they are able to continue on with the educational opportunities that are offered them through our private vocational schools in our province. Thank you very much.

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

An Honourable Member: Question.

Mr. Speaker: The question before the House is third reading—[interjection] Order. The House is not ready for the question.

Mr. David Faurshou (Portage la Prairie): I would like to stand the bill.

I move, seconded by the honourable Member for Charleswood, that this bill remain standing and debate adjourned.

Motion Agreed to.

Mr. Mackintosh: Mr. Speaker, would you please call debate on second readings of bills as they appear on pages 4 and 5, with the exception of 39, 41, 49.

DEBATE ON SECOND READINGS

Bill 37—The Non-Smokers Health Protection Amendment Act

Mr. Speaker: Resumed debate on second reading, Bill 37, The Non-Smokers Health Protection Amendment Act, standing in the name of the honourable Member for Charleswood.

Is it the will of the House for the bill to remain standing in the name of the honourable Member for Charleswood?

An Honourable Member: No.

Mr. Speaker: No? It has been denied.

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

Bill 38—The Public Health Amendment Act

Mr. Speaker: Bill 38, The Public Health Amendment Act, standing in the name of the honourable Member for St. Norbert.

Is it the will of the House for the bill to remain standing in the name of the honourable Member for St. Norbert?

An Honourable Member: No.

Mr. Speaker: No? It has been denied.

Mrs. Myrna Driedger (Charleswood): I just want to put a few comments on the record in regard to this bill. The goal of the bill is to reduce the supply of sniff to addicts, but there are certainly aspects of this bill that I am quite troubled with. I would like to put some of those concerns on record now, and I look forward to further comment on it once it reaches committee.

But this bill, as it appears right now, appears to be an attack on business.

It also has many aspects of concern to it, and, as I indicated, I would like to indicate what those are. This bill gives police and public health officials excessive power, and it can lead to a potential for abuse. It gives justices of the peace arbitrary reach in doing their job.

Mr. Speaker, the Manitoba Non-Potable Alcohol and Inhalant Abuse Committee estimates that there are more than 1400 everyday substances available for purchase that could be used as inhalants. So this certainly affects a lot of businesses out there, as many of them sell all of these substances.

Even in the *Winnipeg Free Press* they labeled an editorial that this law was dangerous. In fact, they indicated that it was a reach by this Government for desperate and offensive measures. They certainly took a great deal of offence to this particular bill, and, certainly, those concerns need to be heard.

This bill appears to target vendors, such as retail outlets and gas bars, where vendors are forced to determine if there is reasonable basis to refuse to sell somebody a product. Certainly, Mr. Speaker, we know there is already legislation on the books where people 18 and under are already affected by such measures. What this bill does now is it extends the age limit, and there is no age limit as to who can be targeted, if you like, as people who might be affected by the bill.

In fact, the bill, in itself, does absolutely, really, nothing to offer anything to addicts who are struggling with a sniffing problem. Certainly, we do not dispute that when it comes to addressing the challenges of people addicted to sniff, we recommend any kind of measures as long as they are certainly measures that have some direct benefit to addicts and do not unfairly target anybody in trying to address the situation.

* (15:40)

What this does which seems to be the usual way for the NDP doing business is when you find an intractable problem, then do something that affects business and attack the business

world. That seems to be coming through in this particular legislation without offering anything to the addicts.

It allows agents to enter premises and seize items when they have reasonable grounds to believe they are going to be sold for sniff, and, Mr. Speaker, this can be done without a warrant. It is up to these agents, whether it is police or public health inspectors, to determine what reasonable grounds are. That is so wide open to interpretation that you really have to wonder about people's rights.

If substances are seized, the matter then goes before a justice of the peace for resolution. Well, Mr. Speaker, this ends up being nothing more than a kangaroo court. A justice of the peace gets to uphold the seizure of these items. The justice is not bound by the rules of law respecting evidence applicable to judicial proceedings, which means that this turns out to be nothing more than a kangaroo court. Police are forced to rely and should be relying on more than hearsay evidence in building a case for prosecution. Then, when you take this forward before a justice of the peace for resolution, the bill really allows the trampling of due process.

The bill could end up seeing retailers defending themselves against cases that included anonymous resident complaints about sniffers regularly leaving a store with brown paper bags. This is certainly wide open to a lot of interpretation, and certainly an arbitrary reach by the justices. Upon a finding by a justice of the peace that a retailer's goods ought to be seized, the Province can then yank the vendor's sales tax certificate or licence, which means he or she cannot sell good or services. The very, very alarming part about that is that the order of the justice of the peace, even though it has been somewhat of a kangaroo court hearing, the order of that justice of the peace is final and is not subject to any appeal.

Well, certainly, due process, Mr. Speaker, appears to be trampled in all of this. Shutting down somebody's business is attack on their livelihood and that ought to require stronger protection against abuse than what this act affords. This bill gets rid of due process which is a fundamental right. I think that is probably what

led the *Free Press* in their editorial to label it a dangerous bill.

Certainly, this bill does not appear that it will really do anything effectively for somebody who is struggling with trying to deal with solvent abuse. In fact, it looks like an easy way out to try to make it look like a government is doing something, and it really is nothing more than a smoke screen. In the process it is trampling due process. It certainly is, by doing that, affecting rights of individuals.

I think it will be important, Mr. Speaker, to hear from people at committee. In fact, the Manitoba Métis Federation president, David Chartrand, believes that Aboriginals and Métis people are going to be unfairly targeted by retailers who are afraid of, as he puts it, being nailed in this situation. I think he is right when he says, I am leery of putting pressure on retailers to be judge and jury.

That is in fact what is going to happen. People are going to go into a store, they are going to want to buy something and it is up to the vendor to make the determination if this adult or this person of a certain culture might be sniffing. I think Mr. Chartrand has certainly made some solid argument in here that people might be unfairly targeted. Certainly it is putting a lot of pressure on a vendor to have to be judge and jury.

In fact, Mr. Chartrand has told us a story where he knows of one Métis man who was turned away at a Winnipeg drug store when he tried to buy cleaning supplies for his wife to use as cleaning supplies. Mr. Chartrand says he was torn to shreds. Here was a grown man, he was crying and embarrassed.

However, Mr. Chartrand says that much of the new bill is positive and there are aspects of it that perhaps have merit, particularly including going after people who buy solvents in bulk only to repackage them and sell them to addicts again. Definitely, the aspects of the bill dealing with that certainly do have merit. But there are a number of other aspects of the bill that really need to be addressed in more detail and we look forward to doing that at committee.

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

An Honourable Member: Question.

Mr. Speaker: The question before the House is Bill 38, The Public Health Amendment Act.

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

**Bill 40—The Highway Traffic
Amendment Act**

Mr. Speaker: Bill 40, The Highway Traffic Amendment Act, standing in the name of the honourable Member for Portage la Prairie (Mr. Fauruschou).

Is it the will of the House for the bill to remain standing in the name of the honourable Member for Portage la Prairie?

Some Honourable Members: No.

Mr. Speaker: No? Is it the pleasure of the House to adopt the motion? *[Agreed]*

**Bill 42—The Off-Road Vehicles
Amendment Act**

Mr. Speaker: Bill 42, The Off-Road Vehicles Amendment Act, standing in the name of the honourable Member for Portage la Prairie (Mr. Fauruschou).

Is it the will of the House for the bill to remain standing in the name of the honourable Member for Portage la Prairie?

Some Honourable Members: No.

Mr. Speaker: No? Is it the pleasure of the House to adopt the motion? *[Agreed]*

**Bill 45—The Budget Implementation and Tax
Statutes Amendment Act, 2002**

Mr. Speaker: Bill 45, The Budget Implementation and Tax Statutes Amendment Act, 2002, standing in the name of the honourable Member for Steinbach (Mr. Jim Penner).

Is it the will of the House for the bill to remain standing in the name of the honourable Member for Steinbach?

Some Honourable Members: No.

Mr. Speaker: No? Is it the pleasure of the House to adopt the motion? *[Agreed]*

**Bill 46—The Elections Finances
Amendment Act**

Mr. Speaker: Bill 46, The Elections Finances Amendment Act, standing in the name of the Leader of the Official Opposition (Mr. Murray).

Is it the will of the House for the bill to remain standing in the name of the honourable Leader of the Official Opposition?

Some Honourable Members: No.

Mr. Speaker: No? Is it the pleasure of the House to adopt the motion? *[Agreed]*

Bill 48—The Legal Profession Act

Mr. Speaker: Bill 48, The Legal Profession Act, standing in the name of the honourable Member for Fort Garry (Mrs. Smith).

Is it the pleasure of the House for the bill to remain standing in the name of the honourable Member for Fort Garry?

Some Honourable Members: No.

Mr. Speaker: No? Is it the pleasure of the House to adopt the motion? *[Agreed]*

Bill 50—The Resource Tourism Operators Act

Mr. Speaker: Bill 50, The Resource Tourism Operators Act, standing in the name of the honourable Member for Steinbach (Mr. Jim Penner).

Is it the will of the House for the bill to remain standing in the name of the honourable Member for Steinbach?

Some Honourable Members: No.

Mr. Speaker: No? Is it the pleasure of the House to adopt the motion? *[Agreed]*

Bill 51—The Statutes Correction and Minor Amendments Act, 2002

Mr. Speaker: Bill 51, The Statutes Correction and Minor Amendments Act, 2002, standing in the name of the honourable Member for St. Norbert (Mr. Laurendeau).

Is it the pleasure of the House for the bill to remain standing in the name of the honourable Member for St. Norbert?

Some Honourable Members: No.

Mr. Speaker: No? Is it the pleasure of the House to adopt the motion? [*Agreed*]

* (15:50)

Bill 53—The Common-Law Partners' Property and Related Amendments Act

Mr. Speaker: Bill 53, The Common-Law Partners' Property and Related Amendments Act, standing in the name of the honourable Member for Fort Garry (Mrs. Smith).

Is it the will of the House for the bill to remain standing in the name of the honourable Member for Fort Garry?

Some Honourable Members: No.

