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of the
Legislative Assembly of Manitoba
DEBATES
and
PROCEEDINGS
Official Report
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MANITOBA LEGISLATIVE ASSEMBLY
First Session—Thirty-Eighth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, September 12, 2003

The House met at 10 a.m.

ORDERS OF THE DAY

GOVERNMENT BUSINESS

**COMMITTEE OF SUPPLY
(Concurrent Sections)**

EDUCATION AND YOUTH

Mr. Chairperson (Harry Schellenberg): Will the Committee of Supply please come to order. This section of the Committee of Supply will now be considering the Estimates of the Department of Education and Youth.

Does the honourable minister have an opening statement?

Hon. Ron Lemieux (Minister of Education and Youth): I do.

Mr. Chairperson: The floor is yours.

Mr. Lemieux: Mr. Chairperson, I would like to make a couple of comments, but before I do I want to thank the department and its staff.

Before doing so, I want to congratulate the Member for Tuxedo (Mrs. Stefanson) for being made critic for Education and Youth. It is a very important area. I am sure she has found out so far that there are a lot of important areas in education. So I just want to congratulate her. Also, the Member for Morris (Mrs. Taillieu), also being newly elected, is here today. I am sure she will also find that it is very, very important.

It is not a coincidence that we have two women here today with the Opposition who are going to be asking questions. More and more women these days are being elected to office. Since they make up more than half the population of the province, maybe one day we will see 50 percent of the representatives in this Legislature being women.

I would like to make a couple of comments with regard to the department. Since this is my

first time representing Education and Youth, I just want to take this opportunity to pass along and state my appreciation for the work and support of thousands of educators and people, not only the staff in the department, but also the importance of education to the province of Manitoba.

There are many, many and different initiatives that the previous government as well as our Government have embarked upon that essentially what you are talking about is the future of the province. You have got young people in our education system. Youth is also part of this department. Since our Government has made education a priority since being elected in '99 and again in just the last election, I am extremely honoured to be the Minister of Education and Youth, being a former schoolteacher.

I do not want to take too much time to be talking about necessarily the department and all the important initiatives right now, because I think what is important of what we are doing here today is to get to be able to answer some questions, to listen to the questions that the members from the Opposition have to ask. I will certainly try my best to answer them. If we are not able to answer them, we will get the answers and pass them on.

I do want to take the opportunity, though, to thank the staff within the department. As a new minister, I know they have been invaluable. They have been able to help me learn a very, very, I would not say complicated, but certainly an area that takes a lot of information to know more about the department and what is going on in it in the past year, almost a year to the day as a matter of fact, when the Premier made a change within Cabinet.

I would just like to say that overall the department has embarked on a number of different initiatives, whether it is dealing with Aboriginal education or dealing with a division we call Youth NOW, MB4Youth. These are very important initiatives. I know that through the questions more and more will come out as to what we are

doing and what we are trying to do as a government with regard to education.

With those few comments, I would just like to say that I welcome any questions related to the department with regard to our Estimates. I will leave at that.

Mr. Chairperson: We thank the minister for those comments. Does the Official Opposition critic, the honourable Member for Tuxedo, have any opening comments?

Mrs. Heather Stefanson (Tuxedo): Yes, I do.

Mr. Chairperson: The floor is yours.

Mrs. Stefanson: I thank the minister very much for his comments. As the minister pointed out, I am new to the role of the critic for Education and Youth. I am very much looking forward to the challenges that this role has and the challenges that lie ahead.

My intent in this Estimates process is not to be confrontational like these sometimes can be but more to seek out information from the minister. As I am new to the role, I have a number of questions that may be just about how the department works and how different things work. Again, I am very much looking forward to this and see this as a tremendous opportunity to be a part of enhancing our education system in our province. I believe very strongly that we need a level of education for our young people in this province that is superior to all other provinces in Canada. I think, until we achieve this goal as public administrators, our work is not complete. So I very much welcome the opportunity of this Estimates process, to be here and ask a number of questions of the minister and his staff.

I also just want to take this opportunity to thank those who work and have an interest in the education field, particularly teachers and administrators and parents and the students themselves who play very, very important roles in the education of the students. So I want to thank them for all of their hard work and dedication to the process of ensuring that our kids and our children are ready for the future in our province.

I want to also just take the opportunity to thank the department staff, too, for all of their

hard work. As you may or may not be aware, I did have an opportunity at one point in my life, back in '94, to work very briefly for the then-Minister of Education, Clayton Manness, and after working for Mr. Manness at the time I realized how much work really goes into—there are just countless hours that go into this whole process, and really it is the departmental staff that puts a lot of hard work and energy into this process. So I thank them for their commitment and dedication to working with elected officials and stakeholders in the community to try and better our education system in Manitoba for our children.

Mr. Chairperson, as a mother of a 22-month-old and an expectant mother, I am particularly intrigued by the direction that our education system is heading in Manitoba, and I want to ensure that all of our children receive the best possible education that is possible in this province. There are some directions that the Government has taken, and I just have some questions on some of the things that have taken place over the last number of years since they took over as Government, just to find out reasons for the direction that they have taken and how this sort of relates to ensuring that our kids are being properly educated in our province and that we are providing the best quality of education for them.

I guess, you know, some of the questions that may come up or that we have to ask ourselves as elected officials and as administrators in this process are: Are we providing our children with the best possible education system that we can? What more can be done? Are we properly preparing them for the workforce ahead and for university?

These are the types of questions that we as MLAs and citizens charged with the task of ensuring that we are doing everything in our power to provide a top quality education system in our province, I think that these are the things that we need to be asking ourselves on a daily basis. Everything that happens within the department, everything that we do as administrators, we need to ensure that we are working together toward ensuring that we are providing the best quality of education that we possibly can for our children.

So, having said that, I will not go on any longer. I am looking forward, again, to getting to

ask some questions in this Estimates process and I thank you very much.

Mr. Chairperson: We thank the critic from the Official Opposition for those remarks.

Under Manitoba practice, debate on the Minister's Salary is traditionally the last item considered for a department in the Committee of Supply. Accordingly, we shall now defer consideration of line item 16.1.(a) and proceed with consideration of the remaining items referenced in Resolution 16.1.

Mrs. Stefanson: Could I just ask that—I think normally in the Estimates process, I was just wondering if we might be able to open it up for sort of a global discussion rather than going line-by-line at this point.

* (10:10)

Mr. Chairperson: We will come to that in a minute.

Mrs. Stefanson: Oh, okay, sorry.

Mr. Chairperson: Thank you.

At this time, we invite the minister's staff to join us at the table, and we ask that the minister introduce the staff in attendance.

Mr. Lemieux: Certainly. First of all, I would like to introduce Pat Rowantree. She is my Deputy Minister, Deputy Minister of Education and Youth. Also Gerald Farthing is the Assistant Deputy Minister of the department. Also in behind Pat is Vernon DePape, who is the Executive Director of our Financial Administration area, and then you have Raymond Genest, who is director of BEF or the Bureau de l'éducation français, and you have Tom Glenwright, who is a director of MB4Youth, Manitoba Youth Division. Those are the staff I have with me today. Thank you.

Mr. Chairperson: Thank you for the introductions.

Does the committee wish to proceed through these Estimates in a chronological manner or have a global discussion?

Mrs. Stefanson: It would be great if we could go for a global discussion at this point, Mr. Chairperson.

Mr. Chairperson: I think they all agreed to having a global discussion. Agreed?

Mr. Lemieux: Mr. Chairperson, the only question I have, though, is that I have other staff that have expertise in certain areas. If there is going to be a certain area we are going to talk about, instead of having 12 staff, I have a lot more staff than just that is here right now. So I would just ask if there is a particular area, I would ask the Member for Tuxedo if you could let me know and then we could bring those specific people in. An example would be Aboriginal education, for example. They are not here today, but if we wanted to ask questions about that I would appreciate if you could give me notice or something. Otherwise, global is fine. That is the way I have conducted my Estimates in previous years. I do not mind at all. Thank you.

Mrs. Stefanson: Yes, I recognize that would be an issue and absolutely we are very flexible to ensure that you have the appropriate staff members that are here to answer the questions. So we are fine with that.

Mr. Chairperson: Is that the will of the committee to have a global discussion? *[Agreed]*

The floor is now open for questions.

Mrs. Stefanson: I know that the minister was not the Minister of Education at the time of the amalgamation process taking place. I do have a number of questions around the amalgamation process and how things have evolved since then.

I guess, first of all, I would like to know, I know currently the Government has reduced the number of school divisions by approximately one third in our province since they took office. I am wondering if the minister could inform us if his Government plans any further amalgamations for our province?

Mr. Lemieux: The Member for Tuxedo is correct that we have reduced school divisions by about a third. Many different school divisions that I have met with over the past year have to

one degree or another essentially said that amalgamation appears to be working.

With regard to the issue about whether or not there would be further amalgamation or not, I personally believe there will be. There will be, but they will be voluntary in nature I believe. I will tell you why. It is because the provincial government has certainly no further interest to amalgamate any further divisions, but I think there will be amalgamation. What I have heard around the province, some in the southwest, but throughout the province there are many different divisions that are small, their student population is decreasing, they are losing children, people are moving away from certain communities. You have some high schools that are very small, not able to offer the courses that they would like for their children to get to officially graduate from high school. I think what is going to happen in years to come, whether 5 years or 8 years or 10 years, you are going to see school divisions asking other divisions to work together to amalgamate.

Certainly the Province has no interest in amalgamating divisions and having forced amalgamations, but I think there will be voluntary amalgamations, just by virtue of having all those synergies and economies of scale working for them, whether it is bulk purchasing or programming, I think we will see that in years to come, but certainly not from the Government's perspective of making amalgamations happen, but that divisions will ask the Government for the ability for them to amalgamate.

Mrs. Stefanson: I thank the minister for his comments. I guess I was and I should have specified, we have always been in favour of voluntary amalgamation on our side of the House, so we have no problem if there are willing parties to amalgamate, there is obviously no issue with that.

I was looking more specifically if your Government was looking at anything right now or will look in the future at any forced amalgamations. I know you were not the minister at the time, but I believe you were around the Cabinet table when some of these decisions were taking place. There was, I know at the MAST annual convention the Premier (Mr. Doer) did stand up

and say there will be no forced amalgamations, it is not the Manitoba way. We have heard that before. I guess I am just concerned, and I am speaking on behalf of some of the administrators that have brought forward some issues with me as a result of what is happening in some of the school divisions with amalgamation. The concern, I guess, is where are we going from here and how are we going to overcome some of these issues.

