

Fourth Session - Thirty-Eighth Legislature
of the
Legislative Assembly of Manitoba
DEBATES
and
PROCEEDINGS

Official Report
(Hansard)

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Speaker*

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

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ALLAN, Nancy, Hon.	St. Vital	N.D.P.
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ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
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CUMMINGS, Glen	Ste. Rose	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
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JENNISSON, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
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MELNICK, Christine, Hon.	Riel	N.D.P.
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NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa, Hon.	Seine River	N.D.P.
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REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
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ROWAT, Leanne	Minnedosa	P.C.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
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SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Scott, Hon.	Brandon West	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, March 20, 2006

The House met at 1:30 p.m.

PRAYER

ROUTINE PROCEEDINGS

INTRODUCTION OF BILLS

Bill 28—The Manitoba Museum Amendment Act

Hon. Eric Robinson (Minister of Culture, Heritage and Tourism): Mr. Speaker, I would like to move, seconded by the Minister of Intergovernmental Affairs (Mr. Smith), that Bill 28, The Manitoba Museum Amendment Act, be now read a first time.

Motion presented.

Mr. Robinson: Mr. Speaker, the act proposes to enable the museum to reduce the size of its board and provide the board an opportunity with flexibility on its size as well from time to time and to be able to meet the changing needs of the organization. Also, other amendments include modernizing the provisions about the board's authority to make by-laws.

Motion agreed to.

PETITIONS

Highway 10

Mrs. Leanne Rowat (Minnedosa): I wish to present the following petition.

These are the reasons for this petition:

A number of head-on collisions, as well as fatal accidents, have occurred on Highway 10.

Manitobans have expressed increasing concern about the safety of Highway 10, particularly near the two schools in Forrest where there are no road crossing safety devices to ensure student safety.

Manitobans have indicated that the deplorable road conditions and the road width is a factor in driver and vehicle safety.

It is anticipated that there will be an increased flow of traffic on this highway in the future.

We petition the Manitoba Legislative Assembly as follows:

To request the Minister of Transportation and Government Services (Mr. Lemieux) to consider providing sufficient resources to enhance driver and vehicle safety on Highway 10.

To request the Minister of Transportation and Government Services to consider upgrading Highway 10.

This petition is signed by John Mendrikis, Chercee Mendrikis, Callie Mashtoler and many, many others.

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

Crocus Investment Fund

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

The background to this petition is as follows:

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

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

As a direct result of the government not acting on what it knew, over 33,000 Crocus investors have lost tens of millions of dollars.

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

We petition the Legislative Assembly of Manitoba as follows:

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

To urge the Premier and his government to cooperate in making public what really happened.

Signed by J. Maxwell, K. Maxwell, S. Luchuck and many, many others.

* (13:35)

Funding for New Cancer Drugs

Mrs. Heather Stefanson (Tuxedo): Mr. Speaker, I wish to present the following petition.

These are the reasons for this petition:

Cancer is one of the leading causes of death of Manitobans.

Families are often forced to watch their loved ones suffer the devastating consequences of the disease for long periods of time.

New drugs such as Erbitux, Avastin, Zevalin, Rituxan, Herceptin and Eloxatin have been found to work well and offer new hope to those suffering from various forms of cancer.

Unfortunately, these innovative new treatments are often costly and remain unfunded under Manitoba's provincial health care system.

Consequently, patients and their families are often forced to make the difficult choice between paying for the treatment themselves or going without.

CancerCare Manitoba has asked for an additional \$12 million for its budget to help provide these leading-edge treatments and drugs for Manitobans.

Several other provinces have already approved these drugs and are providing them to their residents at present time.

We petition the Legislative Assembly of Manitoba as follows:

To request the Premier (Mr. Doer) of Manitoba and the Minister of Health (Mr. Sale) to consider providing CancerCare Manitoba with the appropriate funding necessary so they may provide leading-edge care for patients in the same manner as other provinces.

To request the Premier of Manitoba and the Minister of Health to consider accelerating the process by which new cancer treatment drugs are approved so that more Manitobans are able to be treated in the most effective manner possible.

This petition is signed by Jennifer Major, Graham Fidler, Heather Kuppe and many, many others.

ORAL QUESTIONS

Minister of Family Services

Removal Request

Mr. Stuart Murray (Leader of the Official Opposition): Mr. Speaker, it is clear that this Premier supports his Minister of Family Services (Ms. Melnick) and will not be relieving her of her duties even though, under her watch, in 2005, nine children died while in care.

Each of these deaths should have served as warning signs, and the Minister of Family Services should have acted immediately to ensure that no other child was placed at risk. Instead she said that processes were in place, sat on her hands and waited.

How many children were placed at risk while this minister waited? We have asked repeatedly that the minister be removed from her portfolio because she has neglected her duties and responsibilities to children in care in Manitoba.

Why is this Premier so unwilling to do the right thing and relieve this Minister of Family Services?

Hon. Gary Doer (Premier): No death of a child, whether in contact with Child and Family Services agencies or not in contact with Child and Family Services agencies anywhere in Manitoba, is acceptable for all of us in society. Mr. Speaker, we in this Chamber should ensure that investments are being made in children at the earliest possible opportunity, that investments are being made in families.

Mr. Speaker, we chose never to use the tragedy of a child being lost as a political issue in the past.

Mr. Murray: Well, the First Minister is very interesting, and I would like to quote from June 10, 1998, when the Member for Concordia, the now-First Minister of the province of Manitoba said: It is this Premier who is responsible for the care and custody of children under The Child and Family Services Act. He cannot wash his hands of the responsibility. I say shame on him for washing his hands of the kids of this province. That is what the First Minister said, Mr. Speaker.

We have a situation where the Minister of Family Services is mandated to look after those children most vulnerable and in care in the province

of Manitoba. This Premier has given that responsibility to the Member for Riel. She has failed to live up to what her ethical, moral and political responsibility is, Mr. Speaker.

*(13:40)

To have the First Minister stand in his place and say that he will not play politics when he blatantly did the same is shamable. I say shame on the Premier and I ask him to do the right thing. Remove the Minister of Family Services today and put somebody who cares about children in the province of Manitoba and will take immediate action. That is what the First Minister should do.

Mr. Doer: Mr. Speaker, we are responsible and we will be investigating, with an external agency or body, the issues related to case management. We are responsible and have already made public the allegation made by members opposite that this tragic case last week was a case of devolution. It was not and we are accountable. We will—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Point of Order

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

Mr. Leonard Derkach (Official Opposition House Leader): We expect the Premier to be truthful in this House. That is the least he can do, Mr. Speaker. If he cannot accept responsibility, at least be truthful. No one on this side of the House ever said that this was a responsibility of devolution, except the First Minister. He is the only one who said it. He is the only one who tries to derail this service. He does a disservice to the children who are today dead and he does a disservice to their families.

Mr. Speaker: The honourable Government House Leader, on the same point of order?

Hon. Gord Mackintosh (Government House Leader): As I recall, Mr. Speaker, the issue that the Premier was addressing was raised last week by members opposite and not just of the official opposition. I believe there were unfortunate comments about political correctness and devolution. That was the context within which those remarks were made.

Mr. Speaker: On the point of order raised by the honourable Official Opposition House Leader, he

does not have a point of order. It is a dispute over the facts.

Mr. Speaker: The honourable First Minister, to continue.

Mr. Doer: Mr. Speaker, one would have to look back to a judicial inquiry, an inquiry of justice, the AJI, that made a number of recommendations to Manitoba. All parties agreed to implement those recommendations in legislation. All parties are committed to the safety of children in care.

All parties know that the status quo, when one looks back at the number of kids in care in the early eighties, in the early nineties and in this decade, the numbers are going up every year. Any child that loses their life in any circumstances is a tragedy. Some of those will be evaluated completely and independently of this government because we are accountable.

Mr. Murray: This Premier can be accountable and do the right thing. Take action today, remove the Minister of Family Services and put in place a minister who is going to care for Manitoba's most vulnerable children. That is something that this minister has the ability to do, the Premier, I should say, has the ability to do and he should do the right thing. He knows that this minister and this government received warnings from front-line social workers and they blatantly ignored them.

Mr. Speaker, the minister, while learning that children were dying while in care, sat on her hands and did nothing. This First Minister indicated through his questions to the former First Minister, that that was his responsibility for all vulnerable children in the province of Manitoba. This First Minister knows that. This First Minister should do the right thing. He should immediately replace the Minister of Family Services and put somebody in place today that will ensure that no other child falls through the cracks.

Mr. Doer: The minister cares and every member in this House cares about vulnerable children and we know that, Mr. Speaker. Secondly, notwithstanding the fact that the CME, the Chief Medical Examiner, reviews all cases and advises any minister of the Crown on appropriate action to take, I would point out that, from time to time, there are disagreements between employees when changes are being made. I would point out the AJI recommended changes. Every party in this House voted for it and spoke in

favour of it because everyone knows the status quo is not sufficient.

Thirdly, I would point out that we are in a dispute with employees in implementing a recommendation of the Children's Advocate dealing with 24-hour shelters. From time to time, we are in disagreement with employees when we try to implement changes which we feel are in the best interests in the long run for children.

Mr. Speaker, we try to work with people but sometimes, as I mentioned in the case of children's shelters, we have to work in the children's interests, and sometimes unions disagree with it.

* (13:45)

Child Welfare System Independent External Review

Mrs. Mavis Taillieu (Morris): In 2002, letters were sent to the then-Minister of Family Services asking him to do a review of the child welfare system before it devolved to the four authorities. He did not. In 2004, the death of baby Amelia, under this minister's watch, prompted a call for a public inquiry which this government refused to do. This government has sat idly by and done nothing and now little Phoenix Sinclair and Heaven Traverse have tragically died.

When will this minister stop talking about it and take some action? When will she announce an independent external review of the child welfare system?

Hon. Christine Melnick (Minister of Family Services and Housing): Mr. Speaker, I think we have to always remember we are dealing with very vulnerable children.

We are always dealing with very difficult situations. This government has worked with the community. We have worked with our partners, and we have made changes that we believe, as every government has made changes that they believe, will serve the children in care better. Changes have been made through many governments over many times. The focus of any child welfare system is the best interests of the children, and I can assure the House, as Minister of Family Services and Housing, I am as focussed—

Mr. Speaker: Order.

Mrs. Taillieu: Well, Mr. Speaker, the *Free Press* has reported that between 2000 and 2005, in Manitoba, 31 children died either in our child

welfare system or just shortly after leaving it. This minister put into place a system that was untried, untested. She left it with no direction, no framework, no guidance. She set the system up for failure. She has been repeatedly warned over the last three years the system is in chaos and that children would fall through the cracks. If the minister had done reviews in 2002, if she had called a public inquiry in 2004, then the deaths of some of these children may have been prevented.

When will this minister act? When will she announce an independent, external review of the child welfare system?

Ms. Melnick: Mr. Speaker, we know that the member opposite has many times put misinformation on the public record inside and outside of this House. I think that we all have to be very careful about drawing strong conclusions relating one incident with changes that may or may not be made. Again, there have been many changes over the years to child welfare and, unfortunately, there have been deaths. That is extremely unfortunate, but we have to be very careful and we have to respect that there are reviews going on. This afternoon I will be announcing the details of the external review that we talked about last week.

Mrs. Taillieu: Well, Mr. Speaker, she has been warned over three years. She had three years to do this. She continues to talk about process, and now because of the delays, because of her processes, children have died. We need to ensure that the other 2,600 case transfers of children in care are accounted for so that no more children are falling through the cracks.

If the minister is calling today for an external review, we want to know: When will she call it? Who will be conducting it? Will it be made public? What are the parameters of this review? Can she table that?

* (13:50)

Hon. Gary Doer (Premier): Well, Mr. Speaker, the member opposite claimed that many of the tragic deaths are a result of a certain government action. She may want to be very sure about the facts. I would point out when the Member for—

An Honourable Member: Roblin.

Mr. Doer: Roblin—

An Honourable Member: Russell.

Mr. Doer: –or Russell rather, made a statement about the issue of devolution in the House last week, the Leader of the Opposition (Mr. Murray) claimed that Victoria Sinclair was a child that died as a result of devolution. Mr. Speaker, this is very important. It is very important that we take, this is a tragic–

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

An Honourable Member: Phoenix Sinclair.

Mr. Doer: Phoenix Sinclair, I am sorry, I said Victoria.

Mr. Speaker, it is extremely important when people are alleging that the cause of death was devolution and the child was not devolved that we actually have a debate about how we can improve the system for our children with the facts, not false allegations.

Child Welfare System Independent External Review

Mrs. Myrna Driedger (Charleswood): Mr. Speaker, in the fall of 2002, I sent a letter to the Minister of Family Services asking for a system-wide review of Winnipeg Child and Family Services. Many of us were afraid that there were very serious problems within the Winnipeg CFS. Many were calling it a crisis and demanded and begged for a systemic review.

I would like to ask this government: Why in God's name did they not call a review back in 2002?

Hon. Christine Melnick (Minister of Family Services and Housing): Mr. Speaker, as we deal with the many difficult situations that can occur in any child welfare system, we are always looking at recommendations. We are always looking at suggestions for improvement and we are bringing those into policies, into procedures, into daily activities. We are committed to look at the situation that we have been talking about over the last week, this tragic death of this child, and we are looking at what we can learn.

Last week in the House, members from all parties talked about the fact that we all care and that we all want to create a system that best meets the needs of the children. That is what we are committed to do in this situation and any other situations where we can make improvements.

Mrs. Driedger: In the fall of 2002, front-line social workers were extremely worried that children were being returned to their parents prematurely, that children were being abused in care and that children were falling through the cracks. All of us were ignored. All of these red flags that came up in 2002 were being ignored and now more children and babies have died.

Why in the name of Phoenix Sinclair did you not do a review in 2002?

Ms. Melnick: Again, Mr. Speaker, there are very difficult situations that arise. I will be announcing later this afternoon an external review–

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Ms. Melnick: We will be announcing an external review this afternoon based on case openings, case closings and transmittals. I believe, with the expertise that we will have sitting on that review panel, they will come up with recommendations to improve the system, and we will again be working in the best interests of the child by making changes that we believe will make the system better.

Mrs. Driedger: Mr. Speaker, an external review should have been done in 2002. In the fall of 2002, the Children's Advocate was also sounding alarm bells. Warning flags were going up at that time. She was waving red flags because she was worried about the safety of kids in care and she wanted a system-wide review.

CUPE, who represented support workers at CFS, was also calling for a system-wide review in 2002 because they felt children were falling through the cracks. How could this government have ignored those red flags, those warnings back in 2002? How could they have so grossly and so negligently handled and fumbled this file since 2002? Now more children and babies are dead.

* (13:55)

Ms. Melnick: Mr. Speaker, as we have worked through the process of devolution, we have included partners. Our partners have been the unions. Our partners have been the Aboriginal people, First Nations and Métis, who for the first time, we sat around the table as partners. We focussed on the children. We have looked at recommendations from the past and recommendations as they have come forward during this process, and we have made changes according to those recommendations. I look

forward to the recommendations of the external review committee to again see how we can improve things for the children who are in care.

Child Welfare System Independent External Review

Mr. Stuart Murray (Leader of the Official Opposition): Mr. Speaker, it goes without saying we all understand that the death of a single child in care is unacceptable. Yet, in one year alone, nine children died while being cared for and receiving services from the Child and Family Services, nine Manitoba children. Manitobans have lost faith in this NDP government and its ability to provide for our most vulnerable children that are in care and in need.

Will the Premier do the right thing and call for an independent public inquiry before any more vulnerable children in Manitoba die?

Hon. Gary Doer (Premier): There was an independent judicial inquiry in Manitoba. It was called the Aboriginal Justice Inquiry. It made a number of recommendations across the board dealing with children in care and dealing with related justice issues.

Mr. Speaker, we have taken the judicial inquiry and the recommendations contained within. It talks about the number of kids in care and custody in Manitoba's Child and Family Services system. It talks about the need to get kids closer to their own communities, their own families, their own areas of geography and culture. It talks about the need to get a system. In other words, it recommends that the status quo is not good enough for kids in care. It points out that children die under many systems and under many administrations. Those recommendations to change the status quo were sat on for a number of years.