Mr. Speaker: No? Is it the pleasure of the House to adopt the motion? [*Agreed*]

Bill 54—The Legislative Assembly and Executive Council Conflict of Interest Amendment (Conflict of Interest Commissioner) Act

Mr. Speaker: Bill 54, The Legislative Assembly and Executive Council Conflict of Interest Amendment (Conflict of Interest Commissioner) Act, standing in the name of the honourable Member for Fort Garry (Mrs. Smith).

Is it the will of the House for the bill to remain standing in the name of the honourable Member for Fort Garry?

Some Honourable Members: No.

Mr. Speaker: No? Is it the pleasure of the House to adopt the motion? [*Agreed*]

House Business

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, on a matter of House business, it is that time of year for Interim Supply procedure, and I turn that over to the Finance Minister to move the appropriate motion.

Mr. Speaker: We will now move to Interim Supply procedure.

Hon. Greg Selinger (Minister of Finance): Mr. Speaker, I move, seconded by the Minister of Justice (Mr. Mackintosh), that the House resolve into Committee of Supply.

Motion agreed to.

COMMITTEE OF SUPPLY

Interim Supply

Mr. Chairperson (Conrad Santos): The Committee of Supply will come to order, please.

We have before us for our consideration two resolutions respecting the Interim Supply bill. The first resolution reads as follows:

RESOLVED that a sum not exceeding \$3,307,376,300, being 50 percent of the total amount to be voted as set forth in Part A Operating Expenditures of the Estimates, be granted to Her Majesty for the fiscal year ending the 31st day of March, 2003.

Does the honourable Minister of Finance (Mr. Selinger) have any comment?

Hon. Greg Selinger (Minister of Finance): No comment.

Mr. Chairperson: Does the opposition Finance critic, the honourable Member for Steinbach (Mr. Penner), have any comments?

Mr. Jim Penner (Steinbach): In addressing this need for finances, we are, of course, very concerned that the money is properly and wisely

invested and that it is well managed and that the taxpayers of Manitoba will be appreciative of the efforts of this House. Therefore, I think it is incumbent upon us to review some of the commitments and previous commitments of the Government and the advice that has been given to the Government and to examine the ultimate question. That is whether or not we are dealing with a balanced budget. In so doing, I ask leave to ask some questions in regard to this request for funds to the Government.

* (16:00)

My first question of the honourable minister is the issue of the effect on Manitoba of the federal accounting error. The error is described in the budget book as a federal-provincial tax collection agreement error where there was a transfer of funds made to Manitoba over the years relating to the method of taxation of mutual funds. We unknowingly received, and I do not know how that could happen, some large amount of money, probably in the area of \$400 million at one point between '93 and '99, which were the mutual fund trust capital gains tax refunds.

At some point it was indicated that the Budget could not be dealt with in a timely fashion this spring because of the error and the uncertainties around the error. We disagreed with that discussion because we felt that the uncertainties could be named as an asterisk item in the Budget and that it would indicate that the uncertainties of the federal transfer would be dealt with with certain options. In other words, there were things that we could do or could not do depending on how the transfer was handled.

I understand that the minister has made several trips to Ottawa, although, in the time that has elapsed, we also know that there has been a change in the federal Minister of Finance. The previous Minister of Finance apparently was giving some confidence that the issue would be dealt with in a reasonable fashion. At this time, we have a Minister of Finance who probably does not have that same commitment. So we are back into the area of more uncertainty. I think the people of Manitoba would like to know where they stand on the federal transfer error, the accounting error.

We actually do not believe that it is necessary to pay this back because historically that was not the way things were done. We also believe that the withdrawal of \$600-million worth of transfer payments in '94-95, which created a problem with Manitoba's Budget, \$600 million on Manitoba alone, was reason enough that the federal government should, after having withdrawn that money from our Budget, that was money from Manitoba taxpayers which they withheld to balance the federal budget, we believe that was an unfair withholding of money.

We were surprised that the Doer government almost seemed interested in willing to pay back this error money. We think it should have been demanded as an equalization payment for previous problems that were created by the federal transfers not being granted.

So the question I would have of the Minister of Finance is: Where do we stand in Manitoba today in dealing with this federal accounting error?

Mr. Selinger: I thank the member from Steinbach for that question. I have been in communication with the new minister of federal finance, Mr. John Manley. As recently as last week, we have discussed his plan to resolve this matter. I was in contact with him previous to that, right after his appointment. On both occasions, he told me that he was going to pay attention to this issue.

On the last discussion we had by telephone, he indicated to me that he has now been well briefed on the issue and understands it and gave me some comfort. He gave me no details, but he gave me some comfort that he thought the solution they were pursuing would be one that would not harm the interests of Manitoba in terms of its financial stability, that he had further consultations to do at the federal level before he could give me details. But he did assure me that he would, as soon as he nailed down some further support from senior officials in the federal government, be back to me about the details of what he was proposing and would give me a chance to react to it before he made any public announcements.

We have been in contact. I have received assurances from the new federal Minister of Finance that he is working on a solution that will not be negative for the province of Manitoba. I await further communication with him on the details of what that might be.

Mr. Jim Penner: One of the things we noticed in the last day or so is that The Consumer Protection Amendment Act, Bill 12, will be left probably to die on the Order Paper. This is an example of hastily prepared legislation, which, I think, is costly to deal with. It is costly to deal with in the House because now we have to go back to the drawing board. This has also been the case in several amendments, bills that had to be amended, like Bill 2. We are finding that not enough thought and research are going into the preparation of bills and even in the planning for the Budget.

We noticed that a fair amount of funds are being removed from Manitoba Hydro, which Manitoba Hydro has to borrow to replace. We are wondering with whom did the honourable minister consult before he balanced last year's budget with taking money out of last year's Hydro revenue.

Mr. Selinger: As I have indicated previously, last year was a year that was extremely challenging in the world, in terms of stability, both political and fiscal financial stability, in both the private and the public sector. The last budget before this one, we had predicted a slowdown in the economy from growth in the high 3% range to the low 2% range, about 2.4 percent. Then we had the tragic events of September 11 in New York City, which had a pretty dramatic and negative impact on revenues for governments all over the world, particularly in North America, but also had a destabilizing impact on financial markets and stock markets, et cetera.

What we started to see happening was a slowdown in certain types of revenues to the provincial government, particularly corporate income tax revenues. They dried up very quickly by 60 percent. This year's '02-03 Budget had a dramatic reduction in corporate revenues of 60 percent versus the last year. So we had to find a sensible approach to both managing costs and growth in expenditures and, at the same time,

stabilizing the finances of the provincial government.

Our consultations on how to do that included all the ministers of government, the caucus, the departments, the community through the budget consultation process, and many of the stakeholders of the Manitoba economy. People wanted us to manage spending. We brought in a spending increase of 2.5 percent, the lowest in over six years, and we also brought in revenue measures to stabilize our finances. One of the revenue measures was a draw from Manitoba Hydro based on their extremely healthy profits having exceeded their forecasts over the last six years and also the fact that they had built up retained earnings, which had not been distributed to the shareholder, of \$1.3 billion.

After all of those consultations across the system, we brought in a budget that we thought achieved those objectives of program and fiscal stability that Manitobans were looking for. We had to compare our measures we took with measures in other jurisdictions. In many other jurisdictions, there were some pretty dramatic increases in, say, things like health care premiums, and in Ontario there was a budget measure to privatize 49 percent of Hydro One. So we tried to take a balanced and sensible approach, and we believe we have done that.

Mr. Jim Penner: Thank you for that answer, Mr. Chairperson.

Among the stakeholders mentioned by the honourable minister, we might place the management and CEO and president of Hydro as a stakeholder. Would that be correct?

Mr. Selinger: There is no question that Manitoba Hydro is an important part of the Manitoba economy and one of the Crown corporations that the Government of Manitoba is very proud of. I meet with them on a regular basis and will continue to do so.

Mr. Jim Penner: In a conversation with Ms. Kathy Kalinowsky, on May 27, the question was asked: And the export profit payment for year 2002 is \$150 million. That would bring a total of payments to the Province by Manitoba Hydro to

\$354 million for 2002, and Ms. Carolyn Wray said, yes, might have to check that.

Ms. Kathy Kalinowsky said: And that is almost \$1 million a day.

Carolyn Wray: It is a very large proportion in relation to the number of days in a year, and that is correct; \$354 million in the year 2002, which is \$969,863.01 per day, or \$40,410.96 per hour, or \$673.52 per minute, or over \$700 per Hydro customer per year.

During that time of debate we brought this to the floor a number of times in Question Period. I am still thinking: Is not the cost of this money coming out of Hydro approximately \$1 million a day?

Mr. Selinger: The special payment that we are bringing legislation forward on is for \$288 million out of the \$1.3 billion of retained earnings that Manitoba Hydro has accumulated. It is spread over three years.

*(16:10)

Mr. Jim Penner: Mr. Chairperson, as a person who has tried to be a conscientious businessperson and always wanting to be a student and learn every day, I am often amazed at the statements that say, well, this is profits and that is coming out of the surplus money. Well, there are a couple of questions about the surplus money. One is that, for example, if a retailer doubles his business, he has to increase his facilities, he has to increase his inventory, he has to increase his staff. So the revenue increase or even the projected profits are often not nearly what they seem to be.

In the case of Manitoba Hydro, we know that with the increased demand for hydro and the increased supply there was a need for increased investment, there was a need to increase the number of times that the facility had to be repaired, and there was a need to ensure that the capacity was adequate. So, even when the so-called financial statement profits are indicated to be there, the cash may not be there. I have experienced that in my business. I see that this is what the officials at Manitoba Hydro are concerned with, that the cash actually was not

there. There was only \$14 million in cash, and the cost of increasing their trade, the cost of increasing export and so on required further investment. Now, this investment did not show up as a loss, it shows up as an investment, making the profit a non-cash profit.

I am just wondering whether the honourable minister could help us understand how this could be described as a surplus profit when in fact the cash was not there.

Mr. Selinger: Well, I think the member has in part answered his question in the way he described his situation in the retail sector. Manitoba Hydro generated cash from operations in 2002 of \$554 million. At the end of the year they indicate on page 46 of their annual report that they had \$14 million in cash left. The president of Manitoba Hydro indicated that when he gets cash he deploys it to the advantage of the organization. As the member from Steinbach has indicated, he deploys it for investments in Manitoba Hydro, but because of their ability to generate cash, and I note they generate \$1.86 billion in cash from customers up front, that he has been able to accumulate cash to handle the special payments.