My question for the minister at this point is: If the Premier has been quoted as saying in the past that there will be no forced amalgamations, it is not the Manitoba way, how do we know really and how can the school boards and so on be really assured that this is not going to happen, and how would we prepare them for that?

Mr. Lemieux: There are divisions that are asking us and have asked informally, different individuals, about amalgamation and why amalgamation did not happen for them. They hear a lot of the positive things that are coming from other amalgamations and they are saying, well, why were we not amalgamated. I know the previous government had the Norrie report and it sat on the shelf for a little while and nothing was done with it, but it certainly asked to have further amalgamations, certainly a lot farther than where we went on amalgamations, and that did not happen. We thought we would take a very, very balanced approach to amalgamations.

As I mentioned in my previous answer, there are many divisions that I believe will look at amalgamation or partnering with other divisions that are in the same geographical area as them because of the benefits that they see will be derived from it, whether it is programming or finances. All I can say is that, as the Minister of Education, our Government has made it quite clear that we have gone through this round of amalgamation. There is no intention of forced amalgamations to happen in the future, but I do believe personally, and I have been told that you do not have your personal views any longer when you are in Cabinet and part of Government, that there will be amalgamations. From what I have heard in the year that I have been minister, many school divisions are talking about how they are finding it quite difficult because of their population decrease and so on and that they

may have to look at amalgamation down the road.

The key question probably is what is the Government prepared to do to help them. I think that is what they are asking. If we amalgamate with the division next to us, what is there for help or assistance from the Government if we go ahead and do this? So I believe it is going to happen some year down the road, whether it is five years, ten years, but I think you will see divisions wanting to come together, but it will be voluntary.

Mrs. Stefanson: I thank the minister again for his answer. You mentioned, Mr. Minister, that there are a number of or some school divisions that mentioned why were we not amalgamated, and I guess it brings me to ask the question that some school divisions were forced to amalgamate, some were not, and I am just wondering why some were and some were not, and what were some of the criteria that were used in the decision to force some of these school divisions to amalgamate.

* (10:20)

Mr. Lemieux: My understanding is that geography played a role. There is some history with regard to some divisions compared to others. Just geographics played a lot in amalgamations, I understand. I was not the minister of the day, but I certainly was part of the decision, and I am trying to go by memory as to some of the discussions that took place and those who voluntarily wanted to get together and did even previous to our round of amalgamations. Essentially, the criteria were based on very similar reasons why divisions get together is the financial packaging of either purchasing or also just geographic reasons. I mean, they are located beside each other physically, and they have worked together for years and have a lot in common.

Mrs. Stefanson: For geographic reasons and so on is what the minister is saying for some of the reasons that were in the criteria that was used in the forced amalgamation. With some of these school divisions that asked why were we not amalgamated, I would ask if they have the opportunity, I guess, to amalgamate if they

choose, but I just do not see why some school divisions—it was chosen for some school divisions to amalgamate as a result of geographic reasons, which I understand, but others were not. Some that were amalgamated have very similar geographic, are in a similar geographic situation as some that were not, and I wonder if the minister could explain why the similarities in the geographic components, why some were chosen to be amalgamated and some were not.

Mr. Lemieux: That is a very good question. Geography only plays one small role. I mentioned about low enrolment, low student enrolment also was part of that, you had to take a look at, and I mentioned I think that will be one of the reasons again. If you take a look at why there will be voluntary amalgamation down the road, I think that will be another reason. Not only geography and history between some divisions but also low enrolment. There is a low assessment. They have a low assessment in their area. That also played a role, the financial end of it. Also, just compatibility with each other. So there are many different areas that played an important decision making on whether or not divisions—and I think that is why also you see there are many divisions that are working as a result of that because of those reasons. It is multifaceted, and there is no one specific reason. I think the reasons that I have mentioned are going to play a part of why down the road you are going to see divisions wanting to amalgamate on a voluntary basis.

Mrs. Stefanson: I know that it has been mentioned by perhaps the previous Minister of Education and the Premier and so on, various members of Cabinet, that school board amalgamation would result in a savings of \$10 million. That figure was brought forth and stated by members of the Cabinet and the Premier (Mr. Doer). I am wondering if the minister could explain that to me and just let me know if there is a \$10-million saving as a result of school board amalgamation.

Mr. Lemieux: Thank you for the question. When you are taking a look at the benefits of amalgamation, it is not just financial. I think everyone in the province knows that amalgamation and all the benefit in the amalgamation is probably two-fold. One is short-term, or maybe

three, short-term, medium- and long-term benefits. I do not think anyone feels that there is going to be an automatic financial savings in the short term. It takes a while for these divisions to work, to get together. As I mentioned, the economies of scale; all the synergies that are involved in the savings. There are some administrative caps in place, but you are going to start seeing some benefits as a result of that, but it is not going to happen overnight. Some of the benefits of amalgamation that I touched on a little bit were improved access to programs and services for students.

The member for Tuxedo talked about her own child, and I know I have had children who have gone through the system and are now in university. I also have a son that is in high school now. We are all concerned about the benefit of students and where our education system is going, benefits of amalgamation for those students in those areas that have amalgamated.

You are talking about improved access to programs and services to students. In most cases, amalgamation offered students and their parents new programming options and a variety that gives them access to a wider range of support services which they never had before. When I travelled around the province, I talked to many administrators, principals in schools and teaching staff that really felt, because of low enrolment, they are thanking the Government for amalgamation. Because what it did was, because of the synergies and the larger division as such, they were able to have more access to programming.

The people who are in charge of the dollar said that there is more efficient use of fiscal resources. Some divisions were not able to purchase products because they were a smaller buyer and it is a very simplistic example. Just in true dollars and cents, they felt that by purchasing power that they had now because of amalgamation really was very, very important to them and really what it did was it created a new, I guess, collaborative kind of a principal-centred organization. You had a different type of an organization than they had before. They felt they could do a lot better by partnering with someone else.

So there are a lot of very, very positive reasons behind amalgamation that I have cer-

tainly heard over the last year. I know that no one expects that the benefits will happen overnight, whether they be financial or otherwise. The feedback I have been getting is that amalgamation has been working. Now that divisions understand that you are not turning the clock back, they are working with each other in a more collaborative way, and things are really starting to show their positive effects as a result of amalgamation.

Mrs. Stefanson: I guess the minister has sort of stated that we have not realized a \$10-million savings as a result of amalgamation right now, which was stated that it would be before. I am wondering if the minister could let us know if there have been any savings at all as a result of the forced amalgamation.

Mr. Lemieux: Mr. Chairperson, part of the question about savings is an important one. There had been many, many different areas of saving as I mentioned, just in bulk purchasing and areas like that. I mentioned to you about the fact that when you take a look at the reason why amalgamation took place in the first place for a lot of these divisions, I personally felt, and an argument that I often made and will continue to make is the educational benefits and the important role educational benefits and the whole idea of modernizing school divisions in the province of Manitoba, and the important role that plays.

*(10:30)

Mr. Chairperson, from the financial end there have been, some have been anecdotal, some are factual, there have been savings, for example, in the administration end on total amalgamated divisions of reduction in staff or administration. FTs have been reduced and those kinds of things obviously have a dollar figure attached to them, and there are savings in those areas where you might have had three superintendents, now you only have one. Those are the types of areas where you can actually attach a dollar figure to it. So as we see it, it is not just the importance of the financial benefit or the financial savings that go to these divisions but also the educational benefits and what are the benefits to the children by getting additional programming that they would never hope to have.

At a youth conference in Brandon last spring, many students from around the province mentioned this directly to me, Mr. Chairperson, in the area that I was sitting in with a group of young people, that they had many opportunities which they may never have had because of the result of amalgamation. That is not to say that this is the only benefit but certainly educational benefits, as far as I am concerned, to young people with declining enrolments in certain areas, that plays a really key important area.

Mrs. Stefanson: The initial cost related to harmonizing two school boards into one have been reported as substantial by many of the boards involved and certainly in discussions that I have had with many of them. Garry Draper, president of MAST, stated that the government payment of \$50 per student over three years, he said and I quote: Will only partially offset costs such as systems integration and facility rationalization. It will not begin to cover labour relation costs, et cetera, and a number of other costs that come into the system.

Does the minister have any plans to adjust the \$50 payment to any or all of the amalgamated boards to try and cover off some of these additional costs as a result of the forced amalgamation?

Mr. Lemieux: Mr. Chairperson, the \$50 per student is an important area. I know when you think of \$50 per student it does not seem like much but it adds up to almost being \$3.5 million in total to the amalgamated divisions that they get. Also we were able to put in place about almost a \$2-million fund which would help assist divisions in any kind of extra cost, whether it be busing or areas like that. So you have almost \$5 million extra that we have put in to address amalgamations.

Now as we go through this process, and it is an ongoing process, the divisions were always in constant communication with the divisions. I would never want anyone, which I have heard mentioned, some people have made comments about how now they are amalgamated, now the Government has kind of left them high and dry, which is absolutely incorrect. The division had a staffperson who was working with amalgamated divisions and travelled around the province. He

was responsible for keeping a finger to the pulse as to what was going on and if they had any concerns that they would raise it through him. He would try to resolve it, resolve whatever concern that they may have or to clarify different issues and to provide assistance for them.

I know he played an important role. So, in other words, divisions were not just left on their own through amalgamation. We have been in constant contact with amalgamated divisions trying to see where they may be experiencing some challenges and we have been trying to help them with that. So even though the \$50 per student may not seem a lot, it amounts to about almost \$3.5 million. Then of course we have additional dollars and also almost \$2 million that assist them with additional busing costs and so on.

So it is something where, as a government, we are committed to assisting amalgamated divisions where they have their challenges. To directly answer the question, and I certainly do not want to bypass it or avoid it in any way, about the \$50—whether we plan on increasing it or not—I can tell you right now there are certainly no intentions, at this moment anyway, of increasing that \$50. Because we are in constant contact with the divisions, they have not raised that particular issue with me about increasing it, but they may in the future. It is something that will certainly have to be considered. I would not want to say no outright, to just rule it out, but currently at present there is no real intention of increasing that \$50 per student or increasing that \$3.5 million to more.

Mrs. Stefanson: There have been a number of divisions that are still clearly having challenges trying to make ends meet within their budgets and so on. I know that the minister is aware of the challenges that some of these divisions are having. Some of these divisions, being the divisions that were forced to amalgamate, had no say in the forced amalgamation process. I understand how additional costs can come up, and perhaps you did not realize that some of these things would come forward as a result of this, but these things have come forward. There are very serious issues that could affect the bottom line, being the quality of education of our children in the schools, which I think we all here

want to ensure that we increase the standard of the quality of education that we have within the schools.