I am pleased that all parties, all parties, voted to implement the Aboriginal Justice Inquiry with legislation that was passed in this House. All parties brought in that legislation, and we will ensure that the safety of children is paramount in the implementation of that report.

Mr. Murray: Mr. Speaker, this Premier continues to ignore warning bells that social workers are raising. We need a public inquiry so that those front-line workers who, by the way, have already brought warnings toward this government that they ignored. Those front-line workers need to have the ability to come forward and share their concerns so that the public is aware.

Mr. Speaker, we know full well, as has been raised already, that the Child Advocate, CUPE and MGEU have all brought forward concerns about what is happening with our children in the province of Manitoba. This Premier has the responsibility to ensure the safety of those children.

I am asking this Premier: Will he do the right thing and call for an independent public inquiry today to allow front-line workers, to allow the public, to ensure that Manitoba's child welfare system is one that protects children, unlike what we see under this current government?

Mr. Doer: Mr. Speaker, tragically, from the day we have collected numbers and statistics, we have collected the number of people in contact with the Child and Family Services divisions and agencies in Manitoba. We have also, tragically, every year, every year, had deaths with children in care. That is why the Chief Medical Examiner reviews each and every one of those cases.

* (14:00)

I would point out, Mr. Speaker, when I read the article last week about the concerns of the union, and I saw that it was again connected to the issue of devolution, when the one child was not a quote, devolved case, it worries me greatly because there are a lot of answers to a lot of questions that are being posed rightly by Manitobans. We will ensure that all the facts are available to Manitobans.

But let us be assured in this House, there are too many children, if you look at the eighties, there were X number of kids in care and custody of Child and Family Services. You look at the nineties, the number went up. You look at this decade, it has gone up again, and, surely to goodness, we should all be honest enough to admit that the status quo is not sufficient. We deal with the status quo all the time in this House.

The Aboriginal Justice Inquiry made a recommendation to all Manitobans. I am glad this House, with an all-party vote, Mr. Speaker, has decided to implement the Aboriginal Justice Inquiry. It is a long road and it is an important road to take. It will have objections to it. People will be opposed to it but we will ensure it is taken with safety in mind. That is what we will do.

Mr. Murray: Mr. Speaker, this Premier is aware that The Child and Family Services Act program standards, policies and procedures are in place to

protect children. This Premier knows that and that is his responsibility.

We, on this side of the House, in 2002, asked the Premier's Minister of Family Services to conduct a system-wide review of Child and Family Services before cases were transferred. He and his minister ignored us then and what is the result? Tragically, under this Premier, more children have died in Manitoba.

Mr. Speaker, I remind the First Minister that when in opposition he said, these are his words, these are look-in-the-mirror words to this Premier: "It is the Premier who is responsible for the care and custody of children under The Child and Family Services Act." He cannot wash his hands of his responsibility.

What is it going to take for this Premier to call for an independent public inquiry into the entire child welfare system, including the death of little baby Phoenix? What is it going to take for this Premier to do the right thing?

Mr. Doer: Mr. Speaker, the minutes that were tabled last week in this House, under the political attack on the devolution, the minutes that were tabled made it very clear that work must be done to track information before the transfer takes place. It seems to me that even the minutes were alleged to purport to make a certain case, made it very clear that the working and operating principle in Child and Family Services is safety of the child.

Mr. Speaker, I think it is important to recognize that, yes, I have said we will have an external review. I have said we will have a review about the Phoenix Sinclair case. I also have said over and over and over again, contrary to what the member just left on the record, that the individual case that the member is talking about was not devolved. I think it is really important. We cannot have any justice for children if we do not have facts being used in this Chamber.

Point of Order

Mr. Leonard Derkach (Official Opposition House Leader): Well, Mr. Speaker, again on a point of order—

Mr. Speaker: Okay, the honourable member—*[interjection]*

Order. The honourable Official Opposition House Leader, on a point of order.

Mr. Derkach: Mr. Speaker, this Premier is deliberately, and I say deliberately misleading Manitobans. He is deliberately misleading Manitobans into indicating that this is a case of devolution and that is what we have alleged. It is not. No one on this side of the House has ever said that this was a result of devolution. We are talking about the safety and the death of a child.

Mr. Speaker: The honourable Government House Leader, on the same point of order?

Hon. Gord Mackintosh (Government House Leader): First of all, Mr. Speaker, I will be raising a point in terms of the unparliamentary language that requires an intervention.

Mr. Speaker, just to quote from the debates of this House, thank goodness for Hansard. This is March 14, and the Leader of the Opposition is quoted as saying: "Phoenix Victoria Sinclair was one child whose file was transferred as a result of devolution." It belies what the member opposite just said.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

First of all, before I make my ruling, "deliberately misleading" has always been ruled out of order by all Speakers. I kindly ask the honourable Official Opposition House Leader to withdraw that comment, "deliberately misleading."

Mr. Derkach: Mr. Speaker, I withdraw "deliberately" and, just perhaps, substitute "openly misled."

Mr. Speaker: Order. When instructed by the Speaker, it should be an unequivocal withdrawal without any explanation. I ask the honourable member to withdraw the words "deliberately misleading."

Mr. Derkach: With respect for your advice, Mr. Speaker, I will withdraw that word. I think the Premier knows what I mean.

Mr. Speaker: Order. I accept the withdrawal. On the point of order raised by the honourable Official Opposition House Leader, he does not have a point of order.

Mr. Speaker: We will continue with Question Period. The honourable First Minister has the floor.

Mr. Doer: I have made it very clear that we are prepared to have and will have an external review of all case management decisions. We are prepared to have an investigation of the tragic circumstances of the young lad Sinclair. We are open, after a Chief Medical Examiner review, to a public inquiry. We are prepared to be accountable at every step of the way for children here in Manitoba.

Crocus Investment Fund Due Diligence

Mr. Gerald Hawranik (Lac du Bonnet): Clearly, when anyone co-invests with an investment partner, as part of your due diligence you would want to ensure that your investment partner has the ability to make the investment. In late November 2004, just two short weeks before Crocus ceased operations, this NDP government made a co-investment with Crocus putting \$5 million of public money into an investment with Crocus.

I ask the Minister of Industry: Why did he not do his due diligence? Why did he not check out the solvency of Crocus, his investment partner?

Hon. Jim Rondeau (Minister of Industry, Economic Development and Mines): Mr. Speaker, once again the member opposite is really confused. We would not be investigating Crocus. We would be investigating and doing due diligence on the company that was invested in. So what happens is obviously we would be checking out the financial performance of the company. We would do our due diligence to ensure the loan was appropriately secured. We would look at our investment in terms of creation of jobs and creation of growing the economy. We would not be investigating Crocus. We would be investigating the investment.

Mr. Hawranik: Clearly, Mr. Speaker, this is another case where this "due diligence," in the words of the Minister of Industry, has gone awry. At the time of the co-investment, Wally Fox-Decent, as a member of the Crocus board of directors, acknowledged that the investment was done during turbulent times.

I ask the Minister of Industry: Wally knew there were turbulent times at Crocus, why did this minister not?

Mr. Rondeau: Mr. Speaker, the member opposite might know that if I was to invest with, say, the Royal Bank in an investment, I am not going to check out the Royal Bank. What I do is I do due diligence with the company and with the investment.

What that means, Mr. Speaker, and members opposite, is that you look at the business plan. You look at the job creation. You look at the investments in the Manitoba economy. So, if we were going to invest in a company, you do not look at your partners, you look at the investment. That is called due diligence. I wish the members opposite would understand due diligence and understand our role in the MIOP program, where we made money. The program cost \$39 million under your watch.

* (14:10)

Mr. Hawranik: Mr. Speaker, clearly, it is incumbent upon the Minister of Industry to do his due diligence before investing \$5 million of public money and, clearly, he failed. Had the minister done so, he would have known about those turbulent times at Crocus. Just as the minister ignored the red flags at Crocus in 2001, 2002, he also failed to do his due diligence in November of 2004.

I ask the Minister of Industry: Why did he sit on his hands and fail to protect the Crocus unit holders?

Hon. Greg Selinger (Minister of Finance): Mr. Speaker, the Minister of Industry has just explained thoroughly to the member how an investment is done. The investee company is the one that you do the due diligence on, and this comes from a member who was \$9.5 billion wrong on the net debt in Manitoba. This comes from a member who turns \$12 billion of economic growth into a tax increase. If anybody should do due diligence, it is the Member for Lac du Bonnet.

Crocus Investment Fund Due Diligence

Mr. Glen Cummings (Ste. Rose): Mr. Speaker, the only people who would believe the senseless drivel that is coming from these two ministers are the ones on that side. This government cannot tell the difference between a public dollar and a private dollar, and it seems to me in developing a noted venture fund recently, the government had a very good example of why they cannot make things work and they cannot tell one dollar from another. They took money from Workers Compensation Board, Teachers' Retirement Fund and Manitoba Public Insurance. A lot of people do not know that Public Insurance was putting money into Crocus-shared investments, and then the Crocus Fund put in money, and then they took money from a wholly-owned subsidiary of Crocus and put it in.

Mr. Speaker, did this minister know what he was creating?

Hon. Jim Rondeau (Minister of Industry, Economic Development and Mines): Mr. Speaker, the member opposite does not understand that often there are co-investments. When a group of investors get together like in a mutual fund you get a whole bunch of people to put money in. Then that investment goes to invest in specific economic enterprises. You do not check out your partners. What you do is you make sure that there is due diligence, and we have done due diligence.

Under our MIOP program we have made \$180,000. We have invested in Motor Coach, we have invested in New Flyer. We have invested in a lot of companies that have done extremely well. In fact, Motor Coach just announced that they have gone to 1,500 employees. That is wonderful. They were an economic success story. So under our MIOP program we made money and we have grown the economy.

Mr. Cummings: In light of what the minister is saying, is it not interesting that in 2002 the Crocus Fund chairman and CEO met with the Premier to discuss the superfund concept? It is reported that the thrust of that meeting was that the challenge is, and this was what was reported, Mr. Speaker, the challenge is to circumvent the resistance that existing fund managers are giving to doing any sort of local investing.

Then, Mr. Speaker, it is reported at the Crocus Fund meetings that the ball was in the senior Crocus Fund officers' court to optimize this working group of very political people, and we are going to push this as hard as we can. What concerns people is that there was undue influence put on a number of agencies to co-invest with Crocus, that this minister said he did not care whether or not they were solvent.

Did he know what he was doing?

Hon. Gary Doer (Premier): Mr. Speaker, I think you will find that the fund was announced by Mr. Tweed in 1999. It is in a press release. I will provide it to the member opposite. The idea of a so-called superfund was investigated by the capital retention group of the former government which Sherman Kreiner was on. Mr. Kreiner was on our group as well on capital retention. We had the proposal for a number of years. We never proceeded with legislation on the fund because our first obligation is actually contained within the pensions act. The

pensions act amendment in Manitoba says the rate of return is the No. 1 criterion.

The criticism of the legislation brought in for Crocus was that it had a fuzzy objective under the former members when they brought it in. Rate of return is the No. 1 criterion for this government, and that is why the superannuation fund—

Mr. Speaker: Order.

Public Inquiry

Mr. Glen Cummings (Ste. Rose): Mr. Speaker, the Premier has just made the case to have an inquiry into Crocus, based on what he just said. On the very eve of when Crocus ceased trading, TRAF, Teachers' Retirement Allowances Fund, put forward \$10 million in a co-investment, but the Minister of Industry said he did not care what the co-investors, whether or not Crocus was solvent.

The WCB put in \$4 million, but the minister said he does not care whether or not Crocus was solvent. On the eve of when they ceased trading, in light of what the Premier just said, in light of what the Auditor has said in terms of the ball in the senior officers' court, this is subsequent to the meeting with the Premier. The ball was in the senior officers' court to operationalize this working group of very political people.

Who is calling the shots, Mr. Premier? Call an inquiry.

Hon. Gary Doer (Premier): Mr. Speaker, I hope you are not trying to hurt Mr. Tweed's future promotion opportunities in Ottawa because it is in the June '99 press release. Secondly, three points: One, Mr. Tweed; point No. 2, the Auditor General stated that there were no clear cut objectives for the fund. We used the new amendments to be similar to the pension act, which, by the way, that act was amended before the Auditor General reported on Crocus. Rate of return is the No. 1 criterion. We amended that for the Crocus act. Number three, our so-called friends never did get us to bring in the superfund because we acted in the public interest and did not bring it in, an example of why we were acting always in the interest of the government and not of the so-called friends that members opposite were saying.

Child Welfare Services Program Standards

Hon. Jon Gerrard (River Heights): Mr. Speaker, in February 2003, the 181-page report of the inquest

into the death of Sophia Lynn Schmidt, who had been in the care of Manitoba Child and Family Services, reported and I quote: There is an overwhelming and uncontroverted evidence that the workloads of child protection workers and supervisors at CSF were and continue to be at a level where compliance with program standards is impossible.

It was recognized in early 2003 that program standards at CFS were failing to meet essential minimum standards. Can the Minister of Family Services assure this Legislature today that action was taken immediately on receiving this report in February 2003, and that the minimum standards were put in place? If not, why not?

Hon. Christine Melnick (Minister of Family Services and Housing): Mr. Speaker, the average caseload of a CSF worker right now is 28. We have looked at workload. We have worked with the partners. Now, that can vary, depending on the nature of the caseloads. If there are caseloads in which there are particularly active files, there are particularly pertinent issues to be dealing with on a near daily basis, there will be some trading and sharing off.

My understanding is that there is tremendous teamwork in Child and Family Services agencies and that people are very conscious of the work they are doing. They will look at their caseloads and they are not afraid to ask for support—

Mr. Speaker: Order.

* (14:20)

Mr. Gerrard: Mr. Speaker, several years ago, with 12 children dying in hospital, we had the Sinclair inquiry, a judicial investigation into what happened with detailed recommendations on changes to prevent the tragedies from happening again. Last year, nine children were killed, death by homicide, while in the care of the Province or shortly after their discharge from care.

The inquest report into the death of Sophia Lynn Schmidt recommended in February 2003 that the minister establish then an independent inquiry or commission to review the care of children in Child and Family Services.

Why was that review not put in place then to make sure that these problems did not arise? Why did the minister not act when—

Mr. Speaker: Order.

Ms. Melnick: Well, again, Mr. Speaker, the caseload is an ongoing concern for workers on the front line. We recognize that there is continual discussion. We recognize that when cases need to be alleviated because of high loads that people do work together in teams. There are teams of folks. It is not a bunch of individuals working on their own. We recognize that at times cases shift from one area to another. We recognize, and we respect that the front-line workers and their supervisors have the best interests of the children at the front of their workload, and that they will make the necessary changes that they need to do their best to ensure that the children are protected, the children under their care are protected.

Crocus Investment Fund Public Inquiry

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, venture capital funds in the province of Manitoba have created a great deal of wealth and many jobs over the years. We have seen how the impact of this government's incompetence in the whole Crocus fiasco is having a long-term impact on other venture capital funds. An example of that would be the ENSIS Fund now which is finding it that much more difficult in order to get investments because of, again, this government's incompetence. The future of investment funds or venture capital funds is important to all of us, and one of the reasons why we need to restore public confidence in venture capital funds. It is in Manitoba's best interests.

The only way to get to the bottom of this, Mr. Speaker, to clear the air, is to have a public inquiry. Will the Premier (Mr. Doer) today acknowledge that in order to be able to restore public confidence in venture capital funds that we need to have a public inquiry today?

Hon. Greg Selinger (Minister of Finance): It is no question that venture capital is an important part of the job creation process in this province which is exactly why when the Auditor General's Report was tabled, we immediately moved to an implementation committee with an external co-chair who had some expertise both in accounting and in general investment policies within the province and brought forward a comprehensive report which resulted in legislation passed in this Chamber last spring to move forward, to find a more effective way to govern venture capital funds in this province to ensure that they are properly monitored, to ensure that they are properly promoted with no conflicts of

interest. That is why we brought the legislation forward last summer. Members opposite continue to degrade the role of venture capital in this province. We look for better ways to both support it and to monitor.