Capital borrowing, as I have indicated in the House on more than one occasion, is an ongoing requirement based on a business-case basement of investments in the assets of the corporation. Those kinds of decisions will be made on a case-by-case basis on their merits as we go forward.

But Manitoba Hydro has generated quite a bit of cash, in the hundreds of millions of dollars, and it is through that cash flow that they are able to make this special payment. As the member has also noted, they have continued to be quite profitable, and that profitability has resulted in a growth of retained earnings to the tune of \$1.3 billion.

Mr. Jim Penner: The amazing thing is that the capital in a corporation is taxed in Manitoba, thereby discouraging that the capital be invested in Manitoba. That is called a capital tax.

I will get back to Hydro later, but I am just wondering do Crown corporations pay a capital tax.

Mr. Selinger: Manitoba Hydro pays a capital tax. It was a tax levied upon them by the former government.

Mr. Jim Penner: Although the capital tax was not uncommon some years ago, I think there are only two provinces left in Canada that have a capital tax, Ontario and Manitoba?

Mr. Selinger: I think we reviewed this question when we were in Estimates. On page D12 of the budget book, it has a line where capital tax is levied in provinces. We have a capital tax in Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia. So those are six provinces that still levy a capital tax.

Mr. Jim Penner: I think I do recall that now, and I do know that some of the capital taxes have been forecasted to be removed. It is certainly a disincentive. When I looked at the international capital tax, almost every country has dropped this.

You know, our Province needs income to face the challenges, as was mentioned, in health and education, and better facilities at Hydro so that we can improve our exports. But, to create disincentives through high taxes and through capital taxes, capital tax is a punishment for investing in a province in Canada, and we need more investment so that we can have more revenue.

Our income taxes have declined or the income tax that we collect has declined, so when I look at the overall picture of our taxes in Manitoba, I would not be very pleased to bring money in from a constituency or a tax regime where I did not pay capital tax, where I did not have to pay payroll tax and where I could rather invest that money into producing revenue.

So, when you take the money that is supposed to produce revenue and you tax it, then you reduce the amount of money employed. I do not think that is in the real interest of the people of Manitoba. The citizens of Manitoba do not want to kill the goose that lays the golden egg. We can appreciate more eggs if we do not kill the goose. Capital tax is like killing the goose that laid the golden egg.

I am just coming back to that because I am trying to understand how many ways Manitoba Hydro gets charged. Now we know that they pay a capital tax. What amount of money would that capital tax accrue to in one year, Mr. Chairperson?

Mr. Selinger: I do not have that information right in front of me. As I recall, and I am going from memory, I do not have the document in front of me, I believe that the corporation would pay in the order of \$36 million in corporation capital tax.

The other point I would make is they do not pay corporate taxes. If they paid the federal and provincial corporate tax, that would be equal to another \$93 million a year, but they do not pay that as a Crown corporation.

Mr. Jim Penner: Well, in a sense, we are talking out of both sides of our mouths here. Mr. Chairperson, we say that we have one of the lowest hydro rates in Canada. Our citizens in Manitoba pay less per kilowatt hour, I think, than anybody. Is that right?

Mr. Selinger: Yes, the published rates are the lowest in North America.

Mr. Jim Penner: I think there is a long history of different governments that have been able to produce this. It is an admirable thing, and it is an attractive thing, but I would really look at that as being the real dividend. The dividend paid by Manitoba Hydro to the people who own it, which is the people in Manitoba, the real dividend is the low hydro rate. The low hydro rate is one that helps people improve their disposable earnings. Still, Mr. Chairperson, our disposable earnings are sometimes brought into question when we look at the tax-freedom day for Manitobans. Do you know that, in spite of the fact that we paid for, last year, \$150 million out of Manitoba Hydro as an additional tax, plus a 0.3% capital tax out of Manitoba Hydro, plus water rentals of about \$100 million, plus a guarantee fee for the borrowing that Manitoba Hydro had to do, so the total amount of money extracted from Manitoba Hydro is much more than the \$288 million. Then you add on the interest that we will pay on the repayment of that loan over the next eight or ten years, and you

more than double the \$288 million with the interest.

* (16:20)

I think that our tax-freedom day for 2002 in Manitoba is June 26, Mr. Chairperson. June 26, we quit paying taxes in Manitoba. That is how long our earnings went to taxes. That is just an amazing amount of time for people to work and not actually be able to accumulate money. From June 27 to the end of the year, we now work for ourselves. Up until then, we have been working for the tax regime. That is why it is so important that we spend money wisely. In Saskatchewan, it went until June 22, four days sooner than we had. In Alberta, they have paid taxes until June 21, five days before we had tax-freedom day. In Nova Scotia, they had tax-freedom day on June 17. They had nine more days than we did. In New Brunswick, they had tax-freedom day on June 8. They got 18 more days than we did. Prince Edward Island, June 5, they got 21 more tax-free days than we did. So our tax freedom came in Manitoba on June 26. Granted it is in the record that Ontario is one day later and B.C. was three days later. B.C. is definitely trying to recover from a very awkward situation where they had an NDP government for two terms that just sank the province, just absolutely sank the province.

The one thing that we have not figured out is we need to relate the money out of Hydro as a tax. The citizens of Manitoba own the Hydro. They own the facility. They get their dividend by getting a low rate on their per kilowatt hour. That is admirable and that is appreciated. But now that we have taken and boosted our tax revenue by making Manitoba Hydro borrow money, I am wondering if that should not be added on our budget as additional tax so that we correctly identify what the shortfall was in the Budget for 2002.

Mr. Selinger: I would ask the member from Steinbach, who, I believe, other than the occasional rhetorical flourish, tries to be fair, to consider the following: The guarantee fee is in exchange for the Crown corporation borrowing at the Crown rate, which gives them a 25-basis-point advantage. I know the member from Steinbach appreciates what 25 basis points is in

borrowing. That saves them approximately \$20 million a year in borrowing costs compared to having to do it under their own name without the guarantee of the Province of Manitoba. The guarantee fee is something for which they get good value. They save money over the alternative of not having the guarantee made by the Crown and their having to go to the market for borrowings on their own.

I do not think we can say that is a tax. It is a fee for an exchange of service where they get value out of that service. They get real, tangible financial benefits out of that service. When we understand it that way, we know that it is a good deal for Manitoba Hydro. It allows the Province of Manitoba to get some fees for the services they provide Manitoba Hydro.

I should mention that the Treasury Division of the Department of Finance is a very able group of professionals who are extremely skilled in the art of borrowing money at the lowest possible cost and financing the needs of the Crown corporations and the Government of Manitoba for capital and reduction of the debt. They are among the best in the country, even though they are a small shop. There is real value there.

Manitoba Hydro also does not pay income taxes as a corporation. That saves them \$93 million a year. That \$93 times 3 would be equivalent to the special payment. You could argue that if Hydro was paying its taxes like any other corporate citizen of Manitoba, they would have the same obligation, but they would have had it from the time they were incorporated in 1951 to now. They have had a huge advantage. I have had some people say that they have a competitive advantage because they do not pay corporate income taxes.

There are significant advantages to Manitoba Hydro being a Crown corporation and having the benefits that the Government offers to them in terms of Crown borrowing rates and the requirement that they do not have to pay corporate income taxes. When you look at it that way, it is a win-win situation for the Crown and for the people of Manitoba through its government.

Mr. Jim Penner: I think too that Manitoba Hydro is a win-win situation except when we balance the Budget using the revenue that has to be borrowed. However, often the answer is, you sold MTS, when one side of the House is speaking to the other side of the House. You know what? Saskatchewan did not sell their telephone system, but it is so high-tech and competitive that it belongs in a free enterprise world. So what happened? Do you know that Saskatchewan Telephone System is now a worthless piece of junk?

We have revenue. We are getting revenue from the Manitoba Telephone System. We are getting revenue every year; \$71 million dollars was their last tax payment. I am so proud of the fact that we took the right steps to make Manitoba Telephone System a contributor and a profitable thing for the province of Manitoba, instead of doing what Saskatchewan did under an NDP government—hang on to it until it dies. It has no real value anymore because they have outdated technology and they have not been able to stay up with the competition in a very competitive field.

I believe that Manitoba Hydro is not subject to the same problems that Manitoba Telephone System was subject to. Manitoba Telephone System is now a contributor to our economy. Saskatchewan has kept their telephone system and it is not a contributor.

So I think we went the right way on that one, and I think we have done the right thing here, too, and that is we do not want to sell Hydro. Manitoba Hydro is a gem in our crown. Certainly, some day we will be exporting more and more hydro and we might even be selling some water.

But out of my concerns for good management and balanced budgets, I just stumbled across something for Manitoba Trade and Investment Corporation. I noticed that we have had junkets. We have gone to Dallas, Texas; we have gone to Los Angeles, California; we have gone to Iceland.

* (16:30)

Our marketing people from the Province of Manitoba, our MLAs and our Premier have gone

to Iceland. They have gone to Germany in August and September of 2001. They went to Belgium. In 2001, October, they went to Jalisco, that is a state in Mexico. Then later on they went to the Havana International Trade Fair in November 2001.

One of the places that I have enjoyed going to over the years, and I got caught on a financial thing, I was giving a tour in the Kremlin one day. Because I had been there so often, I was going to give my friends a tour. I got caught without a license for being a tour guide.

But, I noticed a Team Canada mission went to Moscow in February 2002. Moscow, in Russia. Then they went to Berlin and Munich. So I see a lot of junkets. This is just under one department, this is just under the Manitoba Trade and Investment Corporation.

Do we have any examples of what was accomplished, let us say on the trip to Moscow? Are there any examples of what was accomplished, let us say on the trip to Moscow?

Mr. Selinger: Well, I am not sure which specific trip you are referring to, but one of the trips that was taken to Moscow and to Russia, generally, was Team Canada. That was a trip sponsored by the Prime Minister of Canada. The Premier attended that. Several deals were signed over there by many of the participants in that Team Canada mission, including companies from Manitoba who signed off contracts, not just in Russia, but in the Ukraine as well and Germany as well.