Mr. Chairperson, I guess I would ask the minister, since these additional costs have arisen, maybe it is not through the \$50-a-pupil program but maybe through something else to help some of these school divisions realize, or help some of these school divisions through a very difficult time as a result of having been forced to amalgamate.

Mr. Lemieux: Well, I certainly would want to make the point, that yes, there are some challenges, but there are challenges with any kind of changes, and there would have been challenges with the Norrie report, maybe even more challenges had the previous government implemented that. I would like to say that the positive outcomes and the positive atmosphere that amalgamation has created, as a result, for many school divisions that are looking at educational benefits to their children have really, I think, outweighed and surpassed the challenges that are out there.

I am not denying that there are challenges and, certainly, when I came in as minister almost a year ago that amalgamated school divisions, which I have met with and gone around the province and met with, have told me that yes, they are prepared to work with amalgamation. They know it is here to stay. They are trying to work their way through some of the challenges that have appeared as a result of amalgamation. Some, yes, we are aware of, which we tried to address in the \$50 per student, as well as the busing and the other monies that we put in. I would want to make sure that it is quite clear that amalgamation is working in the province of Manitoba.

I should take this opportunity, and I do not want to be too long on this, but I know that the Member for Tuxedo thanked everyone in the education system. What I have discovered in the past year is that the business officials, the superintendents have spent countless hours of working hard to make amalgamation work. They really have, and I want to take this opportunity, certainly, to put it on the record that they should be thanked. I did not do that in my opening

remarks, but I want to take the opportunity now to say that, and I certainly would second what the Member for Tuxedo said in thanking all those people involved in the education system, but particularly the school trustees, the superintendents, the business officials. People involved at the local level have really worked hard to make amalgamation work. They spent countless hours, and they should be really thanked for that.

I know that there always are challenges no matter what the area is, and I know the Member for Tuxedo was with Education before and she knows of some of the challenges that are there in the education system anyway, and amalgamation is something different. So there are going to be challenges that we are going to be faced with, and we deal with them and we solve them, and then we move on and others may or will appear.

* (10:40)

Just to conclude, Mr. Chairperson, my point is that people throughout the province of Manitoba, no matter where your amalgamated division is or where amalgamation has happened, are working extremely hard, not only in those amalgamated divisions but people in all divisions, to give our children the best quality of education that we can. Quality of education is important; we all feel that.

We feel that if there is nothing else as a parent that we can do, or a guardian, is that you may not be able to buy your son or daughter a brand new automobile or provide them with a lot of other things, but one thing you can do and you want to do is provide them with a good education. That is also including post-secondary education. Our goal as a provincial government is to increase the quality of education, not only the schools and what the children are receiving so they are able to move on with those skills to post-secondary education and increase the enrolment there, which has been done, but also to provide them with the facilities. We poured a lot of money into the physical structures of schools.

One of the members of the Opposition mentioned not enough. I agree. I wish I had more money to put into new schools or to provide more portable units, but the reality is we do have balanced budget legislation. We have balanced

the books every year we have been the Government. We want to continue to do so. We are trying to be fiscally prudent and I believe we have been, but there are a lot of demands on the system. Regrettably money is not always the answer but money would sure help. You have health care and many other areas we have to look at.

With those comments I would just like to turn it over to the Member for Tuxedo for another question.

Mrs. Stefanson: I agree with the minister that the superintendents, the school trustees, everyone involved in the system is working very hard to ensure that we maintain that quality of education. I guess what their challenge is now is, rather than being able to focus their entire time on ensuring we have the best possible programs and so on for the kids in the classrooms, some of their time as a result of this forced amalgamation has been taken away toward stressing about issues like how are we going to cover the cost increases as a result of this forced amalgamation? Those are the challenges I am hearing from some of the superintendents, from the school trustees.

What I am trying to do and what I am asking is how do we take that stress away from them so that they can focus on what they were elected to focus and hired to focus on and that is providing the best quality programming and so on for the children in the classrooms. I guess I would ask the minister what the plan is to ensure that all of the administrators within the system can really focus. What is the plan to ensure that they can focus on what they got into this business for, as opposed to focussing entirely on how they are going to pay to have some of the existing programs continue.

I guess I would just ask: What is the plan to ensure that these challenges are overcome, these financial challenges are overcome?

Mr. Lemieux: I thank the superintendents and the business officials and others at the amalgamated school division level for all their hard work. The trustees, for example, yes, they were elected to take care of not only the financial end of their divisions but also to look at the benefits

or the education that the children would receive within their divisions. This is one of the benefits that amalgamation has provided, that it has provided a benefit to children with regard to modernization of their divisions, but also programming that the children are able to get. Yet, I do not want to leave the impression that that is all these school trustees or the superintendents are doing, just worrying or dealing with challenges that have surfaced as a result of amalgamation. They are not.

In fact divisions are running a lot smoother. There are always going to be some challenges initially when there is any kind of change. I know that the person we had responsible for being the liaison person with amalgamated divisions went around and asked many, many of the school divisions what do they see as the results or the positives as a result of amalgamation. They have anecdotally let us know that program benefits are there for children. Larger school divisions have shown they are better able to offer students a wider range of programs, whether they be language classes, vocational studies, music, arts, athletics, computers and technological support. We have seen this in recent amalgamations in Tiger Hills, Pembina Valley and into Prairie Spirit, as well as in the case of Norwood and St. Boniface.

There are many divisions that we can actually point to that we have anecdotal feedback about the benefits of amalgamation. I would not want to leave the impression that people are just spinning their wheels and doing nothing else but worrying about amalgamation. They are not. There are many, many positive benefits of amalgamation and they know it. They have told us this and they have passed this on through a person that we have had working closely with these amalgamated divisions.

There still are some challenges that come up, some that may not have been foreseen when amalgamation happened, but, fine. We are working through them. We are assisting the division any way we can. As I mentioned before, we are providing them with almost \$3.5 million at \$50 per head for children to offset some of the amalgamation challenges. Also, almost \$2 million in dollars that are used for either busing or, just in '03-04 year, funding for amalgamated

divisions includes the guaranteed provision to offset any funding formula losses that may have occurred with the transition to an amalgamated school division. Funding effects due to enrolment declines are excluded from the guarantee, but that is part of it. I just want to say that there is an offset for them, almost \$2 million.

We are moving along in a very positive way but if changes have to be made we look at them. We also want to be financially prudent. We only have so much money to deal with but we are working very, very closely with the divisions on an ongoing basis.

Mrs. Stefanson: I thank the minister for his comments.

I guess at this point clearly there are some further challenges out there beyond the \$50, beyond sort of what has been discussed. With some of these school divisions they are obviously going to have to find the money from some place. I guess I would ask the minister, firstly, I guess he is stating and I do not want to put words into his mouth, so I will just ask him, at this point does he believe that the \$50 per pupil is enough and that is all that is going to be covered for the school divisions at this point, regardless of the fact that this does not cover the costs of the forced amalgamation?

Mr. Lemieux: Amalgamation has always been looked at as an opportunity for school divisions to review their operations, to take a look at the efficiencies and the economies of scale that they have had. Many divisions have done that. The \$50 per student was something we put in for amalgamated divisions that they have taken advantage of. I know they certainly are very thankful that they have these dollars to use.

We have also assisted divisions where we have had to, not that we have had to, I think we want to be a partner in amalgamations. We want to remain someone that is very supportive, as a government that is very supportive of education, whether that be amalgamation or otherwise.

For example, Mr. Chair, Sunrise School Division had an area of harmonization of salaries which we were able to assist them as a partner in amalgamation. They were able to work out their

collective agreement accordingly. Their negotiations went on, collective bargaining took place. We were also able to assist them in that area.

As a government, we are always looking at areas where we can help education and assist education. It is not always financial. We will always be there to work closely with school divisions in a partnership. That is the way it should be. As a government, we have been looked at as an inclusive open-door government that is willing to listen. We have done so and I believe we have been very successful over four years.

We will only be successful by working with the divisions. They are the ones, the school divisions are the ones who deliver and have responsibility at the local level. Yet the Department of Education and Youth, and in government, we have an important role as well. We are there as a partner and we have been. We will continue to be there as a partner in education with the school divisions.

* (10:50)

Mrs. Stefanson: I thank the minister for his comments.

There are a number of challenges. Clearly, I think we agree to that. I guess the minister is saying that ongoing challenges require ongoing review, and so on, to see whether or not we go further in terms of what his Government decides to do in terms of covering some of the costs as a result of this amalgamation. The costs have to come, the money has to come from someplace. Clearly, the \$50 is not enough to cover some of the costs at some of the school board levels and these school boards have recognized that and have brought those forward.

If the minister is saying that his Government will not cover these costs, who, then, has to cover the costs? Is it the taxpayers or the local communities that will be forced to cover the costs as a result of forced amalgamation?

Mr. Lemieux: With regard to cost, when we take a look at the budgets and the increasing budgets for school divisions, whether they be amalgamated compared to ones that are not,

those budgets are about the same. Amalgamated divisions' budgets are not skyrocketing, and so I would never want the impression to be left somehow because of amalgamation that their budgets are just going through the ceiling. They are not. Their budgets are about the same. So those amalgamated divisions have been fiscally prudent as well as the ones who are not amalgamated, so the numbers that we look at, we are seeing that amalgamated divisions are working well. Their costs are not skyrocketing and going through the ceiling. Their budgets are approximately the same, very, very close, almost the same as non-amalgamated divisions, so for us when we look at that, they are doing very well with the monies that we are assisting them with. That is why we do not see additional dollars having to go into amalgamated divisions certainly at this point. Thank you.

Mrs. Stefanson: I guess the minister has said that he is not concerned about the cost increases or the costs are rising within the school divisions themselves, and I would ask him, on March 5, 2003, the Minister of Education and Youth sent a letter to the Border Land, Louis Riel, Mountain View, Park West, Pembina Trails, Prairie Rose, Prairie Spirit, Red River Valley, River East Transcona, Southwest Horizon and Sunrise School divisions stating, and I am just reading from the letter: In reviewing amalgamated school division budgets, there are a number of divisions that are projecting unusually high mill rate increases resulting from increased expenditures.

You are asking that these divisions carefully review their expenditures in order to reconsider these projected increases, these increases that came as a result of his amalgamated process. So, on one hand, he is saying that he is not concerned about the rising increase of costs or the rising budgets that these school divisions are bringing forward, yet he asks the school boards to take back their budgets, review them, and cut them. I would ask maybe how this all fits together.