Mr. Speaker: Time for Oral Questions has expired.

MEMBERS' STATEMENTS

Journée internationale de la Francophonie

Ms. Marilyn Brick (St. Norbert): Mr. Speaker, it is with great pleasure that I rise today to recognize a day of international significance, la Journée internationale de la Francophonie. Like the Commonwealth, Canadians of every stripe look to the Francophonie as a model of solidarity and co-operation that help create the bonds necessary for any strong international community.

La Francophonie regroupe plus de 50 états et gouvernements sur cinq continents autour du partage de la langue française et de valeurs communes. Sa mission est simple : elle est au service de la paix, de la solidarité et du développement durable du monde entier.

Translation

The Francophonie brings more than 50 states and governments on five continents together around the sharing of the French language and common values. Its mission is simple: it is at the service of peace, solidarity and sustainable development throughout the world.

English

The significance of language in our province cannot be underestimated, Mr. Speaker, due to the fact that the French-speaking population of Manitoba is a constituent of one of the fundamental characteristics of Canada. With this in mind, the Government of Manitoba is deeply committed to putting into place conditions that foster the ability of the province's Francophone citizens to live and thrive in their own language.

Ayant presque 50 000 citoyens dont la langue maternelle est le français, et plus de 100 000 citoyens qui parlent la langue française couramment, le Manitoba est doté d'un riche patrimoine francophone. En outre, avec la participation du gouvernement fédéral et des communautés franco-manitobaines, le Manitoba joue un rôle de premier rang en développant des centres de services bilingues qui

offrent une gamme de services essentiels sous un même toit.

Translation

With nearly 50,000 people whose mother tongue is French and more than 100,000 who speak the language fluently, Manitoba has a rich Francophone heritage. Furthermore, with the participation of the federal government and the franco-manitoban communities, Manitoba plays a leading role in developing bilingual service centres that offer a range of essential services under a single roof.

English

Mr. Speaker, I ask all members of the House to join me in congratulating the Francophonie on its continued success. I also ask all members to congratulate all French immersion and Français—

Mr. Speaker: Order. Member's time has expired.

An Honourable Member: Leave.

Mr. Speaker: Is there leave?

Some Honourable Members: Leave.

Some Honourable Members: No.

Mr. Speaker: No. It has been denied.

Crown Lands Office Relocations

Mrs. Leanne Rowat (Minnedosa): Mr. Speaker, I rise today because I feel that several of my constituents and the constituents of the Member for Ste. Rose (Mr. Cummings), are being forced to choose between their homes and their jobs by this NDP government.

These people are critical to the social and economic fibre of our communities. There are 33 jobs that are on the line, Mr. Speaker. Thirty-three jobs in the Minnedosa agriculture Crown lands and the Neepawa branch of Crown lands are being relocated out of Minnedosa and Neepawa, and if these people want to keep their jobs they must choose between leaving their communities and families and leaving the communities they love. These families are being uprooted in an unfair and unjust manner and are being forced to leave their family, friends and communities behind.

I have received a number of calls from my community citizens and the community leaders and all are expressing great concern, not only for the families that are being forced to leave their homes but the continued survival of our rural communities.

The mayor of Neepawa remarked, the loss of the 11 positions in Neepawa would be comparable to the loss of 2,000 similar positions in the city of Winnipeg.

The mayor of Minnedosa, Mr. Speaker, stated firmly, our community simply cannot afford to lose these jobs. The Minnedosa Chamber of Commerce said, a decision such as this will reverse many of the gains we have achieved. This clawback is a decentralization initiative that brought services and survival to many rural communities.

Letters have been sent to several NDP ministers of rural destruction, including the Minister of Agriculture (Ms. Wowchuk), the Minister of Transportation and Government Services (Mr. Lemieux), and the Minister of Intergovernmental Affairs and Trade (Mr. Smith), requesting an immediate response to a meeting. Mr. Smith, as the regional minister, should co-ordinate this response, put his money where his mouth is, work for the region and work to see that these communities get to express their concerns directly to this government.

In 2004, based on several rumours of centralization, the Town of Minnedosa and I contacted the government regarding possible—

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

Some Honourable Members: Leave.

Mr. Speaker: Order. It is up to the member to ask for leave. I hear everybody yelling, leave, leave, leave but it is up to the member if she wishes to ask for leave. She has the floor.

The honourable Member for Minnedosa, are you asking for leave?

Mrs. Rowat: Yes, I am.

Mr. Speaker: Does the honourable member have leave?

Some Honourable Members: No.

Some Honourable Members: Yes.

Mr. Speaker: No. It has been denied.

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): Mr. Speaker, I rise to remind this Assembly—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. *[interjection]* It has been denied.

Point of Order

An Honourable Member: On a point of order, Mr. Speaker.

Mr. Speaker: The honourable Member for Minnedosa, on a point of order?

Mrs. Rowat: Thank you, Mr. Speaker. It is typical of this NDP government to refuse leave on such an important issue. These are people from rural communities that are asking for the ear of government and again it falls on deaf ears. This continues, and the Brandon East minister of all—or, member, I am sorry, no longer minister for Brandon East, could have at least listened to this and met with the communities and listened to what their concerns are. It has been denied and these jobs should be relocated back—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. I cannot hear a word. I need to be able to hear the member that has the floor.

The honourable First Minister, on the same point of order?

Hon. Gary Doer (Premier): Yes, on the same point of order, Mr. Speaker. The House has rules. I know members opposite do not agree with them. We believe in the rules of this Legislature.

* (14:30)

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. The honourable Member for Ste. Rose, on the same point of order?

Mr. Glen Cummings (Ste. Rose): Yes, Mr. Speaker. I wonder if we could canvass the House one more time. Perhaps the member who refused leave would reconsider.

Mr. Speaker: I am dealing with the point of order.

The honourable Government House Leader, on the same point of order.

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, just more obstruction. There is a well-known rule in this Chamber, but as I recall, I do not think it was that long ago, that when leave was asked for the Member for St. Norbert (Ms. Brick) to continue, members opposite said no. What is good for the goose is good for the gander.

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

Mr. Leonard Derkach (Official Opposition House Leader): Mr. Speaker, I think from time to time, a little courtesy is extended to members in this Chamber. We have had members on both sides of the House who have gone over their time and have asked for leave on a member's statement. Now a member's statement is that private member's statement so it is not unusual to allow for a member to extend his time or her time in a private member's statement. We have allowed it in most cases but, from time to time, somebody says no. We just have to acknowledge that it, in fact, is a rule in the House. If someone says no, then we do not continue and we move on.

Mr. Speaker: I have heard enough to make a decision. This has turned into a debate and I am not going to allow that.

On the honourable Member for Minnedosa's point of order, she does not have a point of order.

I would like to remind all honourable members that points of order should not be used for the purposes of debate. They are to draw the attention of the Speaker to a breach of the rule or a departure from our practice and not to be used for debate.

Point of Order

Mr. Speaker: The honourable Member for Inkster, on a point of order?

Mr. Kevin Lamoureux (Inkster): On a point of order, Mr. Speaker.

Mr. Speaker: On a point of order, the honourable Member for Inkster.

Mr. Lamoureux: Mr. Speaker, tradition inside the Chamber has been that if a member wants to be able to have leave in order to extend or give a conclusion in essence to the remarks, that quite often it is given. There might be individuals here that feel upset that I had said no earlier, and I am quite content to have both sides have leave to finish their member's statement.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. On the point of order raised by the honourable Member for Inkster, he does not have a point of order. Our rules state that in Members' Statements, you have two minutes. If you wish to continue, the member asks for leave and if one

member says no, then it is denied. So the honourable Member for Inkster does not have a point of order.

Mr. Speaker: We are still on Members' Statements.

Parkinson's Disease

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): I rise today to remind this Assembly that April is Parkinson's Awareness Month. April 11 is Parkinson's Day when Dr. James Parkinson is honoured for having identified the disease.

Parkinson's disease is a neurodegenerative disease that affects an estimated 100,000 Canadians, including about 5,000 Manitobans. It affects 1 percent of people over the age of 60 and 2 percent of people over the age of 70. Around 10 to 15 percent of those diagnosed with Parkinson's, show symptoms before the age of 40. Currently, there is no cure.

I wish to pay tribute to one Manitoban in particular who bravely battled this disease over the course of many, many years. Dr. Leo Kristjanson a long-time Gimli resident, passed away on August 21, 2005. Dr. Kristjanson was born and raised in Gimli, educated in Winnipeg and Wisconsin and pursued his professional career at the University of Saskatchewan where he was president for nine years. There he played an important role in the development of Innovation Place, which has become one of Canada's prime centres for research and development in biotechnology.

Among his achievements, Dr. Kristjanson received the Order of Canada, an Honorary Doctorate of Laws from the University of Winnipeg and the Lieutenant-Governor's Medal of the Institute of Public Administration. Not only was Dr. Kristjanson an accomplished and respected professional, he was also an exemplary citizen donating his time and efforts to various volunteer activities. His work and energy touched many, many lives and he will be remembered as one of Gimli's most cherished citizens.

To show their appreciation, last fall residents of Gimli held a walk in memory of Leo Kristjanson. With 57 registered walkers ranging from six months to 94 years of age, a total of \$4,565 was raised in just under two weeks. The Parkinson's Society of Manitoba is the regional voice for Canadians living with Parkinson's, and they help to ease the burden of

this disease and to work to find a cure through research, advocacy and support services.

Mr. Speaker, this April let us all work to inform ourselves and our loved ones about the nature of Parkinson's disease. May Leo Kristjanson be a reminder of the bravery and fortitude that is needed to endure this disease, but let us also remember him for his contributions to his family and his community which are his true legacy. Thank you.

Prairie Production Centre

Mr. Speaker: The honourable—[interjection]

An Honourable Member: Member's statement.

Mr. Speaker: Okay, the honourable Member for—

An Honourable Member: Southdale.

Mr. Speaker: Southdale.

Mr. Jack Reimer (Southdale): I hope that is not part of my two minutes, Mr. Speaker.

Mr. Speaker: No. It is not. We will make sure it is not.

Mr. Reimer: Thank you, Mr. Speaker. I rise today because of an oxymoron that I heard in the House today where the Minister of Industry (Mr. Rondeau) was talking about due diligence. Due diligence on some of the investments that the Manitoba government is involved with because it is almost a year ago, almost like an anniversary, that this government bought the Prairie Production Centre.

If you recall, this was the Prairie Production Centre that was offered for a dollar, but this government said, no, we are not going to pay a dollar. We are going to pay about \$3.2 million. So they bought it because they said they need it, and they are going to get in the business of being a production centre of Manitoba and for Winnipeg. This was their business venture, Mr. Speaker, a business venture.

A year has passed. What has transpired in that year? You would expect that there would be money being made at this production centre, but no, Mr. Speaker, we find out that, after a year of operation, it has lost \$60,000. Now, I ask you. The Minister of Industry and trade stands up and talks about due diligence that was done with all their investments and they are in the business to make money. In fact, the Premier (Mr. Doer) today was talking about that they do a profitable business in all of their ventures.

I would wonder why then, after one year, where this venture that the private entrepreneurs could not work at, they could not make it work. They decided that they were going to sell it; they were going to give it to the province for a dollar. The province paid \$3.2 million. After one year, it has lost \$60,000.

Mr. Speaker, I ask you, this government here, in their due diligence, should be actually looking at calling an inquiry into the Crocus Fund because the Crocus Fund is somewhere else due diligence should be looked at, and I would encourage the Premier to call a public inquiry into that. Thank you very, very much.

Transcona Access Centre

Mr. Bidhu Jha (Radisson): I am pleased to inform the House about a very important project in Radisson that is coming to reality.

Transcona Access Centre is soon to be completed and open for use. The Access Centre will integrate community-based health care and social services providing constituents access to a wide array of health and social services in one location. The Centre will place the core services for both Family Services and Housing and Health and primary care clinic under one roof.

This will be a hub for medical care, social services and community-based programs organized to meet the needs of the community. The Centre will locate home care, mental health, family services and housing, midwives, doctors and public health personnel in the same building and will be able to provide many services to the community in one location. We believe that better co-ordination and integration with other health and social service providers will enhance the continuity and care needs.

Mr. Speaker, health care is a national and, in fact, a global challenge. Our government has been making progress in this challenging task. I take a great pride in seeing the progress of construction of the facilities of the Transcona Access Centre. Improving social services like health care and education is a fundamentally very important task, a task that drew me into political life in the first place. I am proud of this government's record so far.

However, there is much to be done, Mr. Speaker, and I continue to work with our government and the constituents of both Transcona and Windsor Park to

improve health care and social services and education in our communities. Thank you.

**MATTER OF URGENT PUBLIC
IMPORTANCE**

Hon. Jon Gerrard (River Heights): Mr. Speaker, on a matter of urgent public importance.

Mr. Speaker, using Rule 36(1), I move, seconded by the MLA for Inkster, that the ordinary business of the House be set aside to discuss a matter of urgent public importance, namely, the safety of children in care of Manitoba Child and Family Services and the fact that 31 children who were in care or recently released from care have been killed as a result of homicide between the start of the year 2000 and the end of the year 2005.

* (14:40)

Mr. Speaker: Before recognizing the honourable Member for River Heights, I believe I should remind all members that under Rule 36(2), the mover of a motion on a matter of urgent public importance and one member from the other parties in the House are allowed not more than 10 minutes to explain the urgency of debating the matter immediately.

As stated in *Beauchesne's Citation 390*, "urgency" in this context means the urgency of immediate debate, not of the subject matter of the motion. In their remarks, members should focus exclusively on whether or not there is urgency of debate and whether or not the ordinary opportunities for debate will enable the House to consider the matter early enough to ensure that the public interest will not suffer.

Mr. Gerrard: Mr. Speaker, we are clearly dealing with a situation of children in care, with a very serious matter. I would suggest to you that what has happened in the last few days has raised the severity and the concern of people in Manitoba to a new height in this area. In the last year we have had nine children who were killed while they were in care or shortly after being released from care, and one which raised a great deal of concern last week, Phoenix Sinclair. As we now are finding out more and more details, it is clear that there is a major problem in the safety of our children who are in care in Manitoba.

Mr. Speaker, this last year was the most severe, the worst year in many, many years, perhaps the worst year in the history of this province for children being killed while in the care of Manitoba child and family services. But there have been, clearly, other

deaths in the last several years. In 2004, there were five such deaths. In 2003, there were five; in 2002, four; in 2001, two; and in the year 2000, there were six. Clearly, this is a very serious problem. It raises a concern about the safety of children who are in the care of child and family services in Manitoba, and I believe that this warrants an urgent debate today and the setting aside of the normal business of the House so we can have that debate.

Mr. Speaker, over the last three days, we have had headline after headline in our newspapers: Violence stalks kids in care; Nine kids in foster care murdered in 2005; Kids' grim slaying toll rising; Another Fisher River girl killed while in care; A tangled web of bureaucracy; A voice for the lost.

The last headline, I suggest, Mr. Speaker, says a great deal because it implies that these children who are in care in this province sometimes get lost and, as we have seen, end up being killed. It is a terrible situation, and it is made worse by the fact that there have been reports which suggested that there were serious problems in child and family services as it is being run under the NDP government.

I would speak as one example of the calls for action with respect to the inquest report which was done on the death of Sophia Lynn Schmidt. This inquest report was 181 pages of a very thorough report. It was released February 7, 2003. That is more than three years ago. This report said, in part, "It is submitted that the overwhelming and uncontroverted evidence is that the workloads of child protection workers and supervisors at CFS . . . continue to be at a level where compliance with Program Standards is impossible." It was further noted in this report that the program standards which were being referred to were minimum expectations. They were not what really needed to be done; they were the absolute minimum that should be met. Yet this government did not ensure that the minimum requirements for children in care were being met.