So I think what we are seeing here in these trips is specific preparation work to build economic relationships and economic benefits to both Manitoba and the country that we visit through trade. As the member from Steinbach knows, trade relationships are crucial to adding value to the Manitoba economy and allowing Manitobans to have a high standard of living and a good income based on the kinds of trade relationships we have.

So, yes, there have been trips taken. You are into a department that does travel, but they travel for very specific trade-related purposes in order to expand markets for Manitoba companies and

to build productive long-term relationships with those markets and those communities that will be to the benefit of all Manitobans.

Mr. Jim Penner: Mr. Chairperson, the information I had in writing here was that it says the Premier-led delegation to Moscow, and then it says the Premier-led business mission to Iceland. Then it says that the honourable Minister of Industry, Trade and Mines led a business mission to Jalisco. It will be interesting to see if there was a financial benefit to business in Manitoba because this is costing our taxpayers money. Revenue that probably could be used for health and for education is being spent on trips. I am just wondering, is there any payback on this investment?

Mr. Selinger: Yes. I am sitting with the Minister of Industry, Trade and Mines (Ms. Mihychuk), and she is indicating to me that the trips that she has been on have been trips for which there has been careful preparation and participation by corporations and members of the business community. As a result of those trips, led by the Government of Manitoba, there have been specific business relationships entered into in those communities, in those markets, essentially. She would be happy to discuss the full details of the value derived from those trips and memorandums of understanding that have been signed in those provinces, such as Jalisco. She will be happy to discuss the details of that in her Estimates, which have not yet come forward. She is confident she can show that we have got value.

For example, in the Jalisco one, there are tourism advantages, there are agricultural advantages, there are industry advantages, there are technology transfer advantages, there are educational institution advantages. We have been told by the business community that they appreciate these government-led missions because it gives credibility to their efforts and opens doors to those markets for Manitoba businesses, and that will help the entire Manitoba community flourish and provide the resources we need to afford things like health care education and strong communities.

Mr. Jim Penner: I guess I have a bee in my bonnet because I did not get a chance to go

along and be the tour guide, but I have been visiting some of these countries over the years and specifically Russia since 1990. I have been part of a number of business projects over there, and we have tried to relate to these people. We have done educational work, and we have done CEDA, MEDA work, and we have really tried to be of support to countries.

Never, in the history of this world, has a country had an economic revolution and a political revolution at the same time without severe bloodshed. This is what we are trying to accomplish in Russia, but I have been so unsuccessful. We had \$9-million worth of CEDA money in Moscow running a business incubator. That was being managed by MEDA, another organization out of Canada. Suddenly, the Soviet government decided to tax our \$9 million, which was money that belonged to the Canadian government and the CEDA organization, matching grants, and so we had to move it out to Romania. It was the quickest move we could make. We had to remove our facilities to Romania as well.

Mr. Chairperson, this has been my experience with working in Russia over the years. That is why I found it rather interesting to note that the Manitoba taxpayers had paid for these junkets. I am just using a term that I have learned from the opposite side. I keep wondering whether we are getting good value for the investment. I think it is a good thing to try to do it, but you want to get into the detail and find out at what point you are actually accomplishing something. Having brought that to the attention of the people in the House, there is a question I have about the guarantee by the Province of Manitoba of a line of credit provided by the Royal Bank of Canada to Venture Manitoba Tours of \$1.426 million on April 4, 2001. I am just wondering if the Minister of Finance could explain how that guarantee works..

Mr. Selinger: Did the member ask me how the line of credit works for Venture Tours?

Mr. Jim Penner: Is that money at risk? That guarantee, does it put the Province at risk?

Mr. Selinger: Any line of credit or loan guarantee we provide to an organization such as

Venture Manitoba, which is a Crown corporation, does have some risk attached to it, because it depends upon the ability of that organization to generate a profit or a surplus.

Venture Manitoba has been struggling in the last couple of years. Parts of the operation are quite profitable, such as the Falcon Lake Golf Course. It is one of the premier golf courses in Manitoba and does very well. The Hecla Island Golf Course also does quite well. Where there has been a problem is in the hotel operation at Hecla Island. There was some bacterial contamination two winters ago which, when finally analyzed, was not due to the operation itself generating that problem, but it was imported into that operation by people visiting there. That reduced the number of bookings for rooms, and as a result of that slowdown in business, there were some revenue challenges there. But on examination of the operation, it was recognized that there was a need for some capital improvements there to prevent these kinds of incidents from happening in the future. So there have been some capital upgrades made to the Hecla Island hotel operation, and there remains a challenge to sort of build up the business again to make it profitable overall.

* (16:40)

Mr. Stan Struthers, Acting Chairperson, in the Chair

Mr. Jim Penner: One last question before one of my colleagues takes over, who has more background in finance, having been a former minister.

Mr. Chairperson, I notice that there was an advance by Order-in-Council by the Province of Manitoba under the Manitoba Industrial Opportunities Program to New Flyer Limited. The purpose of the loan is to supplement working capital. MDC acts as agent for the Province. That amount is \$20 million.

Can the honourable minister tell me whether that is a loan? Is it repayable, or is it a grant?

Mr. Selinger: To cut to the chase, that is a repayable loan, and that loan was part of an overall recapitalization program where venture

capital came in from a New York firm and ownership shifted in that organization to that venture capital firm. So there was about \$46 million of private capital that came in, as well as some of loan through the Government of Manitoba, a loan authority, and we have stabilized that corporation. Parts of the arrangements are to include keeping a thousand jobs in Manitoba, the head office and the research facilities all here in Manitoba.

As you know, New Flyer is a company that has a premium product, and it is just slightly ahead of the market in innovation. It is always bringing out new products which are highly desirable, bus products in the marketplace. Right after we restabilized and refinanced that organization with private investment, New Flyer has also brought out a state-of-the-art bus, which, they think, will be a very attractive product in the future. So it allowed a company that had been very successful over the last 15 years, but which was short of working capital because of its dramatic expansion and its productivity and the product it produced to recapitalize and continued to operate in Manitoba.

Mr. Jim Penner: Now this is my last question. Would the taxpayers of Manitoba lose this \$20 million today if New Flyer went bankrupt?

Mr. Selinger: It would depend on what the assets were at the time if the company went—it is a hypothetical question. Should I answer a hypothetical question? Probably not. But the specifics of what would happen to the \$20 million would be dependent upon the assets available for liquidation at the time of wind-down.

We are, however, optimistic that the order book is filling up again for New Flyer, that the product is a highly desirable product in the marketplace and that it now is properly capitalized with sufficient working capital. It has strengthened its management there and continues to have the participation of the previous owner as chairperson of the board. He is a very innovative individual in terms of the products he has developed on the research and design side. We have every confidence that the company will continue to be a strong contributor to the Manitoba economy and bring significant export revenues back to Manitoba.

Mr. Harold Gilleshammer (Minnedosa): Earlier in the afternoon we talked about the legislation to do with the adult learning centres. I would like to ask the Minister of Education about the Ferris report. Can he indicate what the purpose of commissioning that report was?

Hon. Drew Caldwell (Minister of Education, Training and Youth): Mr. Acting Chairperson, as members in the House may recall or the Member for Minnedosa may recall, we inherited a system of adult learning centres in the province that had no legislative framework, no framework for fiscal accountability, no framework for program accountability. That particular system, upon being elected to office the integrity of that system, I suppose, was challenged on numerous fronts. We felt it prudent as a new government to undertake some assessment of the system of adult learning centres in the province that we inherited from the members opposite when they were in office. The Ferris report was part of that undertaking to get a handle on what indeed was the system of adult learning centres that was established by members opposite.

Mr. Gilleshammer: That report was called for in the fall of 1999. It followed the Deloitte report that came in probably in November of 1999 indicating overexpenditures in the Department of Education vis-à-vis the adult learning centres. The Ferris report was quoted in the Auditor's report. He pointed out the lack of structure that allowed for this development. It developed without that structure and was an accurate, I think, perception at that time that was copied in the Auditor's report. Can the minister indicate what else the Ferris report described about adult education in Manitoba?

Mr. Caldwell: The Member for Minnedosa is quite right. There was an identified overexpenditure of some 100 percent on adult learning centres from budget to actual expenditures identified by the Deloitte & Touche financial review of the state of the Province's finances that we inherited from members opposite when they were in office. Indeed, that fact was primary amongst the reasons that we, as a new government, began an assessment of the structure and the operation of adult learning centres in the province. It is not often that you have got a situation where you have got a \$6-million budget

and \$12-million expenditure for an area of government. That was, quite frankly, shocking news to me, as the new minister, that there was that extent of a budget of \$6 million and an expenditure of some \$12 million. It surprised me quite profoundly. I do not have a copy of the Ferris report with me right now. That report is two and a half years old, but I can endeavour to get a copy of the Ferris report so that I can remind myself as to what indeed was in it.

Mr. Gilleshammer: If the minister can recall, from the Ferris report, the Ferris report pointed out, I think, a lot of positive qualities that were happening within the adult education system. The Ferris report did not do a financial analysis of it, but, I think, indicated that, in this adult education, Manitoba had developed some very positive things that could be used as a model for other jurisdictions in Canada in that adult education is a challenge right across the country, in that these are disadvantaged people who have had a difficult time in life. I am just wondering if the minister can confirm that, by and large, the Ferris report was a very positive one as referencing the types of education that was being offered in the adult education centres.

* (16:50)

Mr. Caldwell: As I said, in response to the last question, I do not have a copy of the Ferris report. It is quite some time since that report was released, and much water has flown under the bridge since that time, but I will get a copy of it this evening and take a look at it to refresh my memory. The last period of time in terms of adult learning in this province, my preoccupation has been dealing with the recommendations of the provincial auditor's report and the concerns of the provincial auditor raised around adult learning centres, but I will get a copy of the report out of the archives or the files after the session ends here this afternoon and take a look at it this evening.

Mr. Gilleshammer: Earlier in the week, we had the pleasure of meeting with the provincial auditor in committee, and he went over many aspects of his report. One of the conclusions he reached was a range of overpayment to Morris-Macdonald School Division from, I think it was, \$2.4 million to \$4 million. Has the minister done

any work in terms of understanding that amount and indicate what is the level of repayment that he is requiring from Morris-Macdonald?