Mr. Lemieux: Let me be absolutely clear. Yes, I am concerned about the finances. What I was referring to before was, and I would want to make sure that is absolutely clear, that I am concerned about the finances and the finances of

the school divisions, but the reference I made about the increases being very similar in budget increases, percentage increases are very similar. With reference to the letter that went out to the divisions, what we have in place is an opportunity to be able to review the budgets of those divisions. When we take a look at their expenditures, when my department advised me that some of those expenditures look unusually high in some areas, and when they took them back and took a look at them, they certainly made adjustments. Whether or not they built them up or bumped them up, they took a serious second look at them. We appreciated them doing that, but the department was able to take a look at their budgets, review them, and when they determined that some expenditures were, say abnormally high, for lack of a better word, that the department asked the divisions whether or not they could not use the phased-in process that worked, and so they did.

Many divisions looked at their budgets and they felt, oh well, we can phase it in instead of bringing it all in one year and raising our rates which would make it more difficult on their ratepayers. So, by reviewing their budgets, the department was able to look at them and be able to be in conversation with those divisions and ask them questions about particular areas of where their expenditures looked a little bit higher than what the department felt they should be. So there was ongoing dialogue. I just want to say to the member from Tuxedo that yes, I am concerned about the finances of the divisions and taking a look at what they are doing, but I just, what I am saying is that with regard to overall budget increases, amalgamated or not, they are approximately the same, on average, and the amalgamated divisions, by submitting their budgets like that and giving us an opportunity to review them, gave us a little bit more insight into some of the areas that they were facing that they felt were important. We were also able to have a dialogue with them that they were able to phase things in as opposed to bringing things in all at once. So it was able to work out. I should tell you not all divisions had expenditures that were, let us say extraordinarily high. A number of divisions did. Thank you.

Mrs. Stefanson: I thank the minister for his comments. The minister mentioned that the

department reviewed the budgets, and I guess it came back that some expenditures were abnormally high. Just wondering, at that point, what was the process that took place once they found, some of your department staff found that these expenditures were abnormally high? Did they then go back to the school divisions and point out which expenditures were abnormally high and to ask them specifically to change those expenditures or reduce those expenditures in some way?

* (11:00)

Mr. Lemieux: The process itself is a good one. I mean, you get an opportunity to take a look at someone's books, you see what they are wanting to spend their money on, what their priorities are. The key here is it is their priorities. I mean, it is their budget. It is where they feel the priorities are in their areas. It is important, because the final decision is left with them. What the department did was they were in contact with the divisions, asking them to provide some rationale. Why is it much higher than a year before? What was the year before and is this the same as the year before or is it much higher? It could be computers, it could be technology, whatever the area was.

The department asked them to take a look at these areas. They did not say you have to change them and you have to change this and bring it down to zero and you cannot bring this in, because the ultimate decision really is with the division. But the division and the department have had a good working relationship, as the Member for Tuxedo knows, being connected with this area in years gone by, that the department and divisions work extremely closely to make the system work. Without that co-operation, it would not work at all. Many people should be congratulated for doing that.

It was truly a dialogue that took place between the divisions and the department saying what have you done before. This is unusually high compared to last year. Why is that? Is there a real need for that? But the ultimate decision was left with them. I should tell you that many of the divisions did change their numbers. They just felt, you know, we could phase this in or we

really do not have to do this this year. This is something that really is not needed.

That is not to say that they artificially just bump them up, bump their numbers up and hand in inflated numbers. They were, I would not want to say that, because I believe that is not the case, but after review was done, a lot of the divisions changed their numbers and changed their budgets as a result of just using the division as a sounding board, the department, I should say, as a sounding board. It seemed to work out and seemed to work out well for most divisions.

Mrs. Stefanson: Mr. Chairperson, the minister mentioned that there was a rationale that was given for an increase in specific expenditures. I am wondering if he could elaborate on that and explain what rationale was actually given for some of these increases.

Mr. Lemieux: Yes, just to comment on the rationale, the rationale being, if one division had a certain bus policy and a busing policy, for example, that because of amalgamation they wanted to change or make the busing policy the same or whether it was dealing with technology and the rationale was, we would like to incorporate X amount of computers into certain schools, whatever the number might be, because one division had it, the other division necessarily did not have those numbers because of amalgamation, the rationale was they wanted to bring it up to par or to make it similar.

Mr. Chairperson, that was the kind of rationale some divisions used in maybe some increases, some high increases in certain areas. Their rationale was they were trying to harmonize some of their programming. That is the type of dialogue that took place.

Really what it was, I mean, when the conversations took place between the divisions and the department, what it is really like is a sober second thought. When they were able to use the department as a sounding board, they were able to have a dialogue just as anyone. When you have to explain something to someone, you have to be able to clearly think this out in your own mind. That was very helpful for the divisions. That is some of the feedback that we have received. That is what they appreciated

from the process, which they felt was the very positive part of being in dialogue with the department. Thank you.

Mrs. Stefanson: I sort of take from your answer, and again I do not want to put words in your mouth, but most of these increases and expenditures took place as a result of amalgamation, of the harmonization of different programs, and so on, within the school divisions that were forced to amalgamate. Is that what the minister is saying?

Mr. Lemieux: I would say a lot of the reductions in cost were as a result of amalgamation, talking to the department and using the department as a sounding board. So all the areas where they reduced and phased in different areas were a result of amalgamation and all the positive things that came from amalgamation they were able to do. Maybe if they had not amalgamated they would have to bring the costs in all that year, but because of amalgamation, whether it be change to programming or whatever it was, they were able to phase it in and that is a result of amalgamation. That was a very positive thing.

Mrs. Stefanson: Could I ask the minister then, in terms of the costs of program and services that changed as a result of the harmonization, the amalgamation process, and just bear with me, I am just getting some information here, say for Border Land School Division, what specifically were the cost increases or decreases as a result of program and service improvements to the new school division?

Mr. Lemieux: I guess I just want to clarify from the Member for Tuxedo, I am not sure what she means by improvements. I do not know if there are specific ones. I will certainly try to address that. I am not sure if she is referring to buildings, extra buildings being improved.

Mrs. Stefanson: I appreciate that. I guess I would ask, first of all, are there any improvements as a result of the amalgamative process and what improvements have taken place within the Border Land School Division in terms of programs and services that are being offered to the children? Start that way.

Mr. Lemieux: I would beg the Member for Tuxedo's indulgence that we would have to get

that information. We do not have the specifics right here today, so we can certainly get that for you. We have financial information here today, but we do not have the exact answer that maybe the Member for Tuxedo would want today. I certainly can get that for her and try to get that for you.

Mrs. Stefanson: Okay, if the financial information is here today, could we find out then what the cost increase or decrease was as a result of the amalgamation specifically for programming?

Mr. Lemieux: Just, again, I am sorry, for a point of clarification to try to find out, because there are a lot of areas, the financial areas. They have a lot of areas they are looking at. They do not know if it is the area of computers or are there specific areas. It would be very helpful if the member could be more specific.

Mrs. Stefanson: I guess, again, I am just sort of gathering information. Once the amalgamation process took place, there are certain programs that are offered in one school division, certain programs that are offered in another and the amalgamated process, all of those programs, are they still administered under the new system? If so, what are the costs to that? Maybe you need to have the list of new programming, I am not sure, but that is sort of what I am looking for. As a result of amalgamation, what, for programming and service improvements that have taken place in the school divisions?

Mr. Lemieux: I do not have the detail, nor do my officials have those details. It is something that we would have to have some dialogue with the division again. We would have to contact them, get back in touch with them and get into a little bit more detail with them as to their programming and into costs related to things they have done. We do not have that with us right now, but that is something we would have to definitely talk to the division about and have some dialogue with them and get into more in-depth discussions about their programming and what has happened since amalgamation.

Mrs. Stefanson: Okay, well, if the minister could endeavour to get that information to me, I

would just have some questions that would evolve from the programming changes or say improvements, whatever, to the division.

Perhaps I could ask, again, just gathering information and if the numbers are here, the harmonization of salaries within the school divisions. I am wondering if we could through the school divisions, a couple of school divisions, and just see what the costs were as a result of salary harmonization in say Border Land School Division.

* (11:10)

Mr. Lemieux: Thank you for the question, to the Member for Tuxedo. There are a number of divisions right now that are in a collective bargaining process, which is negotiations, negotiations between their union or their association and the division, and a lot of those areas they have not even necessarily scratched the surface on. Some divisions are looking at—I am not sure if the word is conciliation. It is mediation or conciliation. I apologize; I do not have the correct word. But they are looking at that process.

One that definitely I can tell you about is the Sunrise School Division. The Sunrise School Division went through a process. Some of the employees went on strike; others did not. They were negotiating, negotiated to the very end, did the best they could. The school division did the best they could. They approached the Province to see if the Province would assist them in any way, take a look at their finances and what they have in place. We were able to assist them financially with their harmonization of salaries in the Sunrise School Division.

That is essentially the only school division thus far that has gone through the collective bargaining process and are negotiating. I understand Border Land may be at that point right now. I am not sure what other school divisions. We have had Louis Riel School Division who concluded their negotiations and did not approach the department at all, and they are an amalgamated division. They went through the collective bargaining process. They did not come to us for any financial assistance whatsoever.

So I guess at this point I just want to say that we have assisted a division, Sunrise School

Division, thus far. If we are talking about financial issues, I would not want to overstep my bounds or prejudge what is going to happen in the collective bargaining process, nor can I.

The whole budgetary process is very confidential for those divisions. Those divisions have a certain amount of money. They did not want me to comment, when the process was going on, at all. When I was contacted by the media to talk about what are the numbers, how much money are you looking at, I was asked not to comment about financial dollars at all, because what those amalgamated divisions had budgeted for harmonization or for salary is extremely confidential. They did not want me, nor should I—it would have been improper for me to comment on any of the dollars they put aside for their negotiations.

So when they came to us after they had bargained to the point where there essentially was really no more room for bargaining, they were banging their heads against the wall, both parties, they approached Government and asked us for our assistance to see where we could help out. So in Sunrise School Division we assisted them with a portion of their harmonization salary.

Mrs. Stefanson: I appreciate the minister's response. I guess when the department reviewed the budgets that came forward, and some expenditures were abnormally high, were some of these expenditures the projected harmonization of salary costs? Is that one of the areas that was abnormally high?

Mr. Lemieux: Really the discussion took place not about financial settlements, but rather the number of students. Let us say teacher aides, for example. Because of amalgamation, one part of the division needed to bump up the amount of staff they had.

We talked about new buildings that may be needed, talked about physical improvements to different structures. Those are the kinds of things that the department had discussions with, with the new amalgamated divisions, but they did not get into discussing financial settlements or how much money, for example, they budgeted for their collective bargaining processes.