Mr. Speaker, in that recommendation and that report on page 170, Recommendation 6 says: "That the minister establish an independent inquiry or commission to comprehensively inquire into the present child welfare system." Clearly, it was recognized at that point, and it was not the only call for such a major inquiry, judicial investigation, to get things sorted out and put things on the right track, but it was clearly a call that came from a very thorough inquest and investigation, the death of a

child who had been in the care of Manitoba Child and Family Services.

I submit that this is a very serious matter which we are discussing, that it clearly needs for us to set aside the ordinary business of the day and to have the discussion today. This government did not act February 7, 2003. We have had an extraordinary series of circumstances and news reports in the last week. It is time we have that debate and that discussion in this House today, and that is why, Mr. Speaker, my colleague and I are moving this matter of urgent public importance and asking that the ordinary business of the Legislature be set aside so we can discuss this very important matter. Thank you.

Mr. Leonard Derkach (Official Opposition House Leader): Mr. Speaker, I would concede to the House Leader since he is the House Leader, but I would like to speak on this motion as well.

Mr. Speaker: I normally do go to the Government House Leader.

Hon. Gord Mackintosh (Government House Leader): I am astounded, Mr. Speaker, because it is such a duplicitous position to take when last week the member did not have the fortitude or the interest to stand up either on a MUPI, but stand up more particularly and properly in debate in this House on this matter. Tuesday went by, Wednesday went by, Thursday went by, Friday went by, and did he get up and debate on the budget which gives every opportunity for him to put the remarks on the record of his concerns? No. He comes in here today, on Monday, and he thinks that this House can take him seriously. He was up on matters of privilege around the flower last week. That was more important to the member opposite last week. How dare he pretend.

Mr. Speaker, who we have here is someone who has every ability to be raising this matter in the House, to have full debate on this and, including today, on Interim Supply where there is an intention to call Interim. Of course, it is a well established practice in this House that MUPIs are not recognized when there is full opportunity for debate on the budget. Today, it is even greater because of Interim Supply which is going to be set down today as a result of some understanding in this House.

But, Mr. Speaker, this is a serious matter. It is an urgent matter which is why our minister is taking action and why it has been the subject of questions and answers, I would say, accountability on the part

of the government for a serious tragedy, but I have to say how unfortunate it is that a member would come in here on the Monday, the week after, and say now it is an urgent matter. If it really was an urgent matter in his mind, he would have been up last week on the budget which deals with issues about funding and investments in the children of this province.

* (14:50)

Mr. Derkach: Well, Mr. Speaker, although the House Leader was animated, he did not make very many points.

This is an urgent matter. This is an urgent matter because it involves the lives of children. We have seen far too many children in this province die under the watch of the Minister of Family Services (Ms. Melnick) and this government. That is why, today, the Member for River Heights (Mr. Gerrard) is calling for a matter of urgent public importance and a debate in the House.

Now this is not something that has not happened before on lesser matters, where all sides of the House have agreed to debate an issue of this importance. Mr. Speaker, although the House Leader says this could be done under the guise of the budget debate; it is hardly, hardly the place to debate an issue of such great importance to the future lives of little children in care of Family Services, not just those who have died. When the member says that this is an opportunity for us to clear the air and to debate this matter of urgent public importance, I think he is correct. What is it going to do to the history of this province if we simply set aside one day while the House is sitting to debate a matter of great importance to Manitobans?

Now you have read the papers as well as I have, Mr. Speaker. Members in this House have read the papers. We know what is on the front pages of the papers. The Government House Leader knows what is on the front pages of the papers. This is an urgent matter. It requires the attention of all of us. It requires the attention of opposition members in this House to be able to try to impress upon the government the reasons why the government should be calling a public inquiry into the whole issue of the care of children in Family Services.

Now, Mr. Speaker, we all have 10 minutes to put our case forward as to why a matter is of urgent public importance. If this matter is not deemed to be of urgent public importance, of such magnitude that requires this House to set aside one day of business

to debate this very urgent matter, I think we are constrained by time, as a matter of fact to two hours, I believe it is, to debate this matter, if we cannot set aside in our lives two hours to debate a matter of this significance, a matter where children have died, nine children in one year—now, it is not nine children in 10 years, this is nine children in one year who have died at the hands of other people, and under the care of the Minister of Family Services.

Mr. Speaker, there have been many warning signals many times to the Minister of Family Services, to this Premier (Mr. Doer) that this had to be addressed. So today it gives us the opportunity for whatever it is we want to do today. Yes, Interim Supply is an important resolution that we could deal with, but you know what, I am sure that every member on this side of the House, the opposition parties, would give up two hours of debate on Interim Supply if, in fact, we could address this very important issue. It is not going to change the lives of us here in this Legislature, but in two hours we could have a meaningful debate that could change the mind of this Premier and this government to act appropriately and accordingly and to ensure that not one other child is going to be put at risk of dying.

Mr. Speaker, I want to ask this Premier and I want to ask the Minister of Family Services: What will they say by denying this debate if, in fact, we wake up tomorrow morning and yet another child has died? That could happen. Now we cannot blame the Premier for that. We cannot blame the Family Services Minister for that death. But what we can blame is the opportunity for us to engage in a debate, for us to allow ourselves the opportunity to put remarks on the record that either indicate why a matter like this needs to be expedited in terms of the review.

Mr. Speaker, the Premier says there is going to be an external review of which his minister is going to announce the details. Now how can we ever have any faith in this minister doing an external review and her heading that external review if there is no confidence by people who this minister has to answer to? So I can understand if the Premier was announcing the details of the external review that there is some confidence in him doing it, but how can anybody have any confidence in the Minister of Family Services (Ms. Melnick) in doing this?

Now, Mr. Speaker, I do not believe that the Member for River Heights is asking for anything out of the ordinary when he asks for the House to set

aside its business for two hours to debate this very important issue. He has laid his case out, I think, accurately. Now, the House Leader, of course, objects, and he talks about the fact that the Member for River Heights last week made it a big issue about the crocus. Well, he should put it in context because the member made an issue about the crocus because the government did not have the intelligence to stand in a minister's statement and congratulate the province on the celebration of 100 years of the celebration of the floral emblem of our province. Yet they have done it for other trivial things as well, many, many times.

So, Mr. Speaker, the House Leader is wrong. The House Leader is also wrong when he says that we could have this debate about the Family Services issue in debating the budget. Well, I want to remind the House Leader that last week we put forward a motion to now hear the Member for River Heights (Mr. Gerrard); the government opposed it. So he cannot talk out of both sides of his mouth.

Mr. Speaker, this is an important matter. This is an urgent matter. This is a matter that is of importance to Manitobans right across, and I know that every Manitoban is tuned in to what is happening in the House on this issue. If the Premier wants to do the honourable thing, wants to take the high road, wants to ensure that, in fact, we have a clear debate, it is not going to hurt him. It might hurt his ego; it might hurt his minister's ego a little bit, but I think there are some important matters that need to be put on the record, and this is the time and this is the place to do it.

Mr. Speaker, two hours. I am prepared on my side of the House to give up two hours of debate in interim supply, and if we want to take that two hours off, I am sure I can have the co-operation, and we can have the co-operation of the Member for River Heights and the Member for Inkster (Mr. Lamoureux). But this is of critical importance to Manitobans. Let us not trivialize this issue. Let us not try to make it a political issue to the extent that we will not allow the debate to come into the House. But it is important that we express ourselves on behalf of our constituents, on behalf of the people of this province and that we do that especially on behalf of the little children who are care of Child and Family Services. These are vulnerable, little people. They are innocent. They do not deserve to have the kind of treatment that we read about in the papers. We can do something about it. We have the responsibility to do something about it, and it is the

Premier (Mr. Doer), it is the Minister of Family Services (Ms. Melnick), it is the government, it is us in opposition who have the opportunity today to set aside some business of the day and to debate this very, very critical and important and significant issue in this province.

Mr. Speaker: I thank the honourable members for their advice to the Chair on whether the motion proposed by the honourable Member for River Heights should be debated today. The notice required by Rule 36(1) was provided. Under our rules and practices, the subject matter requiring urgent consideration must be so pressing that the public interest will suffer if the matter is not given immediate attention. There must also be no other reasonable opportunities to raise the matter.

I do not doubt that this matter is one that is of serious concern to members as the issues relating to children and child welfare issues are of concern to all of us. I have listened very carefully to the arguments put forward. However, I was not persuaded that the ordinary business of the House should be set aside to deal with this issue today. Additionally, I would like to note—*[interjection]*

An Honourable Member: Not even children?

Mr. Speaker: Order.

Additionally, I would like to note that there are other avenues for members to raise this issue, including questions in Question Period, raising the item under Members' Statements and raising the issue during the budget debate.

Therefore, with the greatest of respect, I rule the motion out of order as a matter of urgent public importance.

Point of Order

Mr. Speaker: The honourable Member for Inkster, on a point of order?

Mr. Kevin Lamoureux (Inkster): That is right. I understand that I cannot challenge the ruling on the Chair, but I would then ask if there would be leave of this Chamber to allow this very important debate to occur, Mr. Speaker, as the Opposition House Leader (Mr. Derkach) has eloquently pointed out and the Member for River Heights (Mr. Gerrard).

* (15:00)

Mr. Speaker: Order. The ruling on MUIs cannot be challenged and also the rulings of Speakers should never be up for discussions in this Chamber.

Mr. Lamoureux: Mr. Speaker, I had asked then for leave so that we would at least be afforded the opportunity, as a Legislature, to see the merit of having that debate. I believe there would be leave to allow the debate to occur.

Mr. Speaker: The honourable Government House Leader, on the same point of order?

Mr. Mackintosh: Mr. Speaker, that is simply an attack on your ruling. I would remind the member, and I would say this about every single day last week and about today, that we, on this side of the House, are not the ones who are shutting down debate. We are more than happy, on the budget debate, on Interim Supply, to fully debate this matter.

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

Mr. Derkach: Well, Mr. Speaker, we have always had an agreement in the House that, with leave, we can enter into any kind of debate. Now, if the government wants to oppose a debate of this significance and it wants to put closure to an issue of this nature to—you know, the significance of this issue is overshadowing everything, even the public inquiry we have asked for, for Crocus. But this issue is so important that, by leave, the member is asking that we debate it. Now, if the government wants to deny leave, that is on their heads, but indeed I do not believe that we would deny leave for a matter of this significance.

Mr. Speaker: Order. In the future one would remind members that when a member is asking leave to do a certain departure from our practices, members can ask for leave, but it should not be up for a debate. So I would just like to remind all honourable members.

* * *

Mr. Speaker: The honourable member asked for leave, so I ask the House: Does the honourable member have leave?

Some Honourable Members: Yes.

An Honourable Member: We do not need leave.

Mr. Speaker: The honourable member asked for a departure of our normal practices of the House and the honourable member is asking for leave, so I have to put it to the House. I have no choice here. Does the honourable member—

Point of Order

An Honourable Member: Point of order.

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

Mr. Mackintosh: Mr. Speaker, there is a fundamental misleading on the member's question. There is no leave required to debate in this House. What is needed is the will of members opposite to stay in this Chamber and do their business.

Mr. Derkach: Mr. Speaker, I think we see clearly the agenda of the government. We are in this House to do the business of the people. The business of the people today is to debate this very important issue.

Now, Mr. Speaker, the Member for Inkster has just asked for leave from the business of this House, as important as it may be, to debate this very important and critical issue. Now, if the government does not want to give us leave to debate this, then let it be on their heads. I am sure that every constituent across the province is going to know who denied leave in this very critical and important issue where children are dying. We will let Manitobans know that it was the government who does not want to enter into debate. What are they hiding?

Mr. Lamoureux: Mr. Speaker, it is relevant in the sense that we have had, through leave, when this Chamber has recognized the issue to be important, where a MUPI has been allowed to continue. All I have to look—Mr. Speaker, you could look into it yourself, when we had the BSE issue and everyone inside this Chamber, even though you had ruled it out of order, the members of this Chamber were asked for leave to allow the debate to occur. We recognized the value of that issue. All I am doing is asking for the government to recognize the value on this issue and just allow a two-hour debate. It is about our children and what is happening in Family Services. Surely to goodness there is value to that. So that is why I ask if you would just canvass the House to see if there is leave.

Hon. Gary Doer (Premier): The Speaker has already ruled that under our rules every one of us has the ability to debate, under the budget debate, all the matters of child protection. I would point out to members opposite, the filibuster that they are involved with, with stopping the budget includes a 17-percent increase for child protection in Manitoba. Let us debate that. Let every member debate that. Let us get on with the budget.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. I just made a ruling earlier and I explained my ruling to the House. I ruled it out of

order, but any member can ask for leave to depart any business of the House. It is not up for debate.

* * *

Mr. Speaker: The honourable member asked the House a question. So now I am putting the question to the House. It is up to the House to decide if leave will be granted or not.

Does the honourable member have leave to debate what he has just proposed? Yes or no.

An Honourable Member: No.

Some Honourable Members: Yes.

Mr. Speaker: No, it has been denied.

An Honourable Member: Who denied it?

Mr. Speaker: I heard a no.

An Honourable Member: Who said no? I did not hear a no.

Mr. Speaker: I heard a no. Any member can deny it. I heard a no.

An Honourable Member: If you would ask the question again, I did not hear a no.

Mr. Speaker: I asked the question and I am satisfied that I heard a no very, very clearly. The honourable member's request has been denied.

Point of Order

Mr. Lamoureux: On a point of order, Mr. Speaker. I heard people on this side of the House, the combined opposition, say yes. Am I then to assume that someone on the government said no because people on the opposition said yes? Is that what was stated?

Mr. Speaker: When I proposed to the House, I heard a definite no. That is what I heard. It only takes one member on either side of the House to deny leave. I heard a no.

Mr. Speaker: Order. The honourable Official Opposition House Leader, on a point of order.

Mr. Derkach: Mr. Speaker, on a point of order. I think the record should show that the government has denied leave.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. It is entirely up to the Speaker to make a ruling. I heard a no, but I cannot identify

what side of the House it came from. I heard a definite no, so that has been denied.

* * *

Mr. Speaker: So now we will move to—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. We will now move on to Orders of the Day.

ORDERS OF THE DAY

GOVERNMENT BUSINESS

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, under the rules on the budget, there is an ability for the House Leader to interrupt the debate on the budget for a maximum of three days. I will just cite Rule 32(5): "The Government House Leader may interrupt the debate on as many as three sitting days to call government business."

I would like to invoke that rule today and ask you to call Supply. The intention is to deal with Interim Supply today.

Mr. Speaker: Interim Supply procedure has been called. The House will now resolve into Committee of Supply to consider the resolutions respecting the Interim Supply Bill.

COMMITTEE OF SUPPLY

Interim Supply

*(15:10)

Mr. Chairperson (Conrad Santos): Will the Committee of Supply please come to order. We have before us for consideration two resolutions respecting the Interim Supply Bill.

The first resolution reads as follows:

RESOLVED that a sum not exceeding \$3,273,112,908, being 41.7 percent of the total amount to be voted as set forth in Part A (Operating Expenditure) of the Estimates, be granted to Her Majesty for the fiscal year ending the 31st day of March, 2007.

Does the Minister of Finance have any comments?

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

Mr. Chairperson: Does the official opposition Finance critic, the honourable Member for Lac du Bonnet, have any comments?

Mr. Gerald Hawranik (Lac du Bonnet): Yes, I do, Mr. Chairperson. I note that the Minister of Finance is asking for 41 percent of the budget expenditures when, in fact, all he needs is 25 percent. What I am concerned about, I guess, is approving the Interim Supply Bill when he is asking for 41 percent of the money for 25 percent of the time. You know, clearly, that is an indication, again, of what he did in the last budget. He overspent by \$188 million last year and now he is asking us to approve probably an extra, almost a billion dollars more than he really needs for 25 percent of the time, and while this minister crows about his investments and so on across the province, clearly there happen to be no results in his expenditures.