Mr. Caldwell: In reference to the amount of public dollars that was identified by the provincial auditor as being of concern to the provincial auditor and, therefore, of concern to this Government, being responsible for taxpayer dollars, the figure identified by the Auditor was in the range of \$2.5 million to \$4 million.

In the interests of fairness and balance to the ratepayers and taxpayers of the province of Manitoba, all of our individual constituents who are out, in the range identified by the provincial auditor, of significant dollars, balancing off that broad interest with the concern for the stability of the classrooms in Morris-Macdonald, the children in Morris-Macdonald and I suppose the ratepayers of Morris-Macdonald, we opted to seek redress for the minimum figure identified by the provincial auditor. There was an announcement made on that some months ago.

Mr. Gilleshammer: So am I given to understand that you did not go through any further process of examination of those numbers? You simply have accepted the lower of the two figures as your repayment request?

Mr. Caldwell: I believe this Government has confidence in the provincial auditor's report, as was presented to this House, on the issue of Morris-Macdonald.

Mr. Gilleshammer: Well, I am asking the minister the question: Did you have any further process to shine a light on these numbers, or did you simply say in your decision making we are accepting the lower number and that is what we are asking for repayment?

Mr. Caldwell: Of course, we reviewed the entire report as submitted by the provincial auditor. We have legislation before this House this session that will address the recommendations, as outlined by the provincial auditor in that report, to bring some legislative framework to the adult learning centres in the province of Manitoba.

We determined that the lower figure identified by the provincial auditor would balance the interests of children in Morris-Macdonald in the schools of Morris-Macdonald and provide for our overarching concern of maintaining stability in the public school system in Morris-Macdonald. The other part of this equation, I suppose, is providing some restitution to the taxpayers of the province of Manitoba who are out between \$2.5 million and \$4 million, as identified by the provincial auditor.

So we did have a considerable deliberation, certainly, in my office around fairness on this matter, responsibility on this matter, accountability, and determined that in fairness to ratepayers of Morris-Macdonald, that the low figure, as identified by the provincial auditor, would provide those ratepayers with the least possible impact.

At the same time, the taxpayer of the province of Manitoba would be provided with some justice in terms of the gross amounts of money that were seen as being cast astray I suppose, the figure being \$2.5 million to \$4 million. So the lower figure was determined as being one that would be balanced and fair vis-à-vis responsibility to the provincial taxpayer and responsibility to the ratepayers of Morris-Macdonald.

Mr. Gilleshammer: I thank the minister for indicating what decision was made. I am asking if he had any outside help. Was there an accounting firm brought in to look at the numbers? Was there anyone outside of government that examined the Auditor's numbers before you made that decision?

Mr. Caldwell: Well, the provincial auditor is an independent officer of this Legislature. I, personally, have full confidence in his ability to act in the public interest. We accepted the Auditor's report in its entirety.

Mr. Gilleshammer: Is the minister indicating that there was not any outside accounting firm that was brought in to give an overview of the Auditor's report? He does not have to give the Auditor any more platitudes. We agree with him, he is independent, he is a servant of the Legislature. I am just asking, before you announced

what your decision was, was there any firm outside of government that came in to give you any assistance, direction, overview of those numbers?

Mr. Caldwell: We took our assistance and direction from the independent officer of this Legislature, the provincial auditor.

Mr. Gilleshammer: I think the minister could answer yes or no. Were there any services required from anyone outside of government, outside of the Auditor's office to advise him on those numbers, or did he simply make that decision internally?

Mr. Caldwell: I suppose I feel like I have likely answered the question, but I will say it again. We accepted the recommendations and the conclusions of the provincial auditor's report, and we acted upon those conclusions and recommendations.

I think that this whole affair has been an unfortunate one for many individuals frankly as this debate has gone on over the last year and a bit but also an instructive one in terms of the management and accountability of educational dollars. The conclusions of the provincial auditor's report were accepted in their entirety by this Government. The recommendations made by the provincial auditor have found their way into legislation that is before this House this session. The amount of restitution to the provincial Treasury was determined to be in the interests of fairness for all ratepayers involved and the stability for the public school system determined to be the minimal amount identified by the provincial auditor. This Government and myself as minister have confidence in the conclusions reached by the provincial auditor, the recommendations made by the provincial auditor, and we acted on those conclusions and recommendations.

Mr. Gilleshammer: A question for the Minister of Finance. Can the Minister of Finance indicate if he is aware of any outside firms that came in to overview the report that the provincial auditor provided before that final determination was made?

Mr. Selinger: Yes, could the Member for Minnedosa just repeat that question? There were some moving parts here.

Mr. Gilleshammer: The Minister of Education has said that the Government accepted the report of the provincial auditor in its totality. I am asking the Minister of Finance: Is he aware whether any outside firm, any outside advice was sought to look at the Auditor's report to determine whether the minimum number or the maximum number would be accepted by government?

Mr. Selinger: I do not believe there was outside advice sought on that. I believe the Government took the advice offered to us by the provincial auditor on the range, and as you know, the Government accepted the low end of that range.

Mr. Gilleshammer: So the Minister of Finance is confident that no accounting firm was used to look at those numbers before the final determination was made of which number to accept?

Mr. Selinger: Not to my knowledge.

* (17:00)

Mr. Gilleshammer: The Auditor indicated that there were third-party partners within the adult education system.

Mr. Chairperson in the Chair

Is the Minister of Education aware of what portion of this money would have been flowed through to some of the partners who were involved in the adult education system?

Mr. Caldwell: Well, it is important to note that the responsibility for the management of public dollars is fully borne by the elected trustees that are charged with management of those dollars. Oversight and management of public dollars are, and is, the responsibility of elected trustees.

The school division in question is the responsible party, or was the responsible party, for these dollars. In terms of their relationships with third parties, that is a contractual relationship between the former Morris-Macdonald

School Division and any third parties that may have been engaged by that school division.

I should add to the Finance Minister's remarks that the department relied, and has relied, on the work done by the Auditor General in determining all recoverable amounts. It is important to note that, as the Auditor does, given the absence of records and/or concern regarding the completeness of records noted by the Auditor on behalf of the Morris-Macdonald School Division, and the former Morris-Macdonald School Division, I reference in particular pages 27, 55 and 61 of the Auditor's report on the Morris-Macdonald School Division, it would be very questionable productivity, if any productivity at all, to conduct further examination. The Auditor is quite damning in his notations involving the absence of records, or the incomplete nature of records kept by the former Morris-Macdonald School Division.

So I think that in terms of the Auditor's report in adult learning centres, we were dealing with the system that was put into place with no legislative framework, no framework for program accountability, no framework for fiscal accountability. There were tens of millions of dollars that flowed out the door previous to some accountability protocols being put in place. That, in no small way, is the reason for this entire sorry affair to begin with.

Mr. Gilleshammer: So the minister recognizes that some of the money flowed through Morris-Macdonald School Division to third parties, but feels that that is not the responsibility of the department or himself, who knew about this in the fall of 1999 and the winter of 2000 that there were overexpenditures, that there were partners who were benefiting from this.

I believe his public advice is that individual citizens should sue to get this money back again. Is that the official stance of the minister and the Government of Manitoba, that ratepayers in the R.M. of Macdonald and the school division of Morris-Macdonald should take legal action to recover this money from these third-party partners?

Mr. Caldwell: In fact, subsequent review of this issue has determined that alarm bells and red

flags were being raised in 1998 on some of these issues. It is a mystery to me to this day why the government of the day did not act to put into place the regulatory framework, and indeed accountability framework, for a program of fiscal accountability during their time in office. They did not, and those protocols have been put into place over the last two years and will culminate, at some point, with the passage of legislation giving the legislative framework to the adult learning centres in the province of Manitoba.

In terms of holding parties accountable, there is a RCMP investigation into this matter ongoing right now and, like my confidence in the provincial auditor, I have confidence in the Royal Canadian Mounted Police to undertake a thorough investigation of this matter.

Mr. Gilleshammer: Well, given the minister's confidence in the RCMP, why did you not wait for that report before you acted and demanded that Morris-Macdonald repay this money when the investigation has just barely started and is going on at the present time?

Mr. Caldwell: The investigation by the RCMP is a criminal investigation. The provincial auditor clearly identified massive, well, unprecedented dollars, \$2.5 million to \$4 million in terms of education dollars being utilized or directed for purposes which the provincial auditor had pretty significant concerns about. So I expect the RCMP will undertake their investigation into the criminal elements of this affair with their usual due diligence and care.

I am confident that it is in the public interest to recover funds, as I said, in a balanced and fair manner for Manitoba taxpayers as well as Morris-Macdonald taxpayers and, in particular, keeping some stability in the public school system in the classrooms of Morris-Macdonald.

Our duty as a government is to have fiscal accountability and fiscal responsibility and exercise that accountability and responsibility. That is indeed what we have done in this instance in a manner that is fair and balanced.

Mr. Gilleshammer: So, if I understand the minister correctly, the reason you are not

pursuing the third-party partners is because there is a police investigation going on.

Mr. Caldwell: There is a police investigation going on. That is quite right and I expect that that will be carried out in a diligent and responsible manner. I also note that, first and foremost, these dollars did not flow from the provincial government to third parties. These dollars flowed from the provincial government to the Morris-Macdonald School Division. How they were managed in terms of the school division is entirely separate from this House.

Mr. Gilleshammer: So your stance in the media was that individual ratepayers should sue to have this money recovered. That it is not your responsibility but it is the board's responsibility. The board has been fired, no board exists, so individual ratepayers, potential candidates, other citizens should in fact be suing these third parties that received most of this money.

Mr. Caldwell: Well, Mr. Chairperson, we dealt with this issue in Question Period quite some time ago. There were, as I recall, a number of Question Periods where I suggested that I would not have words put into my mouth by the Member for Minnedosa (Mr. Gilleshammer) or the Member for Russell (Mr. Derkach). That remains my position.

Mr. Gilleshammer: Well, what is the minister's position? Is it your position that ratepayers should go hire lawyers and go through the courts to have this money recovered on behalf of the school division?

Mr. Caldwell: My position and the Government's position have been articulated in our response to the provincial auditor's report, and that is contained within the legislation before the House, the regulatory framework that has been put into place since our assumption of office in the fall of 1999 and the recovery of the minimum amount as identified by the provincial auditor from Morris-Macdonald School Division, the former Morris-Macdonald School Division, the party which was the recipient of provincial dollars.