Plus the school division itself; in every school division there is kind of a guesstimate. They guess what they might need when they budget for their final salary settlements. So really the discussions that took place between the department and the amalgamated divisions dealt with some staffing, dealing with staffing, for example teacher aides and so on, why they wanted to bump up their teacher aides and the number of staff they might have in certain areas or dealing with their IT requirements, they might want more, but never dealt with financial settlements as far as collective bargaining or anything like that.

Mrs. Stefanson: When school divisions had to submit their budgets to the minister and the department, within these budgets there must have been something built in for an increase, decrease, maybe it is the same, for salaries. Would not the projected increases as a result of amalgamation and collective bargaining process, would that not have been included in that budget?

Mr. Lemieux: Thank you for the question. Within their budgets that were submitted, they did not have a specific line as to this is what our financial picture is with regard to collective bargaining. They might have had discussions in the department, advised me that they had discussions with regard to if you had, for example, more teacher aides. They want more teacher aides, but the department has no role to play in these discussions dealing with collective bargaining.

In other words, the department is not getting involved and should not get involved in issues around collective bargaining with that division. They are not going to get discussing salaries or amounts of monies that have been budgeted for increases because of a guesstimate on what their final outcome would be of collective bargaining. They would talk about other issues as I mentioned before about whether it is busing or additional teacher aides or changes to buildings or computers and talking about those kinds of issues.

I am not sure if that is the answer the Member from Tuxedo is asking me for, but if it is not I will certainly try to take another shot at it

and clarify it if I am not submitting the answer that she is looking for.

Mrs. Stefanson: No, certainly I am aware, and I am not asking the minister to get involved in a collective bargaining process. That is inappropriate and I would not do that. I guess I am just trying to find out in terms of these budgets that were submitted there were a number of areas that, and the minister said earlier, some expenditures were abnormally high in some areas. To me this is one area that would be significantly higher than it was before as a result of harmonization. Obviously, if one school division is paying teachers and staff more than another, it is going to result in the other being increased to be the same as the other so that they are on the same playing field.

As I understand it, if there is nothing built into the budgets for that, then the cost of amalgamation is even, perhaps, higher than what we originally would have thought as a result of these. The minister saw that there was a problem, that there were some areas within the budgets that were unusually high and they had to increase the mill rates to compensate for those increases. I guess what the minister is saying is if this was not even built into the budget, if this is something that was not built in, then we are looking at a possible increase as a result of amalgamation, increase of mill rates in some areas of significantly higher than what we have seen. Is that fair to say?

* (11:20)

Mr. Lemieux: Just to clarify it if I was not clear before, so I appreciate the question the question and I will try to be much clearer.

Absolutely, divisions are going to make their budgets to address costs, and salary costs. They know their negotiations are coming up. They know that they are going to have a contract that ends or more than one so they are going to budget for that, but the department never got involved in any discussions about what they built in for additional costs, whether it was for salary increases and so on. The teachers throughout the province, whether they now be amalgamated or not, the salaries are relatively close, very close. No matter where a person teaches.

The salary differences are not great, but the divisions would be prudent in building in whatever they might forecast. If they think it is going to be a 1% increase over three years or whatever it might be, they would address it and they would try to build that in for their contracts that are going to expire. They know they have to prepare themselves for that.

They did that, but the department never had any discussions with regard to the divisions about whether an area was unusually high or not with regard to salary increases or anything like that. The division was not involved in that at all. Nor should they be because we have no role, as the Member for Tuxedo pointed out, in the collective bargaining process. That is something that the department has no role in. So it is an area where the department did not get into discussions or dialogue with regard to areas of salary or increases in amount of money put aside for contracts that were expiring.

Mrs. Stefanson: I guess in reviewing the budgets the department obviously found that there were some expenditure areas that were abnormally high as compared to before. I am not suggesting for one minute that anyone get involved in a collective bargaining process, but it is pretty plain to see that if there are two divisions that were amalgamating, if one division's salaries are 3 percent higher than the other, you have to budget for this to ensure that it is fair for everyone. I am just saying whether it is 3 percent or 1 percent or 10 percent or whatever it is, that is just to get on a level playing field. That is not getting involved in a collective bargaining process, once all of the contracts come up for negotiation and then they decide by division as to what the increases will be at the time. This is just as a result of amalgamation which is very plain to see.

To me it is unfair for a teacher in one division to be paid less, or for two teachers in the same school division to be paid at different salary levels. Obviously, there has to be some way to ensure that there is fairness in the process. I am not suggesting at all that anyone get involved in the bargaining process, but I am just wondering if one of those areas of concern would have been in the area of staffing.

Mr. Chairperson, I guess what the minister is saying is that—again, I am not clear on this, what the minister is saying. I am not even sure if this was submitted in the budgets then, the increases to staff just as a result of amalgamation to make it fair for all within the new amalgamated school division. Not talking about opening up contracts or anything like that, just some of the areas that were affected in that way. I just have trouble believing that school divisions would not build that, those increases in costs, into their budgets that were submitted to the minister.

Mr. Lemieux: Well, thank you for the question. The discussion about salary, I am not saying the idea about salary was totally avoided by the department talking about salaries. I am sure they did talk about salaries but they are not going to get into specifics of getting a breakdown of the salary. That was not an area of focus for the officials. I can clarify that but I have been advised that was not an area of focus from staff. Staff may have looked at building, or building improvements, or additional buildings, or new school requirements, or additional computers that one division wanted for another, or additional teacher aides, possibly looking at staffing numbers compared to the year before. I have been advised and I can certainly clarify that. Questions were asked about salaries. I am sure they were but it was not an area that was totally the focus of the department to delve into salaries.

Mrs. Stefanson: I guess where some expenditures were abnormally high, if this did not come forward, either was not in the budget or was not a part of it or was not discussed, to me this is an area that is going to be a cost as a result of amalgamation. I am wondering if the minister, again, I know he was not the member at the time, but was this a discussion that took place when the \$10-million figure was thrown out there as being the cost savings as a result of forced amalgamation? Did the harmonization of salaries even come across their table as being an issue, as being a potential cost increase?

Mr. Lemieux: I have been advised by the department that staff did not get into the specifics of the breakdown of those kinds of the salary line, if you will, for lack of a better term, just, you know, in talking about collective

bargaining or anything even related to what increases might be in salary. Some of the information I have received, we have received back, anecdotally and from the person we have had working with the school divisions is that, for example, any additional costs in certain areas will be phased in over a number of years.

In Winnipeg, for example, there is very little difference in average on teachers' salaries among the divisions being amalgamated. Some additional costs are only one time only. Certainly these school divisions are working very hard, as I mentioned before, to make things work in their areas. Now salaries, that is something that when a contract ends, or contracts end, they know what is coming up down the line and it is a guesstimate on their part of what they might settle for.

Sometimes in Manitoba one settlement happens and everyone uses the same kind of benchmark, do not always, but often have, and it is a guesstimate with regard to what they are going to foresee as a settlement, but I have been advised that staff did not get into in-depth detail about their salaries and the difference in salaries and where that was going with regard to collective bargaining and the department had and should not be involved in that area, as the member from Tuxedo mentioned. So I hope this addresses it.

* (11:30)

With regard to salaries on those budgets that were submitted, or those draft budgets that were submitted back to the department, the department looked at different areas, worked with the divisions and were able to ask questions about their expenditures in certain areas. When a division might say, well, last year we spent this much, this year we are looking at spending this much, the idea was to ask them to provide rationale. Why the bump-up? Why such an increase in an area for buildings or computers or additional teachers' assistants, maybe, or staff, but not with regard—I have been advised anyway that in-depth discussions with regard to salary increases or the salary line did not really take place.

Mrs. Stefanson: Mr. Chairperson, first of all, salaries would not be a one-time cost increase.

This would be ongoing cost increases to the school division, so I appreciate where he is coming from, one-time cost increases and so on. I guess my question would be, and it is not necessarily at the department level where discussions would have taken place, but I guess within cabinets when discussions were taking place as a result of what are the costs or savings going to be to the amalgamation process.

I appreciate that there are lots of benefits and lots from programming and so on that take place. I am just speaking specifically about the costs and the savings because again we did talk about, and it has been talked about and stated by the Premier (Mr. Doer) and so on, and a number of your colleagues, that there would be a \$10-million savings within this program. When that figure was discussed, where did that figure come from?

Ms. Kerri Irvin-Ross, Acting Chairperson, in the Chair

Mr. Lemieux: Madam Chairperson, No. 1, I am certainly not going to discuss what has taken place in Cabinet, no matter what the discussions are. I am not going to get into that, but with regard to the savings and what savings will be provided, we have taken a look at—and I will not repeat myself with regard to the academic side and the benefit to children in programming computers and so on. Any savings with regard to administration, whether it be three superintendents to one superintendent, any admin savings like that, I think most people would understand and the idea behind it is to get those dollars into the classroom for children.

My understanding, that is happening in the school divisions and everyone realizes that whatever the savings are going to be, are going to take place over years, over time. I think, as far as I am concerned, that is the way I have always felt personally, but I believe our Government has tried to make that point clear too. That this is going to be over, not months, but years, that you are actually going to see benefits. That can be dealing with the program side of it too because of loss of student enrolment and so on, but that is the belief of the Government that this is—and I believe I have heard members opposite make that comment as well when they were talking

about the Norrie report, saying that no one expected when you start cutting the number of divisions down and reducing the number of divisions that benefits are going to happen overnight. I think everyone realizes that. We believe that there will be some financial benefit over time, and some of it has shown even now with regard to administration, but I believe it is over a longer period of time that amalgamations will really show their true value.

Mrs. Stefanson: I guess, over a longer period of time, as salaries are harmonized within school divisions and so on, the costs will increase there. There are a number of other costs also as a result of the amalgamation process. I have great difficulty seeing where the \$10 million comes from and time will tell on that side as to where it will come from if it comes at all.

Having said that, I would like to go back to the review that took place, the review by the department of the budgets that were asked to be submitted for review. Lots of reviewing. Which school divisions actually completed the review? Which school divisions actually submitted their budgets? Did they all submit?

Mr. Lemieux: Just to clarify this, just the amalgamated divisions submitted them. All of them, all of the amalgamated divisions, 13, I believe, submitted their budgets to the department. Just the amalgamated ones submitted them to the department, so all of them did. Thank you.

Mrs. Stefanson: Is that something that was asked of them or was that something, I think, was that part of the, I believe that was maybe part of Bill 14 that they had to submit.

Mr. Lemieux: Yes, it was. It was a condition that was put in that I believe for two years they have to submit their budgets initially just to have the department review them, look them over, and if they had any questions on clarification on expenditures and so on that that was the process that was built in.