We have seen a health system that, in fact, is dead last in this country as called by the Conference Board of Canada. He does not like to hear this at all, but Stats Canada certainly called him on it. He ignores it every time I bring it up in this House and that is that Stats Canada reported that between 2000 and 2004 we are the only economy in Canada that has grown below the national average, the only economy in Canada below the national average between 2000 and 2004, and clearly that speaks to the performance or lack of performance by this Finance Minister and the finances of this province, and I heard it again today in Question Period, another issue that is clearly in controversy between the Finance Minister and myself.

I asked the Minister of Industry (Mr. Rondeau) a question today, the third question, and, in fact, the Finance Minister pops out of his seat in spite of the fact that I never asked him the question. But he talks about, oh, I am the only member who says that the debt is almost \$21 billion and I am overstating the debt by \$9.5 billion. Well, clearly this Finance Minister has taken \$10 billion off the books of this province with a stroke of a pen and he ignores it, Mr. Chairperson. He ignores the fact that we have over \$20 billion in debt, and when he is asking for proof, I will give the members opposite proof. Those are his own budget numbers, his own numbers in the budget; they are not mine. They are his, yet he denies them.

He has stated in the Public Accounts Committee a couple of months ago that in fact when asked the question, what is the average rate of interest that the Province pays on the total debt of the province, a very simple question, he consulted with the deputy minister, he consulted with others at the table, and he replied: 5 percent. Well, my point is all you have to

do then is capitalize that interest and find out how much debt there really is in the province. Clearly, the budget papers and the financial reports, the audits of the public accounts done by the Auditor General clearly state that in Manitoba we are paying on the total debt of the Province \$1.281 billion. Maybe he is going to deny that again today, Mr. Chairperson, \$1.281 billion.

It is clear in the Auditor's report. When you capitalize that, and it is a simple Grade 6 math question, \$1.281 billion of interest capitalized at the rate of 5 percent is over \$20 billion. It is as simple as that: over \$20 billion in total debt in this province. Yet he is in a state of denial. All he does is continuously talk about \$10.5 billion because it is a lower number. It is a lower number and it is to his advantage to do that.

I am not talking about net debt when I talk about \$20 billion, he knows that. Clearly, he knows I am talking about the total debt. I have specified it time and time and time again, but all it does is get ignored. Clearly, the Finance Minister is wrong. He has been caught and he does not like it, but that is just too bad. The debt of the province is clearly over \$20 billion and the clear evidence is \$1.281 billion annually in interest. When you capitalize that at the rate of 5 percent, it is clearly over \$20 billion. If there is anyone who is not giving us the true facts in this House, it is the Minister of Finance (Mr. Selinger), Mr. Chairperson, and not myself as the critic for Finance.

You look at the transfer payments that his Finance Minister has been relying upon increasingly. Year after year after year all he is doing is relying on more hand-outs from the federal government instead of trying to grow our economy. He talks about \$12-billion growth in our economy over the period of time. Granted that is what is in his budget papers, I have no argument with that. But my point in this whole matter is not how much the economy of Manitoba has grown in isolation to other provinces in Canada or to the Canadian average, you have to look at what other provinces have recorded as growth in their economy.

Simply looking at \$12 billion as growth in the economy should not be looked at in isolation. We should be looking at how competitive we are within Canada, how we have grown in relation to the Canadian average, how we have grown in relation to other provinces. Clearly, a \$12-billion increase in the economy, while it certainly is growth in the

economy, when we look at comparing ourselves to the Canadian average, when we look at comparing ourselves to other provinces, we certainly have not done as well as the Finance Minister would like us to believe.

*(15:20)

A lot of it stems from the fact that we are not growing our economy in ways that we should. We are not competitive in terms of taxation. I know the Finance Minister will point to the budget and say, well he has decreased taxes here and he has decreased taxes there. We do not have any argument with that in particular other than the fact that the Finance Minister has to look around him. He has to look at other provinces and what they are doing. Clearly, he is not doing that. He has not looked at other provinces to determine how they have decreased taxes. I have no argument that he has decreased taxes in some forms as well throughout this province, but, clearly, other provinces are doing more. They are becoming more and more competitive and as a result we are losing people. We are losing our young people to Alberta more and more often.

There is not a day that goes by that I do not hear from constituents who are concerned because their children, their grandchildren are leaving the province for greener pastures, and we are certainly not doing ourselves any favours by trying to depend increasingly on federal government transfer payments. Well, certainly, federal government transfer payments are welcome in the province, but we have to do more to ensure that we grow our economy more so that we can, in fact, keep our young people and those who graduate from our universities and colleges within the province of Manitoba.

I note that in the budget we are anticipating a \$204-million increase in transfer payments this year. That \$204-million increase, I hope for the Finance Minister's sake, will be there. There is no guarantee, Mr. Chairperson. There is no guarantee whatsoever that there will be an increase in federal transfer payments particularly since, as the Finance Minister knows, the Finance Minister is well aware that the federal government has not passed their budget as yet, and to rely on a \$204-million increase in transfer payments at a time when he has only a \$3-million surplus in his budget, I think, is irresponsible. If he is out by more than \$3 million, his budget will be in a

deficit position contrary to balanced budget legislation.

So, clearly, the Finance Minister has not done his homework. He has not done his homework in terms of how much money he believes should be coming from the federal government, and I think all Manitobans should be concerned about that and the accuracy of his budget. Thank you.

Mr. Chairperson: The honourable minister? No comments? [*interjection*]

Is the committee ready for the question?

Mr. Larry Maguire (Arthur-Virden): Clearly, this minister has misled Manitobans, I guess, if you want to put it in a different manner and in a different vein, Mr. Chairperson, as we move forward on the issues of Interim Supply. It is unfortunate that we need to deal with this issue in this manner when we could have dealt with the budget. Perhaps, if the Premier had called a public inquiry on Crocus, we would have been dealing with it ages ago. So it is an opportunity here for myself as the Member for Arthur-Virden to put on the record some of the concerns that we have with this government around the issue of financing in Manitoba.

I was in rural Manitoba on the weekend again, in my constituency, and the tax, just as an example, the issue of—well, first let me say that the issue of Crocus is on everybody's mind out there, Mr. Chairperson. We have had many, many people tell me over the weekend that we need to have a public inquiry to get to the bottom of the misrepresentation in the Crocus Fund or the lack of action by this government in regard to how that whole issue was dealt with. These were at fundraising events that I was at in some communities on the weekend and just general conversation with people on the street. They are very upset with this government and the fact that they did not heed some of the warnings that came forward as much as five years ago. You know, they have had a long time to have dealt with some of these things.

Then they feel that what protection would this government give? It gives lip service to whistleblower legislation and protection and that sort of thing, Mr. Chairperson, but when a top civil servant in the province of Manitoba comes forward, as Pat Jacobsen did from the Workers Compensation Board, and gives them warnings on an issue as serious as the heads-up on investments being improper, then it is a concern to these individuals.

They are very, very unhappy with this government's unwillingness to see red flags. Some of these flags, we have not even got to the issues of the Aiyawin report and some of the red blankets that were flying around that were not seen there. Mr. Chair, it is a devastation to rural Manitobans to think that a government would pat themselves on the back by thinking that they could deal with these things by giving the Auditor General the opportunity to deal with them. Then, when he comes forward with these accusations, or with these facts that the government calls accusations, they say, oh, well, you know, we tried to do our very best.

The Auditor General said that it would take 10 years with his staff of 45 to deal with all the credible issues that have come forward from this government, the credible complaints that have come forward from this government of late. I have never seen, the people out on the streets of Manitoba, they understand one or two issues being dealt with in the past but this is preposterous. I guess the circumstances are that the people want this public inquiry. Now, we are seeing the Minister of Family Services (Ms. Melnick) today and the Premier (Mr. Doer) give the indication that Child and Family Services will be interrogated in regard to a public inquiry in regard to the deaths that have occurred. I think all Manitobans would applaud that.

But they certainly continue to want a public inquiry on the Crocus issue because of the misappropriation, as Ms. Jacobsen said in her letter to the minister, that was very, very poorly dealt with. I mean, Manitobans have no confidence in this government in relation to their ability to deal with these circumstances when a person in Ms. Jacobsen's position comes forward and warns the government through the minister that there seems to be inconsistent processes taking place with the investments of this area, in these areas of Workers Compensation and the Crocus Investment board.

So, Mr. Chairman, I just want to say, as well, that the concern is growing out there in the rural areas of Manitoba, and I think it is here in the city of Winnipeg as well, as this government misses red flag after red flag after red flag in regard to the statements that keep coming forward from the Auditor General, whether it is the Aiyawin report, or the Crocus Investment Fund or the Workers Compensation Board. There are others out there with retirement funds who are becoming more leery of the circumstances that might be taking place within the funds that they have dollars and pension funds

invested in. This government can give them no assurances that those funds are not at risk as well.

So, Mr. Chair, that is why we have to deal with this Interim Supply bill in the manner that we do. It is simply because this Premier will not call a public inquiry or has not yet, at least, called a public inquiry on the Crocus issue. As soon as he does, we would be more than glad, and I think that has been indicated by our House Leader, many, many times in this House since the beginning of March when we came back and had the budget. It was certainly indicated by our leader in his remarks before the House when he spoke to the budget. So, as soon as the Premier calls for that public inquiry and does what Manitobans are asking him to do in that regard, we would be more than glad on our side of the House to begin the process of the debate on the budget. Until that, we will be dealing with the issues of interim supply as it has come forward today in Manitoba to make sure that the staffing of government in the province of Manitoba and that the regular routine of government can continue on a financial basis.

Mr. Chairperson: The honourable First Minister.

Mr. Maguire: Well, just—

Mr. Chairperson: Are you not yet finished?

* (15:30)

Mr. Maguire: Yes, thank you, Mr. Chair, I certainly was not meaning that I was finished. Actually, the citizens of Manitoba are just beginning to become upset. Of course, I am here to represent those of Arthur-Virden. I am telling you that on the weekend many, many farmers came up to me and they were absolutely disdained by the idea that the government would put a \$3 tax on every cattle beast sold in Manitoba, in regard to saying that they want to raise the equity for the slaughter plants in Manitoba, at a time when the government has had three years, three years and, by their own acknowledgment, have not spent the money that they said, the \$180 million that they put into agriculture back when the BSE issue hit. We are going to help farmers. We are going to provide them with \$180 million. What did they do? They gave them \$100-million worth of loans, and all the minister could come out in the budget, the Agriculture Minister in this budget, and say was that, well, we will extend more loans to these farmers if they will make diversification on their farms to fill out areas like farm stewardship and the water issue and the nitrates and phosphates, particularly the phosphates report.

This is a direct hit at farmers as well. It is going to put some of them out of business if they proceed with the 40-year-old maps that the government used for this report. I cannot believe that the Water Stewardship Minister would allow out of his office the package that he put forward. It is disdainful to many of those producers in Manitoba who may have to go out of business on certain soil types when they cannot even spread manure that they have been doing for a hundred years when there is no scientific data. They would not mind if there was some scientific data behind what has come out, but they are up in arms around rural Manitoba because this minister has not been able to provide any scientific data to back up the report that was put out on water management issues in regard to manure management in Manitoba.

I want to back up to the issue of the tax on the sale of cattle, Mr. Chairman, to say that these producers around Manitoba feel that the government has had all kinds of time to put the equity together to build these plants. We could have had two of them up and operating a year and a half ago if we would have actually seen some direction from the government in regard to building the plants. Yet here we are close to three years, in May, down the road from when the BSE hit in Manitoba, and we do not even have a blade of grass killed yet in regard to development of the first packing plant in Manitoba, and, I daresay, we never will as long as this government continues to take for granted the issues of rural Manitobans and not deal with them.

That is a big concern of those people in rural Manitoba and at a time when they continue to be forced into a situation because of the low grain prices that we are seeing and lack of support from the provincial government in regard to issues around immediate concerns on those low grain prices. They are being forced into more livestock production in Manitoba and many of them are doing it quite willingly because, of course, they are some of the best stewards. We have some of the best cattle people and people with animal husbandry skills located here in Manitoba in both the hog industry, and the beef industry in particular, many in the horse industry and other livestock industries as well, but they are not being allowed to maximize their potential in Manitoba because of decisions made by this government around the lack of investment that is taking place in rural Manitoba, Mr. Chair.

The government, in its wisdom, if they were really caring, would have completely eliminated the

education taxes off of farmland and residences a long time ago. They have had many dollars under the record transfer payments that they have received from the federal government to deal with that. We have a Finance Minister that does not recognize that in this budget, and he wonders why we passed an amendment to it to try to improve his own budget, or the government's budget, Mr. Chair. There were so many flaws and so many areas left out of that budget that it is no wonder that we had to bring forward meaningful representation from our side of the House to have an improvement in a budget like this.

Mr. Chair, I also have to say that the Minister of Transportation (Mr. Lemieux) brought out a bridge budget the other day and greatly announced that it was going to be one of the biggest bridge budgets in Manitoba history and one of the biggest budgets that we have seen on transportation in Manitoba. If it was not for the bridges on the floodway to deal with it, the bridge would be very—you know, that budget would hardly mean anything.

To have two bridges in all of Westman, one in Killarney and one in Russell, Mr. Chair, be a part of that when there are areas around Melita that just need a small bridge improvement to have an RTAC road for economic development in the southwest corner of Manitoba and leave it out, to have nothing in that budget to deal with the twinning of the bridge on 18th Street in Brandon with the new Corral Centre and the main bottleneck of traffic right in the major city of Brandon, is just unacceptable. I want to say, in the area that I do represent, where No. 1 is being twinned, that this is a government that has not proceeded, even by their own agenda, to deal with that particular road, and many deaths continue to occur on that single-lane area.

So, Mr. Chair, I will get into the spending that this government has not done in regard to the lack of action in this budget on transportation later, but I have raised that issue in Question Period, where the government has not put in near the \$29.5 million that they have indicated, just to go back and look at their own budgets and compare the two of them. I do not know how the minister can with a straight face tell Manitobans that they think that they have put that much money into the new budget for transportation, particularly when they did not even spend what they had gathered under their own Gas Tax Accountability Act last year.

So, with those few remarks, I would save any further debate on this issue until later.

Hon. Gary Doer (Premier): The Minister of Finance (Mr. Selinger) is dealing with a vice-president of a bank that came in from out of town, so I will just try to—he will be here as quickly as possible. Maybe I will get right into it, just on his behalf.

When I go to Arthur-Virden, the member is right about highways and he is right about some of the issues of beef processing. I would add I hear also that people are concerned about how we can deal with drainage and flood protection, so that is one item that he did not mention that I think we are concerned about: How do we deal in a preventive way with the drainage? This budget does include doubling of drainage, but, of course, that is plugged up with this debate. The tax reductions for farmers is plugged up with this debate.

Interim Supply is not the authority to spend all of the issues that are contained within the new budget. Mr. Chair, I would point out to members opposite, the police officers in Winnipeg and other areas are contained within the budget. And members opposite, I know they are following the bell-ringing tact of Mr. Filmon in 1984. It did not work that well when you look at what happened in 1986. And I know they are following the Newt Gingrich model of kind of, you know, we are in charge now; kind of the Alexander Haig approach. I would recommend no matter what the issue is, the governments of the day—and maybe in 20 years from now some of you will be in government, maybe not, you never know, could be earlier, could be later.

An Honourable Member: Earlier.

Mr. Doer: Well, I have heard that. Those of us who read the comments before about one-term government and honeymoons and all these other things, we actually know what is going on. But I would suggest that it would be folly for you, if you were ever in government, to have the opposition dictate all the issues. You are elected by the people to govern. You listen to the opposition but you do not acquiesce to blackmail tactics, and I would recommend very strongly you will think about that. Maybe 10 years from now when you are in government, you will act accordingly, but you would be—to have this issue or that issue determine everything would be, as an old politician that should be listened to by members opposite, Margaret Thatcher, once said, this lady is not for turning. I do not agree with Margaret Thatcher in anything she did not turn on, but I do agree with her right not to turn.