* (17:10)

Mr. Gilleshammer: Well, I would like the minister to focus his mind on what he said in mid-April of this year, where you are quoted as saying school board candidates and ratepayers could sue Morris-Macdonald School Division's former partners in its adult education network for restitution.

You said that in mid-April. Is that the stance of the ministry, the department, the Government, that these individual ratepayers should be suing?

Mr. Caldwell: I have already answered this question today as well as in previous Question Periods.

Mr. Gilleshammer: Well, the fact is you did not answer it before. You did not answer today. Do you stand by those comments, that individual ratepayers should be suing the third-party partners for restitution?

Mr. Caldwell: It is my position and the Government's position that we stand by the provincial auditor's report, and we are taking action in the court with that report.

Mr. Gilleshammer: My question has nothing to do with the provincial auditor's report. My question has to do with the words of the Minister of Education (Mr. Caldwell) where the minister is quoted as saying that school board candidates and ratepayers should be suing for restitution. Did you, in fact, say that?

Mr. Caldwell: Well, Mr. Chairperson, I think that there is obviously an issue of accountability that we are dealing with in this issue. We inherited as a new government a system that expended tens of millions of dollars with no legislative framework, no fiscal accountability, no program accountability.

We subsequently were advised by Deloitte & Touche, subsequent to forming government, that there was an overexpenditure of 100 percent in this area, the adult learning centre area. Subsequent to that, there was an unprecedented review by the provincial auditor, the Auditor General, into the operations of the Morris-Macdonald School Division. That report concluded there was \$2.5-million to \$4-million

worth of provincial taxpayer dollars that were of considerable concern to the provincial auditor.

We chose as a government to recover from the responsible party, the Morris-Macdonald School Division, the minimum amount identified by the provincial auditor in fairness to the ratepayers of Morris-Macdonald and in fairness and in balance with the interests of provincial taxpayers as well as children in the schools of the former Morris-Macdonald School Division and the communities of the Morris-Macdonald School Division. We have legislation this session that will address the entirety of the provincial auditor's report in concert with regulatory frameworks that have already been put in place. In terms of recovering money for the provincial taxpayer, we are engaged in recovering dollars from the responsible entity and the responsible entity is the Morris Macdonald School Division.

Mr. Harry Schellenberg, Acting Chairperson, in the Chair

Mr. Gilleshammer: I thank the minister for his recounting of a number of things, but the question is: Do you stand by the words you had indicated to a reporter from the *Winnipeg Free Press*, that you advise and expect that school board candidates and ratepayers should sue the former partners of Morris-Macdonald School Division to get restitution?

Mr. Caldwell: I do not have the newspaper report the member refers to, although I am sure he will table it after this answer to his question, but I do not necessarily expect anybody to sue anybody. I know that there is and there has been a lot of concern in the Morris-Macdonald School Division, the former Morris-Macdonald School Division about this issue, quite understandably so, given the large number of dollars involved and identified by the provincial auditor.

Mr. Acting Chairperson, from the perspective of responsibility though between the Province, the school division and any third party that the school division entered into contractual relationships with, I think the provincial auditor's report is quite clear. Provincial dollars flowed to a school division. That relationship is between the provincial government and the individual school division. How that money was expended

by the school division and how it was accounted for, what sort of educational programming that money purchased is and was the responsibility of those elected trustees to manage. I think the provincial auditor's report has quite clearly demonstrated how those dollars were managed and those dollars were ill-managed.

Mr. Gilleshammer: The minister has just put on the record that he does not expect school board candidates and ratepayers to sue for the return of this money, but that, he is indicating, should be the responsibility of the school division board with which they had a relationship. The minister now is reversing his field and saying that individuals within Morris-Macdonald should not be responsible for these legal costs, should not enter into legal suits but rather wait for the school board to do this. I think this is good, that we get this on the record because the headline in the paper on April 17 was: Caldwell's call for lawsuits stirs defiance, and people were very upset about this. It quotes members from the Orlikow family, and certainly it got a reaction from ratepayers and potential trustees. So I am pleased the minister has reversed his field on that because it was one that did not make sense, and that is not the responsibility of individual ratepayers; it is the responsibility of the school board.

Now last fall, I think in November of the year 2001, the minister fired the board of Morris-Macdonald. Can he indicate what was the reason for taking that drastic action?

Mr. Caldwell: The Morris-Macdonald School Division or the remaining members of the Morris-Macdonald School Division, two had already resigned and a third was directly involved with the management of the adult learning centres in the province and had to preclude himself from any discussion about this. I am not even certain that they could have a quorum with the numbers of school trustees left behind, quite frankly, on this issue. So the board itself was already in quite some serious distress, if not at a level that was going to make it impossible to deal with this particular issue.

Having said that, immediately after the provincial auditor's report was released I had a meeting with the remaining members of the

Morris-Macdonald School Division, those who did not resign upon the release of the Auditor's report, to discuss the report and to set out my expectations that the board would put into place a strategy to deal with the recommendations of the Auditor's report, and to outline to them my expectation that within the period of a month we would be meeting again to have a discussion as to that strategy. When we met a month later there was no strategy to deal with the provincial auditor's report or any of the recommendations contained within, much to my disappointment. What was proposed was essentially a challenge to the provincial auditor's report and the conclusions of the provincial auditor, something this Government accepted.

* (17:20)

I suppose there were a couple of reasons, one, the absence of action in the public interest on millions of dollars that were identified by the provincial auditor as being of concern. That in turn was of some concern to me, the absence of action by the remaining members of the board. As I said, I am not certain and I would have to review my notes again. I am not certain that board, given the resignations and the involvement of one of the board members in this issue, if that board could even have a quorum with the remaining members to deal with this issue. Nonetheless, the principal factor and the salient factor was the fact no action beyond challenging the provincial auditor was proposed by those board members who were left.

Mr. Gilleshammer: Let me get this straight. One of the reasons you fired the board was because you thought they did not have a quorum?

Mr. Caldwell: No. The board was removed of its responsibility a month after, 35 days after the provincial auditor's report because of inaction on their part for dealing with the recommendations and the serious conclusions reached by the provincial auditor.

My musings on the board have to do with the fact that individuals resigned upon the submission of the Auditor's report and one of the remaining members was in a position to have to excuse himself from any deliberation on this

matter. The constitution of the board, the membership of the board, the numbers of the board had nothing to do with my decision. What was central and paramount in this issue is the unwillingness of the board to take any action in the public interest to address the millions of dollars identified by the provincial auditor as being grossly mismanaged and their unwillingness or inaction on reaching any strategy or concluding any strategy to deal with the provincial auditor's conclusions and recommendations.

Mr. Gilleshammer: Your musings on the lack of quorum or whether there is a quorum as part of the reason for firing the board, I suppose, is the same as your musings about school board candidates and ratepayers having to sue to have this money recovered. When you start musing out loud and it gets on the record, then it becomes part of government thinking on that issue.

Is it not correct that the board was uncertain whether they owed \$4 million or \$2.5 million, in fact wanted to identify what that exact number was and were calling for outside assistance on that matter?

Mr. Caldwell: I suppose you would have to ask the members of the former board what their thinking was on this matter. I certainly do not have access into their thoughts. I will say that they came back and we had a subsequent meeting that did not in any way move towards addressing the provincial auditor's recommendations, conclusions or the amount of money that the provincial auditor identified. I suppose, given the shoddy nature of the bookkeeping, where it existed, as identified by the provincial auditor, it is well known on the public record not that the provincial auditor gave a range of between \$2.5 million and \$4 million. I suppose there could be \$5 million or \$6 million that went astray in this area. I do not know. The provincial auditor provided a figure between \$2.5 million and \$4 million. In the public interest, this Government determined that we would seek the minimum amount of money identified by the provincial auditor to respect the burden, I suppose, on the local ratepayers in Morris-Macdonald. As well, we had a responsibility to the taxpayers of Minnedosa constituency as well

as every other constituency in the province of Manitoba to recover some of these public funds. That is indeed what we did.

Mr. Gilleshammer: The minister makes the point the Auditor said it was \$2.5 million to \$4 million. The minister is now saying maybe it was \$5 million or \$6 million. These were board members who wanted to identify what their fiscal responsibility was, were asking questions and were seeking outside help. This, of course, was not allowed because the minister took the step of firing the board and has left that school division without representation for over a year. People are frustrated. They have no ability to make decisions. The minister has, to all intents and purposes, put them in that position where they are very frustrated in trying to find out exactly what their responsibility is.

A *Free Press* editorial of April 15 talks about sharing the blame. It talks about the ratepayers being puzzled by the minister's musings and that the Government should bear some of the responsibility and share a piece of the bill. I suppose the minister could argue that is happening. They are asking for the minimum return on what the Auditor indicated that was owing. As the *Free Press* said, it is a very broad estimate.

I want to turn now to Agassiz School Division. What was the amount of money that was overpaid to Agassiz School Division as a result of incorrect numbers being submitted to the Department of Education?

Mr. Caldwell: I do not have that information with me, that material with me. I know that the provincial auditor identified in a paragraph of his report a concern with the way the dollars were flowed to Agassiz in this matter. I accepted responsibility for this quite some time ago. Whatever comments appeared in Hansard last fall with regard to this matter will reflect my position on this matter. I accepted the criticism of the Auditor in this regard and, like all parts of the Auditor's report, a hundred and odd pages, this paragraph was accepted by me as well.

Mr. Gilleshammer: Mr. Chairperson, does the minister recall that it was upwards of half a million dollars that was flowed to Agassiz

School Division for enrolment figures that were upwards of 200 students that did not enrol there but were being claimed at one time? The division wanted to correct that number and the minister's office said: No, leave those numbers in place. This is an effective way for us to flow much needed money to Agassiz School Division. The Auditor, of course, wrote that up and chastised the minister for his efforts in this area, but is that a correct amount of money, going from your memory of this time?