Mrs. Stefanson: And just again on process, has it just been one budget that has been submitted now or has there been two? When is the next budget to be submitted then?

Mr. Lemieux: This past year, the '03-04 year was the first time, that budget, and for the '04-05 year will be the second time they have to do it. That is essentially the two budgets that they have to submit to us so they have one more to submit.

Mrs. Stefanson: When is that to be submitted by?

Mr. Lemieux: Mr. Chairperson, I believe it is around the beginning of February. February 1, I think, is the date that they have to submit those by.

Mrs. Stefanson: Of the budgets that were submitted, again I refer back to a letter that was sent out to a number of the school divisions, I believe it was 11 or so school divisions, on March 5, 2003. After you reviewed the budgets, some of them were sent back to the divisions asking that they carefully review their expenditures in order to reconsider some of the projected increases within the budgets. Which of the school divisions actually came back and submitted changes or reconsidered their projected increases in some areas?

Mr. Lemieux: When all the school divisions received feedback from the department, they resubmitted and all the divisions made changes. There were different types of changes that they provided but all the divisions made changes. Again, that is the reason why I used the example of sober second thought or using the department as a sounding board, and I do not want to accuse the divisions of bumping up their numbers or inflating their numbers before sending them in. I do not believe they did that but it is a budgetary process. It is a draft budget that they have. So, being a draft, when they submitted to the department and had the discussions with the department, it was sent back to them and asked them to look at different areas that in their discussions seemed to be higher, for example, than the previous year, all the divisions sent back different changes. I believe they all came back with changes. Maybe one division did not change. The majority of the school divisions came back with changes. They all made changes because, essentially, I think that is part of the process is it is a draft and it being a draft, there were some guesstimates happening within their budgetary process. So when they had an

opportunity to speak to the department, went back, they reviewed it, sent them back, the majority of the divisions made some changes.

* (11:40)

Mrs. Stefanson: Sorry, was it a majority of the school divisions that made changes? I thought there were some that sent back budgets that were unchanged.

Mr. Lemieux: Yes, all but one school division made changes. It was all but one school division remained the same and all the others made different changes to their budgets.

Mrs. Stefanson: Can I ask which school division that is or was?

Mr. Lemieux: The only division that I have record of is that River East Transcona is the only one that did not make a change. They remained the same from their preliminary original to their final budget. Yes, their budget that they resubmitted to us had not changed.

Mrs. Stefanson: So it is River East Transcona. What of some of the, I guess the lines that were found to be unusually high or some of the expenditures that were found to be unusually high within that school division? They resubmitted it without any changes. What was the process from there? Did the minister just accept the fact that there were no changes or what happened from there?

Mr. Lemieux: Thank you for the question. As I mentioned before, the responsibility of course for this area lies essentially with the divisions. School divisions are the ones who are responsible for the area, and we try to work with them the best we can. When they had discussions with the department, whatever suggestions are made or discussions take place, some of them agreed to some of the suggestions, some did not. River East Transcona felt that some of the changes they were making or some within the preliminary original felt that they were very important to them and felt that for their reasons could not adjust them or change them and essentially just resubmitted their original.

I have to tell you where we are also trying to help the divisions and to try to work with the

divisions is to give them a slight bit more time of turnaround. The time period is very compressed and it does not give, because we are talking about sober second thought here and having a dialogue, we are trying to give divisions as much time to think about this and have discussions before they have to go back to their stakeholders, back to their public. The time lines are very, very tight. What we are going to try to do, try to do, is to try to give them more opportunity to get their budgets back to us, or to us. We look at them, get some dialogue going and give them enough time that you can have a period of time where they can have a good look at their budgets and then because they have to submit them to their people, to their stakeholders, for approval.

So that is an area that we are going to work on even though it is a two-year process, two-budget process, we are going to try to do what we can to try to make the process better and more efficient. So the turnaround time does not give them a lot of time to submit their budget, get it back and get it back to us.

Mrs. Stefanson: So I believe at the time they were looking for an increase in the property taxes, I guess, the school, the education portion of their property taxes of about 13.6 percent. Has that been implemented in that area, then? Have they already increased the taxes by that amount in that area as a result of this?

Mr. Lemieux: Just to attempt to answer the question from the member from Tuxedo, that '03-04 is in place now. That '03 is to help pay for the '03-04 year. Their ratepayers would have that increase now. Hopefully I am answering the question. I am not sure if I am answering the question that she asked.

Mrs. Stefanson: On the Education portion of the people in the division, in the school division, have they already realized a 13.6% property tax increase?

Mr. Lemieux: I was going to clarify this, but I am not sure where the 13.6 comes from. Can I ask the member from Tuxedo, I am not sure where the 13.6 increase comes from.

Mrs. Stefanson: Yes, no problem. I am just going back to figures that I received that were

quoted by the school division itself as to what the mill rates would have to increase at the time. I am just going by those figures. Those were put forward by the school board.

Mr. Lemieux: I thank the member for the clarification and the question. It is absolutely correct where the Transcona portion of the River East Transcona was going to have a higher rate than the River East side. What was going to happen is that over a differential mill rate is there because the idea is that over three years, I believe, that they will eventually flatten out and it will be the same. They have been given over three years.

Mr. Chairperson, we do not know what the upcoming year will be. We will wait to see their draft budget to see what they are planning on doing. She is absolutely correct. One was higher than the other. River East was lower, Transcona was higher for that amalgamated division.

* (11:50)

Mrs. Stefanson: What would have been the increase in the property taxes for the people of Transcona now? What is the realized increase that they have? What have they already realized as an increase on their property taxes?

Mr. Lemieux: Just to try to answer the question, looking at River East Transcona, I was just looking at their special levy mill rate. River East went up from a mill rate in '02 from 22.78 to 24.03 and Transcona went up from 20.74 to 24.03. In '03, what that division has done is that special levy mill rate, they have made it the same. There was a slight increase for Transcona, a little bit more than what River East is. What they have done is they have tried to get the mill rate to be the same.

The other part of the question was: Have they realized this now? Are they seeing it? Yes, they are. It would need a little bit more explanation than this but essentially, yes, they are seeing it now, because part of it is paid for the '03 annual year and part of it is paid toward the '04 year. So it takes a little bit more of an explanation than two minutes. I believe that is the answer.

Mrs. Stefanson: I apologize, I do not have a calculator here. I am assuming that is about a 13.6% increase then for the residents of—oh no, it would be—well, we will figure that out.

In terms of the increase they have realized as of this year, that is obviously an ongoing thing that they are going to have to deal with in the area. Obviously, that is a direct cost of amalgamation. I am just wondering if the minister could explain why the local taxpayers had to pick up the cost of the amalgamation?

Mr. Lemieux: Thank you for the question. The member made reference to how this is because of amalgamation. The increase is around 15 percent, I think. I do not have it but it is 15 percent in Transcona and it is around 6 percent in River East.

Mr. Chairperson, the basis for that in Transcona is not because of amalgamation. This is a point I made previously to others and I will restate that here. Transcona had a surplus. Transcona used up their surplus and this part of this budget reflects them, for lack of a better word, recouping their surplus. Transcona had a surplus. They did not have a surplus for this budget, so now their increase was much higher to try to build up that surplus. That certainly is my understanding and that is what I have been advised. That is the reason for it.

Mrs. Stefanson: I appreciate the minister's comments, but I guess if the amalgamation process had not taken place, if they had not been forced to amalgamate, would then the people of Transcona have realized a 15% increase in their education portion of the property taxes?

Mr. Lemieux: This is a difficult area in the sense that they did not have a surplus any longer. In order to carry on the same programs they had before, they would have had to increase. How much that increase would have been, whether it would have been around that 15 percent, I do not know, I am not sure, but they would have definitely had to have increased their taxes in order to keep their same programming. They ran out of their surplus. They used the surplus to pay for those programs before. So they would

definitely have had to raise their taxes to continue paying for their same programs.

Mrs. Stefanson: Perhaps a portion of the 15 percent may be attributed to that, but a 15% increase on the education portion of property taxes is pretty significant for the people in the area. The minister, does he not realize the majority of that would actually come from being forced to amalgamate?

Mr. Lemieux: Madam Chairperson, I would like to use a similar example where I talked about surplus before with Transcona. Another division is St. James-Assiniboia or St. James School Division. St. James School Division is another division that had a surplus. It no longer has a surplus, spent their surplus, and then all of a sudden their increase is almost identical to Transcona's, and they are not an amalgamated division. So, once again, those surpluses would have been used to pay for programming in St. James. So, in order to have that same amount of programming, they did not have the surplus, they had to raise their special levy mill rate.

So I guess the point I am trying to make here for the Member for Transcona (Mr. Reid) and for others is that when you have a surplus and you use up your surplus and you want to keep the same programs going, you are going to have to get the money from some place. So, as a result of that, they raised their special levy mill rate. It is almost identical. Transcona and the Transcona part of River East Transcona and St. James-Assiniboia are almost identical as a result of losing their surplus and then trying to recoup it and to continue with their same programming.

You know, I do not begrudge the divisions. I mean the children are used to programming and they have to have that programming, and we are all concerned about children and education. But the problem, the dilemma for a division and a school board when they do that, they are in a position where they have to raise that special levy mill rate to stay essentially the same or keep that programming going. So St. James-Assiniboia is another one. St. James-Assiniboia is not an amalgamated division, and it just shows you that when divisions do that, use their surplus, they have to recoup it somehow.

Mrs. Stefanson: Well I appreciate the minister's comments, but I guess Wayne Ritcher, the school board chairman of River East Transcona, was quoted as saying that he argued that because kids in Transcona deserve the same education obviously as that of the kids of River East, the budget includes a \$500,000 increase just to bring technology in Transcona schools up to the level of River East schools and, you know, he stated that that was about \$500,000. Now that would be a direct cost of amalgamation, would it not?

Mr. Lemieux: Well, Madam Chairperson, that is speculative because Transcona, all divisions are using more and more technology these days, and you would expect that no matter if it is Mountain View, whether it is St. James, whether it is Transcona, or River East Transcona, children are getting more computers these days and they are really working to make sure technology is another tool for students. So it is hard to speculate. I would anticipate that Transcona, whether they were amalgamated or not, would be spending money on technology and computers and advancing, doing what they can for their children as well. So it is hard to speculate whether or not they did or did not. I would not attribute it to amalgamation at all. I would attribute it to the fact that they are trying to provide the best education they can for their children and technology is just another tool, whether it is computers or whatever it might be, that will help students, well, prepare students better for university and post secondary.

Mrs. Stefanson: I thank the minister for his comments. Was Louis Riel School Division not one the school divisions that shipped their budgets back to you intact? They did not?