This government is certainly willing to have inquiries. I have ordered two of them already, and there is a third one potentially coming with the children in care. We certainly feel accountable for that under The Child and Family Services Act, but we have, and I would point out members opposite, have demanded 11 inquiries or 12 inquiries now. We act in the public interest and we feel the Crocus report is, you know, the three examples now, we have three examples used by members opposite now to call an inquiry. One was the e-mails. Well, the Auditor General testified the e-mails did not go past an ADM. No wonder you walked out of the last committee hearing meeting; you do not want to handle the truth. Secondly, the claim made by the Member for River Heights (Mr. Gerrard), that the director reported to the government. False. And today the issue of higher authority, and you will look at the record and the Order Paper and the schedule of legislation. We never once in six years brought in legislation to introduce the superfund. The example being used today was introduced by Merv Tweed.

*(15:40)

I know the member opposite shares the same seat as the former member from Turtle Mountain, but I am shocked and surprised that, you know, I hope Stephen Harper never gets a copy of this Hansard. We want to see as many Manitoba Cabinet ministers as possible under the Harper government, and I am just shocked that he would attack Mr. Tweed.

Now, I know that members opposite swagger a lot, but, you know, they did not lower the education tax on farmland; they raised it. The member opposite knows that, when he was head of a lobby group for agriculture and farmers, they raised the taxes on farmers and we lowered it.

I agree with the member opposite about the need for beef processing, but we always thought that we had to have the support of the cattle producers. That is very important.

In Arthur-Virden, the member opposite does not mention oil, and no wonder, because they did nothing for oil exploration and oil extraction in that area of the province. They did not do a darn thing on the new technologies that could be recycled. They did not do anything on the ability to extract oil. They did nothing on the tax consideration. Here, in this budget that you are filibustering, there is a provision in the budget to have comparable treatment to Alberta on equipment for oil extraction. What are

you doing over there? You are again putting the cobwebs on machinery by stopping the budget.

So, Mr. Chairperson, there are issues that I have heard about in Arthur-Virden, but they are different than the member opposite's. Some are the same: highways, on the positive side, building that twinning to Saskatchewan. On the negative side, not enough, and we acknowledge that. I also heard about the 18th Street bridge. We are promising to go to four lanes to make sure that we can withstand a 100-year flood. The engineering plans are now in existence for that.

We do not just put promises in press releases. I know members opposite did that. The Beausejour Hospital, the money was not in the budget. The frozen food was. He is probably fortunate the former member from that constituency is not running because we have all this frozen food from Mississauga, Toronto. We have all his quotes. We were quite disappointed when he decided to stay with his big honkin' salary from "big pharma." We were quite disappointed that he did not jump into the water, although we were pretty shocked at who did jump into the water. Did anybody jump into the water? A few people, I think. Maybe they are out there swimming around now.

So the members opposite are not paying attention to history and that is their right. That is our advantage. In terms of the Workers Compensation Board, (a) we followed the law. You look at section 59 of the act, the CEO was hired by the board. The majority of those board members, by the way, when the incident in question took place were appointed by the former government. We did not remove them from office. I would point out on the bottom line considerations of the Workers Compensation Board which this government is concerned about, 20-percent reduction in workplace safety and health accidents, therefore a reduction in claims and the investment account is running in the last two years to be second best in Canada. Obviously, not perfect. We have to get it to be the best in Canada. *[interjection]*

The Member for Inkster (Mr. Lamoureux), again, has two different positions from his seat. He has a press conference to follow all the recommendations of the Gomery inquiry, but he is not honest enough to tell the people that the Minister of Labour (Ms. Allan) did follow the model of the Gomery inquiry by not intervening and interfering with a board of directors pursuant to 59 of the law,

and he is lucky that nobody reads, because he would have been caught in a major, major intellectually dishonest position again, over and over again. Of course, we know about his disappearing ink when it comes to agreeing to co-operative rules in this Legislature.

Mr. Speaker, on the Lions report, I would point out that we did investigate one of 400 housing projects that actually took place under the former government. The Lions Club, we did bring it to the Auditor General's attention when we came into office. There was a loss of \$1.5 million. Did the former Minister of Housing, Mr. Reimer, or the Member for Southdale, did he miss that \$1.5 million?

We have acknowledged that, yes, in 400 agencies that are directly managed by the Manitoba Housing and Renewal Corporation, if there are some of them that come to our attention, I would point out, as soon as it hit the minister's desk in an operational review, it was forwarded to the Auditor General.

I have so many more things to say on the facts, but I just would like to say my best advice for members of this Chamber, whether they are in government or in opposition, follow the law. You may get criticized for not doing too much sometimes but do not break the law. That door to go through is better than you did not take enough action and intervene against the authorities. Thank you, Mr. Chair.

Mr. Hawranik: I note, when the First Minister started his remarks, that he commented that he is filling in for the Finance Minister because he is meeting with a bank vice-president. My only hope is that he is not arranging another loan for this Province. We have enough loans as it is. Perhaps maybe he is even explaining why he took \$10 billion off the debt with the stroke of a pen. I am sure the bank vice-president would be very concerned about that because he certainly hopes that, of course, the interest payments will continue to come because the interest payments are, in fact, on the \$20-billion debt, not on the \$10.5 billion that the Finance Minister continuously tries to lead members of this House to believe.

There is a simple way of passing this budget, and that is to call a public inquiry. We will allow the budget to be passed if the public inquiry is called. We made it perfectly clear when we started this process that we need a public inquiry in Crocus or else the budget does not pass. It is a simple matter.

It is not that the money is not there, Mr. Chairperson. I point the Premier to the budget. In fact, the bottom line is that the Finance Minister has indicated there is \$148-million surplus on the summary budget and a \$3-million surplus on an operating budget. Clearly, \$3 million is enough for the cost of a public inquiry. The money is there, so there is no excuse.

Much has been said by Crocus unitholders, by ourselves as official opposition, indeed, all Manitobans about the collapse of the Crocus Fund, and what is abundantly clear, Mr. Chairperson, is that we need an independent public inquiry of Crocus.

The Premier cites several reasons why not to call a public inquiry. He points to the investigation by the Manitoba Securities Commission, the RCMP investigation, the class action lawsuit by Crocus unitholders and he also points to the Auditor General's report on the Crocus. What the Premier forgets, and conveniently forgets, is the fact that not one of these investigations will investigate the government's role in this Crocus scandal.

The Manitoba Securities Commission is investigating the Crocus board of directors, whether they broke any securities laws and whether they broke any securities regulations. The RCMP are investigating whether there is any criminal activity in this Crocus scandal. We are not suggesting, by any means, that the government is guilty of any criminal activity in the Crocus scandal, Mr. Chairperson. We are not saying what they did was criminal. The government may have been negligent. It could have been wilfully blind and perhaps even incompetent when dealing with the Crocus file, but surely we are not suggesting that there is any criminal activity by members of the government.

The class action lawsuit is not the vehicle to determine the government's role in this Crocus scandal either, Mr. Chairperson. The vast majority of lawsuits are settled well before trial and with non-disclosure agreements. We may never get to know what happened in this Crocus scandal. We may never get to the truth because of a non-disclosure agreement.

There is also no reason to examine government's role in the scandal when the government is not named as a defendant at this point in the lawsuit, and, in addition to that, a lawsuit will take years and years before any settlement or any possible trial

occurs, and only after, of course, our labour-sponsored venture capital funds have dried up.

* (15:50)

The Auditor's report and investigation created more unanswered questions than it provided answers. One must always remember that the Auditor General's role was not to investigate the part that government played in the scandal. While the Auditor General pointed to several red flags in 2001 and 2002 that should have caused government to intervene and take action on the Crocus file, the government chose not to intervene.

Manitobans want to know the answers to those questions. If the government chose to turn a blind eye to all those red flags, the government should be held accountable for its lack of action. The only way to get to the truth in this Crocus scandal is to compel witnesses to testify under oath at a public inquiry.

The Premier (Mr. Doer), MaryAnn Mihychuk, who was the Minister of Industry in 2001 and 2002 when all those red flags were flying, the Member for Brandon West (Mr. Smith), Eugene Kostyra, they should all be called and compelled to testify under oath as to their role in the Crocus scandal.

Indeed, several times last week, the Premier pointed to the Public Accounts Committee of the Legislature and alleges that answers can be obtained in that committee. What the Premier does not say is that the testimony in Public Accounts is not under oath. Secondly, the only witnesses permitted under our legislative rules to the Public Accounts Committee are the very people who cannot provide any answers to the government's involvement in the scandal. Only the current Minister of Industry (Mr. Rondeau), the Deputy Minister of Industry, the Auditor General can give evidence of Public Accounts. The current Minister of Industry was not the Minister of Industry in 2001 or in 2002 when those red flags were flying. He does not know what political interference was exerted and by whom when the decision was made to ignore those red flags.

The Auditor General will not answer any questions related to political interference. The Deputy Minister of Industry similarly refuses to answer questions about political interference because under the rules of the Public Accounts Committee he is only permitted to answer questions related to the recommendations of the Auditor General's report.

This government is stonewalling, Mr. Chairperson, and that is pretty clear. It does not want

Manitobans to know the truth about the Crocus scandal because it has got something to hide. Premier Doer does not want to call a public inquiry because he knows that witnesses who know about the political interference would be compelled to tell the truth.

A public inquiry is required to clear the air. If we cannot find out why more than 33,000 Crocus unitholders lost more than \$60 million, then our labour-sponsored capital markets will suffer and, if they suffer, it will make it that much more difficult to raise venture capital across this province.

Our entrepreneurs will move to other provinces like Alberta as they are doing now. They will look for other opportunity where they can raise capital in order to start businesses and to continue businesses and clearly, according to Stats Canada, Manitoba's economy is the only economy in Canada that has grown below the national average for five years between 2000 and 2004.

If we cannot get to the bottom of the Crocus scandal and make the appropriate adjustments, then Manitoba's economy is destined to grow at a rate well below the national average for many, many years to come. A public inquiry would cost less than \$3 million. The '06-07 operating budget projects a surplus of \$3 million. It is there. The money is available. The Finance Minister even projected a surplus in the summary budget of \$148 million. It is there. The money is there. It is available. To use the excuse that the money is not there but money could be used elsewhere is not acceptable.

The money is available. It is a small price to pay for a healthy economy. It is a small price when compared to the \$60 million in losses that were incurred by more than 33,000 Crocus unitholders. I ask the First Minister, why does he not call a public inquiry? What is he afraid of?

Mr. Doer: Well, Mr. Chair, we are afraid of nothing and obviously that was evidenced by two things we did. One, change The Auditor General's Act to allow the individual or the officers to follow the money. Secondly, when Crocus decided to challenge the authority of that act and go to court, we backed up the Auditor General and supported in writing the ability of the Auditor General to go into Crocus and look at every file and every record and have every interview.

That was clearly an example of where we demonstrated our desire for the Auditor General to

have a thorough report, and also to report in a comprehensive way. The Auditor General did have some criticism of the government, the issue of promotion in the Industry Department and compliance, and recommended they have compliance in the Department of Finance. We did that.

The Auditor General was critical of the act that was prepared by members opposite in terms of fuzzy rate-of-return numbers and we changed that. Ironically, we changed the rate of return in The Pensions Act amendments that were before the Chamber, before the Auditor General's report was produced. It was passed after but it was proposed earlier.

Thirdly, Mr. Chairperson, the Auditor General stated that there were problems with the perceived promotion by workers in the fund to their own people. We actually stopped that payroll deduction system before the Auditor General's report. The former government used to have civil servants, for example, off on leave selling Crocus and providing the perception of government supporting this. We changed that before, before the Auditor General's report and before there was even, "any concerns about Crocus." In fact, there were articles in papers about how well it was doing.

The issue of valuation, Mr. Chairperson, the government is not responsible for the valuation, and therefore the devaluation of the fund where, as the Auditor General said in '98, it is to be treated like any other mutual fund. As Clayton Manness said when he brought the legislation in in '92, it is supposed to be arm's length—I repeat, arm's length—from the government. Every one of these directors and officers, by the way, were appointed by the Tories, '92, '93, almost every one and by—*[interjection]*

Well, the member opposite may have had this Mr. Umlah go to his Cabinet recommendation for Mr. Umlah. He certainly did not visit me in my office when the Member for Fort Whyte raised concerns. I would point out that Al Rosen made it very clear. The forensic auditor has got it right. He said these are the people responsible when something like this goes wrong. First are the officers, and you know the dates in which they were hired. Second are the directors. You know the dates in which they were placed into office. Thirdly is the accounting company, Pricewaterhouse. I know that members opposite know who is the principal of Pricewaterhouse, and I believe they were relying—I

am not getting into it, you know the name—at the time, and you do know the name.

Thirdly the accounting firm and the auditor said in the committee on December 7, an external government, or an entity, would have no reason to second-guess the audited financial statements.

And, fourthly, Wellington West was the underwriter. Now, yes, we would be before a quasi-judicial body; we would be before the Securities Commission if we had, in fact, broken the prospectus, which says the government does not endorse any one of the investments that are made and we would not be before the Securities Commission.

I do not know about members opposite, but if I buy shares I read the prospectus. I expect anybody that buys shares reads the prospectus. I know that anybody that would buy shares would know that it is clearly stated there that the government does not endorse any particular investment at Crocus. That is why, Mr. Chairperson, the government is criticized in a few areas in the Auditor General's report but obviously on issues of valuation, individual decisions of investment and matters related to the prospectus. We followed the law and that is very, very important.

Mr. Stuart Murray (Leader of the Official Opposition): I wonder if the Premier could tell us who the higher authority was.

Mr. Doer: The Auditor General already answered that question in the committee meeting in terms of who it was not. The—*[interjection]* Let me finish.

* (16:00)

I just want members opposite to know, notwithstanding the clear delineation of "my position," that I have heard at least a hundred times former Premier Gary Filmon had agreed to this proposal or that proposal, or a higher authority agreed to it, when it was not true. I have actually heard it almost as many times invoked about myself about proposals that I did or did not agree with. Hearsay is always hearsay. We did not bring in the superfund legislation, and if anybody alleged that we were going to, the facts speak for themselves. We did not bring it in and that is very clear. It is on the record.

Mr. Murray: The Auditor, in his report, made reference to the higher authority, and he did it on the basis that there was some potential involvement or that there had been some directive that may have been given. The Auditor General, I think, has done a

tremendous job in terms of his investigation. He admitted that he was not able to maybe be as fulsome as he wanted. It was a timing issue for him which we respect but, of course, as he would admit, that it may have caused him to put the report out before he was able to do a fulsome discovery.

The Auditor General makes the reference about a higher authority, and I would like the First Minister, in his own words, to maybe share why he thinks the Auditor General would because the Auditor General did not do it flippantly. He just does not do those things. I think he does his research. He does it very, very well. So I wonder if the First Minister could share with us why he thinks that the Auditor General made reference to issues being decided or being given or being changed or having some directive come from a higher authority.

Mr. Doer: I think, first of all, the Auditor General did deal with this in December 7 and 8, and I wish members would have not walked out of committee last week because they could have asked the Auditor General that question more fully.

If some entity of government, a union or a business or a non-profit organization or a citizen or an advocate or somebody else states that, oh, they know the government, I do not even want to begin to tell you how many times I heard it in opposition: Do not raise this, I have talked it over with the Premier's office, or the Premier himself, I have talked it over with former Premier Filmon and you do not worry about that, it is all okay, or everything is fine, or I have got it on a, quote, "higher authority" that things are going to be fine.

You know a lot of times, sometimes it was true and sometimes it was not true, but the bottom line is the issue of coming to the specific area of the proposed part of the, quote, "business plan" that deals with the specific part of legislation, we did not bring it in. We never brought it in. So if I say to you tomorrow or maybe I will say to you on Thursday, that the Prime Minister says this, and I have it on a high authority. *[interjection]* Well, I would not say it if it was not true, but I have heard that certain—the consul general, yes. Maybe it is the Lieutenant-Governor. The Auditor General said who it was not.