Mr. Caldwell: Mr. Chair, my recollection is somewhat less, but, as I said in the first answer, I do not have that material with me. We had a pretty thorough and exhaustive discussion or debate on this matter in the fall. I remember comments made in this House by members opposite that were not repeated outside of the House that caused me no end of personal pain, given the inflammatory and slanderous nature, frankly, of some of those comments. As I said in my first response to this question, we in government accepted the provincial auditor's report in its entirety, the paragraph referring to the Agassiz issue being accepted, as well as the other hundred-odd pages of the Auditor's report.

* (17:30)

Mr. Gilleshammer: I am not saying anything inflammatory, or do I recall saying anything inflammatory, but I am just wanting to review how that money was flowed to Agassiz School Division. It was, I believe, indicated at that time that you had Treasury Board approval to do this. Can you confirm that?

Mr. Caldwell: Mr. Chair, as I guess I said in response to the first two questions, this issue was quite thoroughly gone over in the fall of last year. I believe that the Finance Minister (Mr. Selinger) discussed some of these issues in an earlier session, in an earlier series of questioning this session. The provincial auditor identified in a paragraph of his report concerns about how those dollars were flowed. He also noted that those dollars were flowed to preserve the integrity of the public school system in Agassiz and to support young students in Agassiz in terms of their education.

We accepted, as a government, the Auditor's report. I accepted, as the minister, the Auditor's

report in its entirety, including the paragraph in reference to the Agassiz issue.

Mr. Gilleshammer: Well, I will leave my questions for now and perhaps we can get back at this tomorrow when the minister can bring that information with him, and I will turn it over to my colleague from Russell who has some questions, I believe, of another minister.

Mr. Leonard Derkach (Russell): Mr. Chair, I would like to begin by asking the Minister responsible for Lotteries (Ms. McGifford) some questions as they relate to hiring and firings of people within her department.

Mr. Chair, the minister responsible for the Gaming initiatives in this province undertook to remove some people from their positions within Lotteries. One of those individuals that I had asked questions about in this House was a Mr. Cheney.

The Acting Chairperson (Mr. Harry Schellenberg): Could you repeat your last part of your sentence, the Member for Russell.

Mr. Derkach: I think I have the name wrong. Mr. Chair, I may have the name wrong, and I brought my wrong file, but, nevertheless, I think the minister knows—not Cheney. The individual that we spoke about in Question Period, I think the minister did some research on it and did come back to the House and indicate that this individual, who was the manager of the Regent club casino, was indeed removed from his responsibilities. Then he was given a severance package because he was removed from his position as the manager of the Regent club casino. Subsequently, he was rehired as an investigator with Manitoba Lotteries.

I would just like to ask the minister why it is that this individual is, first of all, removed, paid a handsome severance package and then rehired as an investigator for the areas that he was removed from responsibility for.

Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act): Well, Mr. Chair, the member has his facts wrong. I believe he is probably talking about Charles Devenney. Mr.

Devenney had a position as executive general manager at Club Regent Casino.

Having said this, I do want to make the point, Mr. Chair, that, as Minister responsible for Lotteries, I do not control the human resource issues. In fact, the individual, Mr. Devenney, his employment decisions were made at the corporate level. I had nothing to do with it.

Anyway, I understand that this individual worked with MLC from October 4, 1993, to May 26, 2000. I believe, when he left Lotteries, there was a confidentiality clause signed by Mr. Devenney that, therefore, there is nothing I can really say. I understand, and I should tell the member this because he indicated that Mr. Devenney was rehired by Lotteries, and in fact that is not my information. He has not been rehired by the Manitoba Lotteries Corporation.

Mr. Derkach: Mr. Chair, regardless whether it was by a specific department or agency of government, this individual was fired by this Government. The minister has responsibility for Lotteries. Under her responsibility as Minister for Lotteries, the two casinos, the McPhillips Street Station and Regent club casino fall under her responsibility.

The individual who was the general manager of the Regent club casino was fired. In other words, Mr. Chair, he was persona non grata to this Government and was fired without cause, I might say, and for which the Government paid a fairly handsome severance package to this individual. Subsequently, the same individual was rehired under the Civil Service Commission, but was rehired by this Government.

If this Government did not see fit to have this individual employed as the manager of the Regent club casino and fired him, how is it that they rehired him to do investigative work in the area of the Lotteries in Manitoba, Mr. Chair?

Ms. McGifford: I think that I do want to point out that issues relating to Lotteries are not normally discussed at concurrence, however I will be graceful and discuss them with the member opposite. Anyway, whatever—[interjection] Calm down. Take a deep drink of water, John, and you will be okay.

Point of Order

The Acting Chairperson (Mr. Harry Schellenberg): On a point of order, the Member for Pembina.

Mr. Peter Dyck (Pembina): The minister is calling an honourable member on this side here for Fort Whyte by his first name. I do not think that is permissible in this House.

The Acting Chairperson (Mr. Harry Schellenberg): The Minister for Advanced Education (Ms. McGifford), on the same point of order.

Ms. McGifford: Mr. Chairperson, I do offer my abject apologies for calling the Member for Fort Whyte (Mr. Loewen) by his first name, and I will try, always, to call him the Member for Fort Whyte.

The Acting Chairperson (Mr. Harry Schellenberg): I thank the Minister for Advanced Education for that. That should conclude that issue. Thank you.

* * *

The Acting Chairperson (Mr. Harry Schellenberg): The floor is to the Minister for Advanced Education.

Ms. McGifford: I think we were discussing Mr. Devenney, and, as I said, Mr. Devenney left the employment of Manitoba Lotteries Corporation which, of course, Mr. Chairperson, is not part of the civil service. It is a Crown corporation. He left that employment on May 26, 2000, and I do not know, the member claims that he was subsequently hired by the Civil Service Commission. I trust that he is right, but it has nothing to do with me. I do not tell the Civil Service Commission who to hire and who to fire.

So I do not really have any answer for him, and I am not quite sure what he is seeking here.

Mr. Derkach: Well, Mr. Chair, what we are seeking is the illustration of mismanagement by this administration, because first we have the CEO of the Club Regent Casino who was fired. He did not just step down. He did not end his employment by retirement or by simply quitting.

He was fired, as were several others who have now gotten this minister and this Government in court.

* (17:40)

But, Mr. Chair, this individual was fired, and then he was paid a severance package. Now, why on earth would a government pay a severance package? This is taxpayer money. The severance package was paid out, and then this person was rehired by this Government again.

My question is: Why would they, first of all, fire an individual, pay him a severance package and then rehire him?

Hon. Steve Ashton (Minister charged with the administration of The Gaming Control Act): Mr. Chairperson, I think it is unfortunate that the member opposite still does not understand the hiring process or that Manitoba Lotteries is a Crown corporation.

I want to put this on the record again, and this may be different from the situation with the minister, but when the Gaming Commission hired the individual in question, that was made through the normal process. They engaged the services of the Civil Service Commission. The Government, in particular the minister, did not hire this individual, Mr. Chairperson. In fact, I do not sit in on interviews. I do not know if that was the practice.

I want to be kind here. I know the member in his previous life as a minister had, how can I say it, more than a passing interest in personnel matters when he was minister. I will just leave it at that.

But it is not the Government. It is Manitoba Lotteries, and I would suggest, Mr. Chairperson, if the member has a concern, he might wish to raise it with the Civil Service Commission because, quite frankly, they follow the normal interview process.

This is not a question of government use of money or the Government. We have a civil service hiring practice and, quite frankly, there is a complaint mechanism, there are ways in which people can raise it. The Civil Service Commission is an independent body. The member should

know that, I believe. So I am not sure where this line of questioning is going other than the fact that it was raised in Question Period and maybe the member wants to raise it again.

I just want to stress again that the hiring the member was referring to was done by the gaming commission using the services of the Civil Service Commission, which is what they do with all their activities, and basically if the member has a problem with that, I would suggest he pursue it with the Civil Service Commission.

The Government, as in this minister, the other minister did not make this personnel decision, and I think the member, if he was to reflect on the situation, would probably agree that is probably appropriate. I do not think the member wants the Minister responsible for the Gaming Control Commission sitting in on interviews and micromanaging the hiring process. I do not think the member wants that.

Mr. Derkach: Mr. Chair, it is interesting that the Minister responsible for Government Services and the Gaming Control Act (Mr. Ashton) has now come to the defence of the Minister of Lotteries. As a matter of fact, when I asked the Minister of Lotteries the question, the Minister responsible for the Gaming Control Act was almost anxious to jump into the fray, and I am wondering what involvement he had in the process. We will leave that where it is for now.

I would like to turn my attention to another personnel matter, and that is that of an individual who was hired by this Government, and I will use his name because I think it is quite public, it was Jeff Hildahl. Jeff Hildahl was hired by Lotteries specifically at the McPhillips Street Station, and his employment was subsequently very abruptly terminated. I want to ask the minister whether she could tell this House why the employment of Mr. Jeff Hildahl was ended so abruptly at the McPhillips Street Station?

Ms. McGifford: Mr. Hildahl, of course, was not hired by government. Let us make that clear. Mr. Hildahl was not hired by government.

Mr. Derkach: I did not say he was hired by government. I told her that in my question, Mr. Chair. I said Mr. Hildahl was hired at the

McPhillips Street Station. He was hired by, I would presume, the management at the McPhillips Street Station. Let it also be known that Mr. Jeff Hildahl is a close friend of this Government and specifically an individual who leads this Government. Mr. Hildahl was abruptly removed from his position at McPhillips Street Station, was not fired, was just removed from that position. Can the minister tell me why he was removed from that station? I know that she knows.

Ms. McGifford: Mr. Hildahl was, as the member has now correctly said, hired by the Manitoba Lotteries Corporation. He was hired by Manitoba Lotteries on May 31, 1993, that is to say, when the former government were in power, and I understand that Mr. Hildahl worked with Manitoba Lotteries Corporation until October 30, 1999, at which time this individual resigned from his position, Mr. Chair. I said in the Legislature before, and I will say it again, and I said it in connection with the former individual, it is not up to me to discuss individual employees and to discuss human resource issues in this Legislature, and I will not do it.

Mr. Derkach: Usually, when an individual who met with Manitoba Lotteries is found guilty of a specific offence, certain action is taken. It is my understanding that individuals who have been caught committing an offence are usually dealt with pretty severely. It is my understanding that many have been fired. Some have been led away in handcuffs from their position right in the casino when they have been caught on tape or on film committing an offence.