Mr. Lemieux: No, they were not. They submitted their budget back after having conversations with the department and they changed their budget slightly. It was not a lot, but they made some changes; they decreased the amount that they were going to have.

* (12:00)

Mrs. Stefanson: So, as a result of changing some of these budgets, and perhaps I can just again go through maybe just a couple of the divisions, say, for example, Pembina Trails

School Division, who I guess submitted a budget. It was sent back by the department asking them to reconsider some of the projected increases. When they sent it back to you, were those increases completely taken away, or was it just a portion of them?

Mr. Lemieux: I thank the Member for Tuxedo for the question. Just a portion of them. I mean, I do not have the specific details of where the program areas were, the exact decreases they made, whether it was technology or busing. I do not have all of those details with me. I am not sure whether the department would even have that.

But after having conversations going back and forth during this dialogue, the Pembina Trails is another division that came back. I think it is important, I mean, I do not want to make too big a point of this, but it is the division's decision. The division made the decision. They looked at it. They are very much aware that we are aware of what their budgets look like. We know what they were wanting to increase.

The numbers being confidential, we said, okay, these are areas that where we know, well, approximately, what you did last year. Now we know what you want to do this year, and what is the reason for it. They, themselves, because it was a draft budget they submitted to us, it was not their final, they knew that there were areas where they were trying to do things in that maybe they could phase it in over a while. But, after they had the discussions amongst themselves, as politicians realize, they can phase some things in. We do not just have to jam it all in this year. We do not have to just do it all at once. We can do it step by step.

But it is really the divisions' decision. They are the ones who made the final decision. The department was to be used as a sounding board, as someone that they could bounce off their budget and have a good discussion about where they were going. The other side of it, the reality is that the department, Government, we wanted to know what was going on and where increases might happen. We want to be able to take a look at that.

So it is in place for two years. We have one more year to go through this process. I believe it

was very helpful, and, anecdotally, we have heard from school trustees that it was very helpful. They thought, well, you know, it is good to have this discussion because the department has an opportunity to see all the divisions and see what is going on. I do not know if those discussions take place from one division to another, whether the Pembina Trails phones Louis Riel and says, you know, what are you doing as far as technology this upcoming year and so on. But we have an opportunity to see what different divisions are doing.

So, Mr. Chairperson, the process was very helpful, but the final decision was the division. They are the ones who had to decide, and River East Transcona made a decision where they said, no, we are going ahead with what we are doing. We are not changing a thing. We want to do this. It was their decision.

Right now there is no legislation in place, so there is nothing in place that says that Government is going to—as was done by the previous government, as a matter of fact. You may have been working with Mr. Manness who was the minister at the time, and I think that was one of the first years where a freeze was put on all divisions. I believe it was 2 percent. I am just going by memory. I was teaching at the time. I think it was 2 or 3 percent and he said, that is it; that is all you are going to do. Divisions were frozen for two years.

Now, I am not going to stand up on the Golden Boy and start screaming this out and yelling to people, making a big political deal of this, because the government of the day had tough decisions to make. The economy was where it was at. I do not begrudge the Government that. Governments have to make what decisions they make. Those were frozen in the mid-nineties, '94 and '95, I think, just two years. Nevertheless, that was a tough call because schools paid for that.

What we are saying is that at least with this process that we have in place, we get an opportunity to see what divisions are doing. They can make the choices as to what they want to do. The Government has not legislated any kind of freeze or anything like that. But, certainly, it is an opportunity for us to really take a good hard look

at where they are going and what they are planning on doing into the future.

Mrs. Stefanson: I just would like to ask the minister with respect to Pembina Trails School Division, for example. Now the budget came to you. You sent it back saying please rework it. Look at some of these projected increases. Try and find some savings. They sent it back to you.

With respect to all of the school divisions, is there sort of a savings that would have taken place as a result of this process to send the budgets back for review? *[interjection]* Just the ones that you asked for a review.

Mr. Lemieux: Thank you for the question. I should clarify. I know it is a fine point, but the budgets did not come to me, not me personally. It came to the department. In other words, I did not look through these budgets. I worked with my departmental officials, and they looked through the budgets, and they worked with the divisions.

I did not go kind of line by line through these, sitting at my desk. I did not get back to the divisions. The staff and the department did that. They have the expertise and they did it. I do not want to make too fine a point on it, but I took direct advice from my department with regard to what was going on. They kept me in touch with what was happening, but I did not have my hand on those documents looking through them, just to make a fine point.

With regard to the savings, I believe the question was: Was there a total saving after they sent them back through this exercise? There has been. There was an overall total saving in dollars compared to what the first amount came in.

When I say a total saving, it is a draft budget. From the original they sent us, from the preliminary original compared to what they were willing to go with back to the people, to their taxpayers, there was a substantial saving. Whether or not that will happen this year, I do not know. We will see what happens when they submit their draft budgets to us where they are going to go financially with their divisions.

* (12:10)

At least in the first attempt to try to get a clear picture on the budgets, they did come back and they did some very minute changes. Others were more substantial, but overall there was a saving as a result of this process.

If this process was not in place, would it have been the same? I do not know. Maybe it would have been. Because it is a draft budget, maybe the second time they would have looked at their own budget. They might have chopped it down or reduced some areas of expenditure themselves after they would have had sober second thoughts. I do not know for sure. I would like to think that because they talked to the department and the department had a good idea what was going on all over the province that this had some influence on them slightly, that they were able to say, okay, maybe we are a little bit too high here, and they were able to make some changes. We cannot say that for sure. Maybe it would have been the same.

Mrs. Stefanson: Is it fair to say that there is still an increase in costs over the previous year? For example, with the Pembina Trails School Division there still would have been an increase in costs over the previous year?

Mr. Lemieux: Regrettably, when we go for a litre of milk or whatever it is, often the costs do not go down. They do not go less. No matter if we are talking about school divisions or we are talking about lumber or we are talking about construction costs, costs always seem to go up. It is for various reasons, but costs generally do not go down. So I would say, I do not have anything in front of me, but I would just say that the short answer is yes. The provincial average is around 4.5% increase throughout the province. This is all divisions. It is around 4.5 percent, the increase overall.

Mrs. Stefanson: Were the cost increases more than usual, more than the 4.5% average?

Mr. Lemieux: The provincial average was 4.7 and, for the amalgamated divisions it was 5 percent. You can see there is such a minute difference between the provincial average on non-amalgamated divisions like all divisions compared to the amalgamated ones are almost the same, on increase.

Mrs. Stefanson: For example, on the Pembina Trails School Division, what would have been the increase over the previous year?

Mr. Lemieux: Madam Chairperson, just a point of clarification. Were you asking what was the difference from the time they sent in the preliminary budget to us or was it last year, the '02-03 year, what it would have been then compared to what it is in the '03-04?

Mr. Chairperson in the Chair

Mrs. Stefanson: In the '02-03 budget and the actual budget '03-04.

Mr. Lemieux: Mr. Chairperson, the challenge I have is that the '02-03 would have been before amalgamation. That is the difficulty, because it is hard to put the numbers on that because they are amalgamated, so you have two divisions now as opposed to just the one. The best answer I can give is that we will try to find—I certainly have not made that comparison myself. I have not looked at it.

We will attempt this. I have a document in front of me. I will try to—

The previous year, this would have been the '02-03 year, we had Assiniboine South at a 7.9% increase and the Fort Garry School Division, the former Fort Garry, had a 7.7. This year, amalgamated was 5.7, a couple of percentage points less than what they were when they were not amalgamated. So it is at least two percentage points less than when they were amalgamated compared to when they were not amalgamated. Thank you.

Mrs. Stefanson: You talked about the 4.7% provincial average. Is that including amalgamated divisions. Is that all divisions?

Mr. Lemieux: Yes, that is all divisions. That is a provincial average of all divisions together.

Mrs. Stefanson: So, what would the average be for just the amalgamated divisions?

Mr. Lemieux: Five percent. Yes, the amalgamated ones are 5 percent.

Mrs. Stefanson: And then the non-amalgamated divisions, what would the average be?

Mr. Lemieux: Could I ask the member for the ability to get that answer. I do not have that with me. So I will definitely get it for you. I am not sure what it is, just the divisions without the amalgamated included in it. I am not sure what that is. I do not have that with me but I can get that for you.

Mrs. Stefanson: I would appreciate that very much. That will be great.

Mr. Minister, in the *Free Press* of August 27, it was stated that some Transcona children who were previously bussed by their old division will now have to walk to their school even though they live a mile away from their school. It is to me an example of perhaps a negative impact of amalgamation. I am just wondering if the minister could explain what the minister plans to do about these situations where children within communities are forced to walk significant distances to their schools.

Mr. Lemieux: I thank the member for the question. I would not attribute that to amalgamation. That is a decision that the division made with regard to their busing policy and what they wanted to do. Something like that I would not attribute to amalgamation on the distance of a route or a selection of route. That is left to the divisions to do. That to me does not have anything to do with amalgamation, with all due respect. That is something where a division made the choice to do that.

Mrs. Mavis Taillieu (Morris): Well, this will be my first question in Estimates, so bear with me in case these questions have been asked previously. In regard to busing policies, is there a universal busing policy or is that within a particular school division?

* (12:20)

Mr. Lemieux: Well, thank you. Again, I want to congratulate the member from Morris for your election, not of the same stripe as my political party but, nonetheless, congratulations. It is very nice to see more women in the Legislature and congratulations to you. I know you will find it

very, very rewarding. I was relatively new myself so I want to congratulate you and welcome to the Legislature. I know many have said this before, but it is the first opportunity I have had to say this to you..

Thank you for your question and any question is a good question. We will try to provide as much information as we can and in a forthright way.

With regard to busing, the Province provides funding for busing, and the criteria is that, if a student is located 1.6 kilometres from a school, the funding will apply. That is part of the criteria for funding. The school division essentially makes the decision on routes, they have their own policies with regard to busing, and they are essentially responsible for that as well.

We assist them in safety. For example, we just came up with a funding to assist divisions retroactively, I might add, to assist them with strobe lights. Strobe lights were added to buses. We were able to assist them with funding for people to put new strobe lights on buses for safety purposes, and also, the ones who had already done so, we said that we would pay half their costs towards the strobe lights. So we do provide funding and assistance with regard to busing and assist them in safety, but a lot of the policy around busing itself the divisions have the latitude to, for example, come up with their own bus routes.

Mrs. Taillieu: Thank you, Mr. Minister, for your comments in regard to my election.

Can I ask the minister then: Is it a provincial policy that children living more than 1.6 kilometres from the school of their choosing in a school division which they like to attend will be bused to that school?