I would recommend members go back to the committee, but I would ask us in terms of that issue, this Legislature is the highest authority. The authority here, the L-G is its highest authority, but obviously the government has the authority to bring in legislation, and we did not do it. We did not plan

on doing it. We had not agreed to do it. So any invocation of that term falls like a house of cards when you look at the fact we did not bring it in.

Mr. Murray: How does the Premier square his comments that this was an arm's-length relationship when the Auditor General clearly points out some red flags that came in to government officials, both in the Department of Industry as well as the Department of Finance, red flags that when you connect the dots with the red flag that former CEO and President of Workers Compensation Board, Pat Jacobsen, said in an affidavit: had those red flags been adhered to, this scandal at Crocus would not have happened.

So you have the Auditor General pointing out red flags. You have the former president and CEO of the Workers Compensation Board in an affidavit saying that, if these red flags had not been ignored, 33,000 Manitobans would not have lost their investments.

How does the Premier square his "it should be an arm's-length relationship" when, in fact, the Auditor General and the former president and CEO of Workers Compensation Board suggest that, if these red flags had been noticed, this scandal would not have taken place?

Mr. Doer: Point No. 1, the Jacobsen letter did not refer to Crocus in '02 or whatever year it was. Secondly, the government of the day is responsible for the legislation, the arm's-length legislation as introduced by Clayton Manness. It was responsible for the first officers of the fund. Mr. Umlah and Mr. Kreiner were both hired under the government of the day. I would note that that took place in '92 and '93, not after '99. Number three, the government was provided fuzzy rate-of-return objectives in legislation, and we have changed that, in the initial legislation.

The government is responsible for income tax compliance through the Department of Finance, because there are certain sections of the act that require compliance. The government was responsible for other legislative compliance for the Industry Department, and the Auditor General said that it was inappropriate to have both compliance and promotion in the Industry Department and therefore recommended that that be moved. So there is legal compliance.

The government deals with many private companies, many private companies in terms of

compliance with the law and the tax provisions. We will be dealing with, if we ever pass the budget, the new provisions dealing with oil and gas exploration. We will be dealing with the compliance of hiring police officers in Winnipeg if we ever pass the budget. We will be dealing maybe with the reduction in education taxes if we ever pass the budget. Compliance with tax law is a regulatory function. It is not a monitoring function.

I would point out, December 7 and 8, the Auditor General clarified where the e-mail in question went and where it did not go. The member used that as a reason to call an inquiry. The bottom line is, again, it fell like a house of cards when you look at the evidence. It never went to a minister of the Crown, ever, and that was clearly testified in committee, so the argument that because we knew about it with red flags, the red flags never got to us, and it was testified by the Auditor General that it never got to us.

I actually have to admit that there might be e-mails right now going from one official to another that I might never see. I have to tell you that. *[interjection]* What is that?

An Honourable Member: Are their jobs safe?

Mr. Doer: It depends on what is in the e-mail. *[interjection]* Well, if somebody is recommending a criminal act, you would want us to hold them accountable.

Mr. Murray: I would like from the Premier, why does the government appoint people to sit on various boards?

Mr. Doer: Well, the member opposite worked for Brian Mulroney. He is aware of how the Mulroney–*[interjection]* What is that? *[interjection]* We do not even have a senator who ran the board appointments. I think Marjorie LeBreton ran the board appointments and got her reward in patronage heaven now and came back as part of the ethics package of Stephen Harper. It is an interesting world.

* (16:10)

We try to satisfy the law, and the law provides for appointments to be made. I am just betting money—I cannot bet, it is illegal—but I am pretty confident that if I was to visit this conversation in three to six months that there will be a whole lot of changes in board appointments in Ottawa. I would bet, and I am sure the federal government would want to have renewal to their boards.

You know, actually, I think the member opposite probably knows more about all this stuff than I do because I think he was more in the internal pipe works of this kind of stuff in the past. In fact, he might even be appointed.

Mr. Murray: Well, the Premier (Mr. Doer) talks about renewal in board appointments, and I think he is accurate when he says that there will be some changes in board appointments. I would say that any Prime Minister or Premier who puts people on a board, they do it for the reasons that they expect that person to be there as sort of the eyes and ears, to help out, to understand that there is some common ground in terms of information, in terms of passing information, in terms of making sure that interests are being looked after. I can tell you that when I was on the board of CN we were very concerned, and the Premier would know that diesel tax and other issues were of a big concern in Manitoba, and I think that Manitoba has always been served well by CN Rail, which I was a board member for. I think they have done a terrific job, and we are very proud of all the men and women who work in the Transcona and the Symington yards. I think they are first-class people and they are great producers in our economic so-called engine here in Manitoba.

But the issue is that this First Minister had an opportunity to appoint somebody to be the chair of Manitoba Hydro, and he made that decision. It is the honour of the office of the First Minister to have that ability, but I would say that the First Minister, and I believe that he would agree, that you would appoint people there, that there is a level, and you do not necessarily know everybody, but I would say in the key areas you appoint people that there is a level of trust, there is a level of openness. So I would ask the First Minister when he appointed people, as the government is able to do, to appoint a representative on the board of Crocus, did he believe that that representative just went to the meetings and, regardless of what took place, the board member who was an appointee of the government of the day, if there were red flags and issues, that it would be inappropriate for that board member to bring issues forward to the government, to the minister, to a member of Cabinet, to Treasury Board, specifically because those issues dealt with fiscal fiduciary responsibilities with that organization?

Mr. Doer: The member raised a couple of issues on boards, and I have to be very careful because some matters are before the Securities Commission, but the Auditor General already commented on the

issues of fiduciary responsibilities and I believe the Auditor General dealt with that properly. Secondly, the member opposite talked about board representatives. I will have to check back and see the date in which CN moved their headquarters from Winnipeg to Edmonton for the western headquarters. *[interjection]*

Not on your watch? That is good.

Thirdly, I know Don Mazankowski was the Minister of Transportation, but I know that had nothing to do with—

An Honourable Member: They were trying to move it to Montréal, though.

Mr. Doer: What is that?

An Honourable Member: They were trying to move it to Montréal. He wanted Montréal.

Mr. Doer: I would not be surprised.

The issue of board members, we did keep a number of key board chairs from the previous government. For example, we had a lot of advice from business in particular, in labour generally, to keep John Korpesho from the chair of the Labour Board, and Wally Fox-Decent, in the position as chair of Workers Compensation Board. So we had advice on the Labour Board and the Workers Compensation Board. We maintained Art Mauro on the Crown corporations board, so that was the overseeing body of all Crown corporations, a person, I think, with a lot of intelligence and credibility.

On Hydro, we did not make a change until the term was completed. But I can say that when we first dealt with the rating agencies one of the bits of advice we got from a number of financial people that Hydro—which has the largest asset base in Manitoba, the largest replacement costs in Manitoba and one of the largest debts in Manitoba, although it has retained earnings that are growing—we were informed that when Mr. Schroeder was the Finance Minister a considerable amount of money was saved by the way in which he had structured both the revenue and the expenditures for Limestone in quite a significant amount of money. So, when you hear that you—obviously knowing that Mr. Schroeder was the Minister of Finance with Limestone is one factor, but also knowing that he was considered very, very effective in the costs, I double-checked that, and we found that was a very, very effective way of doing it.

But, I will defer to the Auditor General's report on the issue of board members. There are other board

members by the way that we specifically appoint based on recommendations from other bodies. Health authorities have people recommended to us from local communities. We have Workers Compensation Board which is a stakeholder board. It is made up of one third recommended by business, one third recommended by labour, and one third that are community people that can work with both entities. So there is a body that we have never second-guessed a business appointment because we basically believe that we should get the recommendations and proceed with them. So there are different examples along the way.

Mr. Murray: Could the Premier just confirm the date of the re-appointment of Wally Fox-Decent by his government?

Mr. Doer: Wally Fox-Decent was appointed four times by the Conservatives and at least twice by us, re-appointed.

Mr. Murray: I appreciate that. Just for the record: Does the Premier know the exact dates for the re-appointment by his government of Mr. Fox-Decent?

Mr. Doer: I will find those. I will provide them.

Mr. Murray: The Premier mentioned that, and I just want to make sure that I heard it correctly, that they, and I go back to the Auditor General's report on Crocus to talk about the superfund, that there were some discussions on a superfund. I will ask the First Minister: Was the First Minister's intent to have a superfund in the province of Manitoba?

Mr. Chairperson: The question is whether it is the intention of the First Minister to have a superfund.

* (16:20)

Mr. Doer: We obviously got advice from, not just Crocus, we got advice from pension fund managers. I would say that our first obligation in our view was rate of return. You will note that the pension act was amended before the auditor's act to deal with rate of return. It has always been my belief that that should be a major part of the priorities of any fund. You will note that the Auditor General stated that the criteria for investments between community and rate of return were fuzzy. It was easy for us to amend that act because we already put in place an act called the pension act. There were proposals. Going away back to the 1990s, there were a number of committees created, including the capital retention committee of, I believe, former minister, Eric Stefanson, on pointing out that banks had about \$1.2 billion in

savings in Manitoba and pension funds had about \$10 billion in savings. So there has been a concern going back to the Conservative government about how do we have on the one hand rate of return and on the other hand how do we make sure that there are investments made in businesses here in Manitoba.

The advice we got in government was not one dimensional. The advice you get in government is multidimensional. It is interesting at the end of the day that (a) there are still proposals to have venture capital made in other funds here in Manitoba outside of Crocus. We have proposals, obviously, to Crocus which we never, ever acted on. As I say, we got multidimensional advice. We got advice from one entity and then another entity and then another entity, all of which we have to incorporate. So at the end of the day we incorporated that advice by the action or lack of action we took on the proposal, which you will find to be lack of action.

Thirdly, I think the only entity that gathered together a lot of venture capital, therefore it could be classified as a so-called superfund—I think there were two announcements. One was by Mr. Tweed in June of 1999 and the second one was actually individual investment entities making decisions to put money into the Richardson fund just recently. I forget the name of that fund. It has some name, but there were a number of entities of government.

I would point out that the Superannuation Fund, which we have the most involvement in directly in terms of appointing members to the board, it is in the top percentile—I will find out the percentile—in the last two or three years, maybe more. It is one of the top-performing funds of any pension fund in Canada, and we do have more authority and responsibility in that fund than most others.

Mr. Murray: Mr. Chair, the issue that the First Minister speaks about is one that—he talks about fuzzy and he talks about rate of return. That, unfortunately, is cold comfort to the 33,000 Manitobans who lost their life savings because of what took place, the Crocus scandal.

I think the issue for the First Minister is, again, the Auditor General, who has done a tremendous job in terms of uncovering this scandal, said very clearly that there were discussions around a superfund. I take it that where the Premier is mentioning that there is lots of advice that they get from various organizations—and I suspect that to be the case. It is certainly normal in the case of business that you seek out as much advice as you can.

But I would ask the First Minister, was there any intent to proceed with a superfund, and by intent, I mean was there any documentation that would indicate that his government was prepared to enter into a superfund?

Mr. Doer: There were proposals going back to the previous government on a fund. I am not sure what was in their documents and what was in our documents. I know that the expression of intent for an entity like that would be legislation, and there was no legislation that we had approved at any time to come in.

Were the discussions multi-dimensional discussions? If my recollection is correct, this idea flowed from the capital retention report that was conducted by the previous government, where they identified \$10 billion of pension money versus \$1 billion in savings. They also identified that small businesses were having a lot of time obtaining venture capital.

I just want to make one correction. I mean, there is no question that the valuation of Crocus, as the Auditor General has stated, was higher than the value of the companies, but there are some companies that still have value, so the term "worthless" would not apply to National Leasing or other companies, by the way, that had investments in Crocus long before I was in government.

Mr. Murray: Hansard will always show that because we talked about it in Question Period today, but I am not suggesting that the First Minister (Mr. Doer) put words in my mouth. I certainly never, ever, ever would call the investments worthless. My reference was that 33,000 Manitobans lost their investment because of the Crocus scandal. I know full well, as the First Minister knows, all the principals over at National Leasing. It is an excellent, excellent, wonderfully run Manitoba company, very proud to have them here.

So I just want to make sure that if the First Minister was trying to in any way, shape or form indicate when he used his word which was "worthless"—certainly it is not my word, quite to the contrary. My concern was around the 33,000 Manitobans who lost their life savings simply because of the issues raised by the Auditor General with respect to the red flags that had happened. That, I think, is really what this debate is about.

I have said in the Chamber, and I know that the First Minister always talks about how many times

are we going to call for an independent public inquiry into this scandal, and I would say that the First Minister is probably, although again I would stand to be corrected, but probably the king of, you know, I would not want to refer to him as the mother of all public inquiries when he was in opposition, but certainly he called for a number of them.

I know that we on this side of the House are united in this venture, Mr. Chairperson. The opposition parties are united. The fact that there is the public, the media are asking the Premier for this. The former Minister of Industry has said that she would welcome an independent public inquiry. The former president and CEO of the Workers Compensation Board has indicated that she would welcome an independent public inquiry.

So, when you look at sort of the black cloud that hangs over Manitoba with respect to venture capital, and we all know in this province that venture capital is so, so important. I go back to companies like National Leasing that have done so incredibly well because they are well managed and they had that opportunity, and there are others. But there is the black cloud that is hanging over Manitoba because people are frankly stunned that they put their life savings into something that they thought was a good investment.

Yes, the Premier (Mr. Doer) is absolutely right. The people should read the prospectus. I agree with that. But the fact of life is this is now after the fact. People did not for whatever reason, Mr. Chairperson. They chose not to or they did not or made a decision not to. Is it because it was sold to them as something that they felt was that the government had some involvement in? That is not the issue.

The issue, I believe, is that we have to clear up why 33,000 Manitobans lost money, why venture capital has taken a hit in the province of Manitoba, and I think that the way to do that is for this Premier to say that I want to have an independent public inquiry so that we can ensure the Auditor General's recommendations are looked after, so that we can ensure that there is no more doubt.

Venture capital is a risky venture. It is what venture capital is all about. It is the highest risk and the highest reward, perhaps, but we in Manitoba need to have venture capital, and the only way that we are going to clear up all of the question marks and the confusion is for the Premier to call for an independent public inquiry.

* (16:30)

The Premier knows full well that the issue that will always be there is that if the government of the day does not have anything to hide, they would agree to this because the end result surely would be that we have a stronger venture capital opportunity for Manitoba investors, for businesses to grow and flourish because we would ensure that what went wrong does not happen again. Yes, the Auditor General, quite rightly so, has the ability to do what he did. He said very clearly that he did this in a hurry-up manner because he thought timing was important. We agreed with that, but he also made the comment that it meant that some people were not questioned.

The Manitoba Securities Commission will do their service in terms of finding out what went wrong with Crocus. But they again do not have the ability to ask people to come forward, to swear in testimony. The issue then becomes are we getting a fulsome look into this issue. I think that the public, the media, certainly we on this side of opposition, all the opposition parties, are saying that we will not, that the best way to do that is for anybody—if a retired judge wants to call members on this side of the House, on that side of the House, that is their prerogative. That is what an independent public inquiry does. It gets to the bottom. It clears the air. It makes sure that those things that perhaps were not able to come forward under the Auditor's report or under the Manitoba Securities Commission report, that those things will clear the air and we can move forward.

I would just ask the First Minister (Mr. Doer)—we have been asking for a number of days now, and the Premier knows that if he called for an independent public inquiry, the budget debate would happen in a nanosecond. We would get into the debate of the budget. I was surprised to hear when the Premier said that he hopes the budget passes. I would have thought that with the majority on the other side that the budget will pass, but maybe there are some members on that side of the House, for example, who are having second thoughts about the budget, and that is a possibility.

But I would just ask of the Premier, if he believes that there is nothing to hide, to ensure that there is no stone unturned under this black cloud, the Premier should call for an independent public inquiry. It would be healthy for Manitoba. It would be healthy for the investment in our province. It

would be helping to restore venture capital. It would send a signal to all Canadians, all North Americans, that Manitoba is open for business, that we want people to invest. So this Premier has the ability to do that.