Mr. Chair, I want to ask this minister if she is aware of any offence that may have been committed by this individual at the McPhillips Street Station.

Ms. McGifford: As I have already said, Mr. Hildahl was employed by Manitoba Lotteries in May 1993. He left employment in October 1999. He resigned on October 30. Any other information with respect to this employee or any other former employee of Manitoba Lotteries Corporation is of a confidential nature and will not be discussed by me.

Mr. Derkach: Well, it is not the specific individual case for terminating his employment that

is at interest here. I want to ask the minister whether it is still a policy of this Government that if in fact a person, regardless of who it is, is guilty of an offence or is caught committing an offence, whether that person would be dealt with in a consistent manner as others are in those circumstances.

Ms. McGifford: Mr. Chair, there is, of course, a corrective discipline policy at Manitoba Lotteries. I can share a complete copy of that with the member if he wishes, not at this moment, because I do not have it with me, but I could certainly provide him with that.

With respect to employees at Manitoba Lotteries, there is, as I have said, a corrective discipline policy in place. The purpose of the policy is to discipline employees for inappropriate behavior and to correct that inappropriate behavior if possible. The policy is also designed to deter other employees from inappropriate behavior.

* (17:50)

When there is culpable behavior by an employee, Mr. Chair, a number of factors are assessed before action is taken. By culpable behavior, we are referring to actions that are within an employee's control and for which the employee can be held accountable. This kind of behavior may also include an alleged offence.

Factors assessed prior to any discipline action may include, and I am reading from a document, admissions of wrongdoing; seriousness of the conduct; seniority; discipline record; rehabilitation. The appropriate level of discipline may include the following, and has included the following, and, as I say, according to my advice from Lotteries, it just depends on the offence, but it may include demotion, dismissal, suspension, verbal or written reprimand, or resignation.

Mr. Derkach: Mr. Chair, an individual who is caught stealing a tip or pocketing a tip at the tables at either McPhillips or the Club Regent casino would be handcuffed and taken out of the premises and dismissed.

Would the minister indicate whether or not an individual who is caught on tape actually

stealing such things as scratch and win tickets would be guilty of a similar kind of offence in the eyes of this minister and the eyes of the people who work at, or the management at our casinos in Winnipeg?

Ms. McGifford: Well, I am a little unclear about the question, Mr. Acting Chairperson, but, as I have said, the disciplinary action depends on the severity of the infraction. Now, the member cited a specific set of circumstances, and I would have to refer that to Lotteries and get an answer because I really do not know what the answer is. I do not know that, if an individual is caught doing something irregular on tape, if that individual is then taken away, as the member has quite dramatically put it, in handcuffs and chains. I do not know that that has ever happened. To my knowledge, it has not, but it is possible that it has. I do not know.

Mr. Derkach: Well, Mr. Acting Chair, I would like to ask the minister whether she would consider someone who is stealing scratch and win tickets, and not just one or two but many, and that being caught on tape, whether she would consider that a severe offence.

Ms. McGifford: Well, Mr. Acting Chair, I think it is irrelevant what I would consider. We have policies because we do not want to have a corporation driven by the whims of individual ministers or individual CEOs. That is why we have policies. I have offered to provide the member with a complete copy of the corrective policy at Lotteries. I cannot do that today, but I could certainly do it in the morning if he would wish. But, as I say, what I personally think is irrelevant, that we have policies to cover situations. We are not flying by the seat of our pants in Lotteries.

Mr. Derkach: Was this minister ever confronted by anyone from the Premier's (Mr. Doer) office or any of his staff with respect to what actions should have been taken or should be taken with respect to Mr. Jeff Hildahl?

Ms. McGifford: No, Mr. Acting Chair.

Mr. Derkach: Mr. Acting Chair, now, I would want to believe that the minister would have wanted to ensure that the appropriate actions, in

fact, were taken and followed. So, I am not, in any way, faulting the minister. But I want to ask whether or not anyone made any representation to her or her staff with respect to actions that should be taken with respect to Mr. Jeff Hildahl in the termination of his employment with the McPhillips Street Station?

Ms. McGifford: No, Mr. Acting Chair.

Mr. Chairperson in the Chair

Mr. Derkach: Can the minister tell me, then, why Mr. Hildahl was transferred, with a letter of recommendation, to the Manitoba Public Insurance Corporation from the employment with Manitoba Lotteries?

Ms. McGifford: Mr. Chair, I do not know that this happened. I think it would be something that would have to be asked of another minister. I have no knowledge of Mr. Hildahl. I think the member mentioned transferred with a letter, a letter of recommendation. I have no knowledge of any letter of recommendation. I have no knowledge of any transfer of Mr. Hildahl from Lotteries to any other Crown corporation. I, personally, do not know Mr. Hildahl. I have never laid eyes on him. I rest my case.

Mr. Derkach: I believe the minister is being honest and frank with us here. I do not know Mr. Jeff Hildahl, I have never laid eyes on him, either.

The Minister of Labour (Ms. Barrett) says why am I picking on him. I am not picking on anyone. This is a serious question with respect to policies and how government conducts itself with respect to individuals who work for various entities within the Government. That is all this is about.

We are not going to pass Interim Supply this evening, so I will give the minister time to come back with her response tomorrow. We will continue the discussion on Mr. Hildahl and the actions that were taken with respect to his employment in tomorrow's session on Interim Supply. We can move on to some other questions that we have. I think the minister has a response that she would like to give.

Ms. McGifford: I am a little unclear as to what response the member is suggesting because I have already given my response. My response is that I have no knowledge of any letter prepared by Manitoba Lotteries Corporation. I have no knowledge of any transfer of Mr. Jeff Hildahl. I have no knowledge of Mr. Jeff Hildahl. I do not know what the member would like me to ferret out, but I have no knowledge.

Mr. Derkach: A minister saying he or she has no knowledge about an issue when that area of responsibility is within that minister's purview is just not acceptable. I am asking her a question; she says she has no knowledge. I am telling her that between now and tomorrow she can ask officials of her department, because there is a letter or recommendation that does exist. She can bring it back to the House tomorrow and bring the answers back to this House.

Ms. McGifford: What I can offer the member and what I have offered him is a copy of the Manitoba Lotteries Corporation policy. That is what I can do. I have said in the House time and time again and I say it again. I am not here to discuss individual cases. There are 2000 employees at Manitoba Lotteries. I do not follow the case history of those 2000 employees. That would be absolutely impossible and wrong. I do not interfere in hiring decisions in Lotteries. I do make the point again that I am very prepared to table the policy and the member can read it for himself.

Mr. Derkach: The minister does not have to hide behind anything here. She is the minister responsible. We are not asking her about issues on each and every employee within her department. We are asking about one particular case. It is the minister's responsibility to respond to the questions that have been asked. Simply stating that she has no answers is not good enough. She has to go back to her officials, ask those questions and come back to this House with answers. That is what this process in the Legislature is all about. If she refuses to answer the question, that is one matter, but this is not the case. She said that she has no knowledge. It is her responsibility to come back to the House with the information.

Mr. Chairperson: The hour being 6 p.m., committee rise. Call in the Speaker.

deal with the following bills: Bill 2, Bill 21, Bill 23, Bill 24, Bill 38 and Bill 53.

* (18:00)

IN SESSION

House Business

Hon. Gord Mackintosh (Government House Leader): On House business, is there leave not to see the clock just for a few moments while there are committee appointments?

Mr. Mackintosh: I would like to announce that the Standing Committee on Municipal Affairs will meet on Wednesday, August 7, at 6:30, to consider Bill 20, The Adult Learning Centres Act.

Mr. Speaker: Is it the will of the House to not see the clock for a few minutes to deal with House business? No? I was sure I heard a no. Was that a no? Okay, then it has been agreed to. *[Agreed]*

Mr. Speaker: It has been announced that the Standing Committee on Municipal Affairs will meet on Wednesday, August 7, at 6:30 p.m., to consider the following bill: Bill 20, The Adult Learning Centres Act.

Mr. Mackintosh: Mr. Speaker, I would like to announce that the Standing Committee on Law Amendments will meet on Thursday, August 1, at 6:30, to consider Bills 17, 40, 42, 48, 50, 51 and 54.

Mr. Mackintosh: I would like to announce that the Standing Committee on Law Amendments will meet on Thursday, August 8, at 6:30, to deal with the following bills: 31, 36 and 37.

Mr. Speaker: It has been announced that the Standing Committee on Law Amendments will meet on Thursday, August 1, 2002, at 6:30 p.m. to consider Bill 17, The Cooperatives Amendment Act; Bill 40, The Highway Traffic Amendment Act; Bill 42, The Off-Road Vehicles Amendment Act; Bill 48, The Legal Profession Act; Bill 50, The Resource Tourism Operators Act; Bill 51, The Statutes Correction and Minor Amendments Act, 2002; Bill 54, The Legislative Assembly and Executive Council Conflict of Interest Amendment (Conflict of Interest Commissioner) Act.

Mr. Speaker: It has been announced that the Standing Committee on Law Amendments will meet on Thursday, August 8, at 6:30 p.m., to deal with the following bills: Bill 31, Bill 36, Bill 37.

Mr. Mackintosh: I would like to announce that the Standing Committee on Law Amendments will meet on Wednesday, August 7, at 6:30, to deal with the following bills: Bills 2, 21, 23, 24, 38 and 53.

Mr. Mackintosh: Could you canvass the House to determine if there is unanimous consent for the House to sit next Wednesday evening from 6:30 p.m. to 10 p.m. to consider Estimates in the Chamber with no recorded votes and no quorum votes and for the standing committees on Law Amendments and on Municipal Affairs to sit simultaneously with the House?

Mr. Speaker: Is there unanimous consent of the House for the House to sit next Wednesday evening from 6:30 p.m. to 10 p.m. to consider Estimates in the Chamber with no recorded votes and no quorum counts and for the standing committees on Law Amendments and on Municipal Affairs to sit simultaneously with the House? *[Agreed]*

* * *

Mr. Speaker: It has been announced that the Standing Committee on Law Amendments will meet on Wednesday, August 7, at 6:30 p.m., to

Mr. Speaker: The hour being past 6 p.m., this House is now adjourned and stands adjourned until 10 a.m. tomorrow (Thursday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, July 31, 2002

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