I would ask him today, as I have asked him numerous times, to call for an independent public inquiry. I would ask him if he will do the honourable thing and do so.

Mr. Doer: Well, Mr. Chairperson, the member opposite has proposed at least 12 inquiries. I have agreed with him on three. I do think they are in the public interest. We went \$2 million in this year's budget for Driskell. We have the ability of the Auditor General to follow the money which we did not have with Elections Manitoba or the Auditor General before. Both parties corrected the Elections Manitoba issue.

I just would say to the member opposite that if the Conservatives are ever in office in 10 years or 12 years from now, if they allow the bells to ring and make decisions accordingly—I have used this term before, but as Margaret Thatcher, I do not agree with anything with where Margaret Thatcher was going, but I do agree with the idea that the lady is not for turning.

You do not let tactics and noise determine the budget, which affects every Manitoban. If you do that once, you will be doing it over and over again. Besides, the public has had considerable reports and accountability and will have more. I understand the government is going to be sued because we, so-called, have deep pockets. We have no problem defending our role because we will use Mr. Rosen's testimony in terms of accountability. We will use the Auditor General's report and we will use the fact that we did not breach the Securities Commission. If we had breached the Securities Commission and violated the prospectus, we would be before the Securities Commission committee.

So in a couple of places you get door No. 1. You interfere, and that is wrong. You have to let arm's-length mutual funds operate under the arm's-length laws. The Auditor General said, and I quote, that it would be understandable for any entity like government to rely on the audited financial statements. Certainly, in my level, I never had anybody saying the audited financial statements prepared by Pricewaterhouse were wrong. I never had anybody say to me that the documents prepared as part of the prospectus by a company that is well known to

members opposite—in fact, I think they moved the whole file over to them. Wellington West is where they moved the whole Crocus Fund over to under their administration. We had no reason to disbelieve their underwriting verification, and I do not go around second-guessing audited financial statements or prospectuses signed by professional underwriters. I have not yet and I do not intend on doing it.

I have got another meeting. I will be back. I think Greg is—

Mr. Murray: To the First Minister in respect that he has a meeting, my understanding is that he also has meetings out of town, but he will be here on Thursday to continue?

Mr. Doer: When you go into the valley of Ottawa, you never know if you are going to come out, but hopefully the train can get me here. The valley of fog, the swamp on the Rideau, but it is my intent to be home with my family Wednesday night.

Mr. Hawranik: Mr. Chairperson, I note that our leader asked the Premier who the higher authority was, and he chose not to answer that. I remember at Public Accounts Committee the same kind of answer came from the Minister of Industry. The Minister of Industry, at that meeting at which we were very frustrated—we had to walk out, we were not getting any answers—all you could hear him say when we were making comments was, pick me, pick me; ask me a question; ask me a question. Well, I will ask him a question, and it is very specific.

Who is the higher authority as noted in the Auditor's Report? Can he answer that?

Hon. Jim Rondeau (Minister of Industry, Economic Development and Mines): Mr. Chair, I think that has been gone over by the Auditor. It has been discussed by the Premier, and what it was, was it was not a statement of an individual, as the Premier has said. Lots of times people refer that a person in higher authority has approved this or that. People have often said things like this. What the critical part about that whole section was, was whether we would go ahead with a superfund, whether we would allow Crocus to manage a huge pension fund. It was an idea that was proposed by an advisory council under the previous Conservative government prior to this, and then that was not acted upon. It was an idea that was presented to our government by members of Crocus and other people, and we did not proceed. So who the person in higher authority is, is not important because it did not

necessarily happen. What did happen was we did not proceed with the idea of moving forward with a superfund. What that means is that we did not proceed with what those people were talking about.

* (16:40)

Mr. Hawranik: Clearly, the Auditor General's report did not answer who the higher authority was. The Auditor General never said who the higher authority was and he did say it happened. I tend to disagree with the Minister of Industry who says that the Auditor General says it did not happen. Well, it sure did. Industry officials on page 146—and you may care to read the Auditor's report. The Auditor's report on page 146 indicates that Industry officials stated that concerns regarding Crocus's longer term investment strategy were frequently discussed with the fund. And in mid '01 Crocus outlined to Industry officials its version for the next 10 to 15 years. Industry officials indicated that these plans would require a policy change. The Crocus representative indicated that plans had already been cleared by those in higher authority. The highest authority, Mr. Chairperson, in this province is the Premier, and we asked the Auditor General, was it the Premier? He said no.

Next, in the Crocus scandal, the next person in higher authority is the Minister of Industry or Finance. Again, the Auditor General said no. However, there was somebody in higher authority, someone who the Auditor General would not name, an individual. He would not name that individual. He did point, though, to someone in the ministry's department, the Minister of Industry's department. He said it is within the Minister of Industry's department. He would not point to any civil servants. Clearly, it is our contention that, obviously, there was political interference and it was a political person who was making those decisions on behalf of government, possibly at the direction of the Premier or the Finance Minister or the Industry Minister.

We believe—at least, I believe—that it is probably Eugene Kostyra who is the higher authority. He is clearly an employee of the Minister of Industry and, certainly, they would not disclose his name. So the Auditor General will not disclose his name; the Premier will not disclose who it was; the Finance Minister will not disclose his name; the Minister of Industry will not disclose his name. The only way we are going to get the answer to our questions as to who was exerting the political influence, the only way we are going to get that question answered, is if

we get testimony under oath and we get people to put their hand on the Bible to determine exactly who was exerting that political influence to ensure that the Minister of Industry (Mr. Rondeau), the Minister of Finance (Mr. Selinger), that the Premier (Mr. Doer), that people who had the ability to be able to look at the Crocus Fund and make the proper adjustments, the only way we are going to do that, the only way we are going to get the answers is if someone puts their hand on the Bible. That is not going to happen unless the Minister of Industry, the Minister of Finance and the Premier all agree that that is necessary.

But, of course, we know what they are afraid of. They are afraid of the truth. They are afraid of somebody putting their hand on the Bible. They are afraid of compelling witnesses who actually know something about this Crocus scandal. They are afraid of bringing them forward because of what they will say. They are going to implicate government. Government had its hands all over this Crocus scandal and the only way we are going to find that out is through a public inquiry. Again, I ask the Minister of Industry: Who is the person in higher authority? Secondly—that was the first question—and the second question is: Will he, at least, demand that the Premier call a public inquiry?

Mr. Rondeau: Mr. Chairperson, I find it passing strange what the member opposite says. First, he is totally incorrect on a number of items. One is that the RCMP is conducting an investigation on criminal behaviour. I assume that, as a lawyer, he would understand that on criminal investigations, and if it goes to prosecutions and people are charged by the RCMP, which the Auditor General has asked us to refer things to the Attorney General which went to the RCMP. When there are charges, criminal charges, people will put their hand on the Bible.

The Manitoba Securities Commission, I urge the member opposite to look at the Manitoba securities commission act. It is a very good act. What you might understand is that it is quasi-judicial, but it does have the power to summon witnesses. It has the power to have people testify and all the proceedings, in both those cases, are public.

So, when you are asking for pieces where people who have been judged as doing something wrong or have a case of moving forward, they actually do have to put their hand on the Bible. When you say we have hands all over it, it is really strange because here is what it is. You are saying that, because we

did not move forward in a superfund, a big superfund where Crocus would invest lots of money, we are at fault. We did not act, Mr. Chair. We did not have our hands in it. We did not act to create a superfund. It was a recommendation under the previous government, the Conservative government. It was a recommendation to us, but we did nothing to move that recommendation forward. We did not act. There is no superfund.

Now, we were not involved in the management of the fund. The managers of the fund wanted to create a superfund. The management of the fund thought this was the way to go. We did not agree. We did not move that superfund forward. So, by not acting, this makes sense, to not act and create a superfund. In hindsight, it was the appropriate thing to do. Again, Mr. Chair, the RCMP is conducting an investigation, and they can go anywhere they want. It is funny. Members opposite have a conspiracy theory. But, when the Auditor wanted to go into the fund, the fund management resisted. They had said that the Auditor did not have the ability to go into the fund.

At that moment, the Auditor came to the Minister of Finance and the Minister of Industry, who was myself, and requested that we support his request to do the investigation. Immediately, the Minister of Finance made him an authorized person. I made him an authorized person, and allowed the Auditor General to go into the fund, to have access to any or all files. He also had access to any or all files within the Department of Industry, and Finance, I understand. That is an open process, and it is passing strange that the member opposite says, hey, we do not want the process. Well, the interesting part was, the Minister of Finance and I sent a letter authorizing the Auditor General to conduct the investigation, encouraging him to move forward in the investigation so that it would not be held up in the courts with the Crocus administration, and so that was very good. In fact, the Auditor sent both the Minister of Finance and me a letter saying thank you for moving this forward expeditiously.

So, contrary to the member opposite who is saying that there was a cover-up, we actually assisted the Auditor General to do the investigation expeditiously.

Mr. Hawranik: Clearly, Mr. Chairperson, the argument of the Minister of Industry goes in circles and circles and circles without answering questions. Clearly, the process that he outlined is flawed, and I

have pointed out time and time again, the RCMP investigation is investigating criminal activity. We are not saying the Minister of Industry was involved in any criminal activity. We are not saying the Premier was involved in any criminal activity in this Crocus scandal. We are not saying the Minister of Finance (Mr. Selinger) was involved in criminal activity, or any of their deputies or any of the civil servants. We believe that they were not involved in criminal activity. So the RCMP investigation is irrelevant to political interference, absolutely irrelevant. Yes, they can compel people under oath, but they are not about to go after the ministers or this government or the Premier to ask them questions under oath. They are looking for criminal activity. They are not determining whether or not the minister turned a blind eye to those red flags. They are not there to determine whether or not the government was negligent, whether they were wilfully blind or whether they did not give a darn about what happened at Crocus. They are looking for criminal activity, and clearly the RCMP investigation, if he points to the RCMP investigation, it is clearly a red herring.

* (16:50)

Then the Minister of Industry points to the Securities Commission. Well, the mandate of the Securities Commission is not to check into the political interference of this government in the Crocus scandal. They have not got that mandate. They are looking at the board of directors and their actions, in terms of how and whether or not the board of directors of Crocus actually contravened securities legislation and security regulations. It is clear. Their mandate is not to look at political interference by government whatsoever. When the minister indicates that, well, the higher authority is a figment of someone's imagination, well, it is not.

The reference to higher authority is beyond that. It points to political interference. That is what the Auditor General is pointing to when he talks about higher authority overruling legislation, overruling the law, overruling infractions in securities legislation, overruling infractions perhaps on regulations. That points to political interference. It is clear from his report. He is not about to name Eugene Kostyra, for instance, who happens to be an employee of the Minister of Industry. There are reasons why he would not do that, but we all know that there was political interference in this Crocus scandal. To point to other venues, to other methods of determining whether it is political interference such as the RCMP

investigation and the Securities Commission investigation, that is a joke. He is pointing in the wrong direction. There is nobody looking at the role as to what the Premier played or the Finance Minister or the Minister of Industry in terms of their role in this Crocus scandal.

The minister even answering that question makes me believe that all he is doing is hiding something. The minister ought to know that he became minister in late 2004. He was not even a Minister of Industry in 2001 when the Auditor General said that a higher authority interfered in the process. He might have been a minister at that point, but he certainly was not the Minister of Industry. Mr. Chairperson, the answer to that question should be that he does not know who it is. It is referenced in the audit of the Crocus Fund. The Auditor General made specific reference to it. If he does not know, just say. What is he afraid of? So, I ask him again: Is he going to demand the Premier call a public inquiry to clear the air and determine what kind of political interference there was in the Crocus scandal?

Mr. Rondeau: Well, Mr. Chairperson, I am pleased to respond because the member opposite should know that, if there was a higher authority that overruled any laws, that would be a criminal matter. If there was a higher authority that overruled securities laws, that would be referred to the Manitoba Securities Commission. In the case, in both of those I outlined earlier that have a process for calling witnesses, I think the member opposite should understand that under securities regulations it would have been totally inappropriate for a board member to be influenced by a minister of the Crown. That would be undue influence and it is not appropriate. It would be inappropriate for a board member to receive guidance and give confidential information to a minister of the Crown. That would be inappropriate.

It was discussed by Bernard Wilson, who is the chair of the corporate governance structure. It has been discussed by the Auditor General. When people talked about red flags, the comment in the Auditor General's report, I believe, is when all the red flags taken together should have raised alarm. When we were in Public Accounts, and the member opposite asked my deputy whether he had received the e-mails before the Auditor General's report, my deputy said no. When he was asked when he received the e-mails, he said, after he received the Auditor General's report, he requested a copy of the e-mail. He was asked the second time whether he had

received the e-mail prior to the Auditor General's report, and he replied in the negative, and that is how I responded to questions the other day. As far as myself, I did not see the e-mail prior to the Auditor General's report. This is very important. It went from one official to another official and was not pushed up the ladder as far as the Minister or the Deputy Minister of Industry. So those are important things.

When you say you have hands all over the funds, no, what we had was we had the policy objectives. So we made sure that the investments were done in Manitoba. So the pacing requirements were important, where people invested a certain amount. We made sure that the money was invested in Manitoba companies. In hindsight, it would have been better to have more intrusive investigations. It would have been better to have those people pounding the fund. But we based our, what would you say? We looked at the pacing. We looked at the amount of small business investments there were.

So we looked at the public policy objectives. We were not responsible for valuation. What we were responsible for was to ensure the public policy objectives of The Labour-Sponsored Venture Capital Corporations Act were done so that that would justify the 15 percent tax credit that the Province gave to labour-sponsored venture capital funds. That is what the department did.

Now, looking at the Auditor General's report, in hindsight it would have been better to have a more intrusive role. But my staff looked at the prospectus. My staff looked at the annual reports and trusted them, just as Mr. Rosen said, that that is appropriate. Any issues that should have been found should have been found by the executive of Crocus first, second by the board of directors.

There was a role of the audit company. There was a role of Wellington West so that they would assure that the information they were providing was accurate. In hindsight, it would have been great to have a forensic auditor on lots of things, but we did not.

Now, we have followed the Auditor General's recommendation to change the system that was established in 1992 with Mr. Manness and followed through by Minister Stefanson and followed through by following ministers. What we have done is we have changed this so that we now have a monitoring function in the Finance Department, and we have the promotions department in Industry. That is the appropriate way to do it. That was recommended by

the Auditor General and we are following up on it. I wish we had have done it differently earlier, but we did not.

In hindsight, the system that was set up could have been improved. Now, with the Auditor General's report, we are improving it. I do not criticize the former government or our government for not having the hindsight to know that the system that was set up might have had some flaws.

Mr. Glen Cummings (Ste. Rose): Mr. Chairman, the current minister denies any possibility of a higher authority involvement in 2001. He was not there then. So, if he is assuring us that there was no involvement of a higher authority at that time, on what basis is he making that comment?

Mr. Rondeau: Actually, Mr. Chair, it is interesting because on our first Public Accounts, the Member for Lac du Bonnet (Mr. Hawranik) said, you know, the Minister of Industry is speaking not only for himself for other previous ministers of Industry. He said that in his testimony, and I assumed that that is the way it works, is that I am responsible for the department, and it moved forward. So I have looked

at the files. I have looked at the Auditor General's report. I know that I have talked to the different department staff to make sure that the information I provide is accurate.

Mr. Cummings: Mr. Chairman, how can this minister assure the public that there was not a go-between between the political authority in the Province and the leadership of the Crocus Fund? We already see from the Auditor's report that there had been meetings with the Premier, so how can he, how can anyone who was not active at that time, other than the Premier, put their hand on the Bible and tell us whether or not there was some involvement? They cannot unless we have the appropriate people there.

The Chairman is signalling an end, so we will carry forward.

Mr. Chairperson: The hour being 5 p.m., committee rise. Call in the Speaker.

IN SESSION

Mr. Speaker: The hour being past 5 p.m., this House is adjourned and stand adjourned until 1:30 p.m. tomorrow (Tuesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, March 20, 2006

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