Mr. Lemieux: I apologize for reading some of this, but I will just to make sure it is on the record. Financial support is provided to pupils enrolled from Grades 7 to Senior 4 or Grade 12 who reside more than 1.6 kilometres from a public transit stop and school, so if schools within an urban district bus children that are more than this, we will fund them, but it is a choice that they make.

In rural Manitoba, not urban, but rural Manitoba the divisions have to bus them. They have to bus children who are more than 1.6.

Mrs. Taillieu: Mr. Chairperson, children going into St. James from Headingley, and Headingley is within the St. James school division, live significantly farther than 1.6 kilometres to the middle school, which they have to attend in Grade 6, would these students be guaranteed busing then to the school of their choice in St. James school division?

Mr. Lemieux: With regard to transportation, if this school is a designated school for the children in Headingley and they are going to the school in St. James, the school division has to transport them if it is a designated school for those children.

Mrs. Stefanson: I guess, according to the provincial guidelines if a student lives more than 1.6 kilometres away, the Province will pay for their transportation, as I understand, or pay to get them to school. In the case of the Transcona student who lives close to around a mile away, would they be looking to compensate for this student having to walk to school?

Mr. Lemieux: So the answer is if the division decides to transport that child and the child lives 1.6 kilometres or more away, we will certainly provide funding for that, we will pay for that.

Mrs. Taillieu: On the point of the designated school, then, if students choose not to go to the designated school but choose to go to a school within the school division which is enroute to the designated school, are they allowed to go on the bus?

Mr. Lemieux: I thank the member for the question. As I understand it, this is a school of choice issue, that if a student selects a school and the school bus is going to the school, going to the other school of choice, whether or not they can, as a point of clarification, will it be funded or will it be supported? Is that the question?

Mrs. Taillieu: If a child or family within the St. James School Division chooses not to go to the designated school in which they would be funded for a seat on the school bus, if they

choose to go to another school within the division which may be enroute to the designated school, are they allowed a funded seat on the bus?

Mr. Lemieux: I thank the member for the question. I understand. The answer is may and has been may, in other words the division may transport. I am glad you raised it. This is something I am certainly looking at right now, looking at changing, because if that bus goes right by someone's doorstep and is going to a school of choice and not the designated school, I think most Manitobans would wonder, if there are seats on the bus—if the bus is overflowing, there are not any seats on the bus—but if there are seats available on the bus and the bus goes right by the person's doorstep or by the driveway or where someone could reach that bus stop and is going to a school of choice, I think most reasonable Manitobans would think that that transportation should be provided.

Right now the wording in the policy is may, the school division may provide and I do not believe it is strong enough. I think we should seriously look at it, because if the bus is going right by and going to a school—I am trying to use your terminology—right by that location, you would think it should be provided.

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

FINANCE

* (10:00)

Madam Chairperson (Bonnie Korzeniowski): Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of the Department of Finance.

Does the honourable Minister of Finance have an opening statement?

Hon. Greg Selinger (Minister of Finance): He does. Would you like to hear it?

Okay. So we have a short one hour opening statement that we will try to cut to 10 minutes. Madam Chairperson, it is my pleasure to present

for your consideration and approval the Estimates of Expenditure for the Department of Finance for the '03-04 year.

In terms of fiscal and economic policies, despite significant economic uncertainty within the international community we continue to make significant progress on Manitoba's finances. We have introduced a provincial Budget that projects a positive balance of \$10 million under the balanced budget legislation.

We will address emergency expenditure pressures related to the BSE crisis as well as extraordinary forest fire suppression costs. Dry weather has also affected the revenue from water power rentals and Hydro exports. We will access the Fiscal Stabilization Fund to support the extraordinary emergency requirements and continue to manage other government operations with a view to improving ways of doing things at a lower cost while continuing to pay down the debt.

Madam Chairperson, for the fourth straight year, \$96 million is committed to paying down the debt and pension liability. We have reduced our net general purpose debt relative to GDP to its lowest level since 1982-83. Debt service costs are again significantly reduced and we continue to have the third lowest per capita spending in Canada. These accomplishments were assisted by the strong performance of Manitoba's diverse economy.

Madam Chairperson, diversity played a major role in our good economic performance last year despite the period of economic uncertainty. Manitoba had the lowest unemployment rate and the lowest youth unemployment rate in the country in 2002. Manitoba's growth was projected to exceed the national average in 2003. Retail sales rose 7.02 percent in 2002, the highest annual increase in five years and higher than the national increase of 6 percent.

Madam Chairperson, our strong fiscal record was recognized earlier this year by Moody's Investor Service, when they boosted our credit rating to AA2. Manufacturing continues to be the largest sector of our economy, accounting for approximately 13 percent of our gross domestic product and reflects a diverse mix of consumer

and industrial goods such as aerospace equipment, buses, furniture, pharmaceuticals and other manufacturers which are exported into the American market place.

Manitoba's agricultural sector is also very diverse with a variety of livestock and crop products. Between 1990 and 2002, farm cash receipts saw a 29% increase, the best growth in Canada.

Manitoba businesses continue to diversify into new markets and bring new products to market. This broadening of the economic base provides even greater diversity and economic stability for the future.

Research and innovation are key to economic growth and productivity. Manitoba's research and innovation intensity continues to rank high among other provinces. It is the fourth highest, accounting for approximately 1.2 percent of our gross domestic product. One of Manitoba's many research strengths is biotechnology. The province currently has 37 biotech companies in operation. One in ten of Canada's biotech companies is currently undertaking research in Manitoba.

Provincial support for research and innovation continues with major investments which include \$9 million for the Richardson Centre for Functional Foods and Nutraceuticals, \$5 million for the I.H. Asper Clinical Research Institute at the St. Boniface General Hospital and \$8 million for the renovation and expansion of the Portage La Prairie Food Development Centre.

In addition, the amount available through the Manitoba Research and Innovation Fund has been increased. There is also support for a new biotech training strategy in co-operation with Red River College and Biovail. There is continued support for private research and development through the Manitoba Research and

With respect to intergovernmental issues, Madam Chairperson, the Province continues to work closely with other provinces and territories to secure our interests in discussions with the federal government.

Additional federal funding announced following the release of the Romanow report is a positive step forward. However, even with the additional dollars, the federal share of funding

for health care and other social programs will now stand at only 16 percent. Mr. Romanow recommended that the federal share of health costs be lifted to 25 percent.

Madam Chairperson, our Government is committed to the principles of the Romanow report and to continuing to provide Manitobans with access to a strong public health care system. As part of our commitment we will continue to encourage the federal government to adopt the Premier's proposal for re-establishing a meaningful partnership with them in providing sustainable financing for health, education and other social programs in the future.

Premiers have also called for a strengthened equalization program to ensure that public programs are financed equitably across the country. The renewal of the program is set for April 1, 2004. It is expected that the federal, provincial and territorial Finance ministers will meet soon to begin to address this program's renewal. In the meantime, officials have begun to discuss technical issues and improvement for the program's renewal. Those discussions will be occurring this fall. They are probably amongst the most important discussions we have as we go forward.

Madam Chair, the Department of Finance's Estimates for 2003-04 reflect the Government's commitment to debt repayment, tax reductions and the program priorities of Manitobans.

Turning to the specifics of the department's Estimates. The department proposes to spend \$429.4 million in '03-04. This represents an overall decrease of 8 percent or \$37 million from the '02-03 Estimates.

On public debt and debt repayment, we have made significant progress through our comprehensive approach to the repayment of both the general purpose debt and the Government's pension obligation. Once again in '02-03, debt retirement payments totalling \$96 million were made.

The Government continues its comprehensive approach to debt retirement ensuring that the debt repayment continues to address both the burden of accumulated debt and the previously ignored pension obligation.

Madam Chairperson, left unattended, the unfunded pension liability would have grown to in excess of \$10 billion by 2035. We took immediate action in 2000, introducing the first ever plan to deal with the pension liability. For the first time in '02-03, departments matched pension contributions made by the employees hired on or after October 1, 2002, from their appropriations. This funding was directed to the pension assets fund in addition to contributions made through the debt retirement fund. Full funding of pension costs of each new employee will continue. I should just mention that it is the first time since 1961 that the employer, in other words, the Province of Manitoba, is actually contributing their portion of the pension responsibility in 40 years. We are not doing it for all employers, we are doing it for each new employee. As we move forward we will see with the turnover in the public service that we will have a fully funded pension plan and a sustainable one.

We continue to take strong debt-reduction measures in the current fiscal year. For the fourth straight year, \$96 million will be directed towards paying down general purpose debt and government pension obligations. As in the past year, the debt retirement allocation committee will determine the most cost-effective use of these funds. The cost of servicing the public debt for '03-04 is expected to decrease by \$37 million to \$331 million. Debt servicing costs now represent only 4.5 percent of expenditure, the lowest level in over 30 years.

*(10:10)

Further, to reduce the volatility of our public debt costs, we have continued to decrease our exposure to foreign denominated debt. As of March 31, 2003, this exposure had been reduced to 3 percent of general purpose debt. That was from 19 percent foreign exposure in 1999. As of August 15, 2003, I am pleased to advise that our exposure has been reduced to zero and thereby eliminated. We would have no foreign currency exposure going forward through the management processes within our department. We are no longer exposed to foreign debt. We have swapped it all back into Canadian dollars, which adds greater stability at a time when the dollar is bouncing around like a yo-yo.

Taxation: Madam Chairperson, Budget 2003 continues our balanced approach to providing sustainable tax relief for individual Manitobans and Manitoba-based businesses. We are maintaining a competitive environment in Manitoba to help ensure that our economy creates more and better jobs and hiring comes from Manitobans. Our business costs including hydro rates, line costs, auto insurance rates, et cetera, are extremely competitive.

On the tax front we are continuing to reduce corporate income taxes, the first reduction since World War II to 15.5 percent in '04 and 15 percent in '05. Income eligible for the small business rate will again increase in '04 and '05 when it will be twice the level in effect when we came into office. In other words, the amount of money that we can claim at the lower small business rate of 5 percent will have doubled since we have come to office.

Madam Chair, in order to encourage further business expansions in Manitoba, the Manufacturing Investment Tax Credit is extended for three years and the \$5-million capital tax exemption is being converted to a deduction, providing a benefit to all firms that presently pay the tax. This measure provides the greatest benefit to smaller and mid-size companies that are expanding their operations right here in Manitoba. I want to just mention this one in a minute.

Previous to this Budget, if you had \$5-million worth of capital, you were exempted from tax, but the minute you had \$5,000,001-worth of capital, you paid taxes on the entire \$5,000,001. That was the former system. That was the exemption system. Now under the deduction system, you never pay the tax on the first \$5 million. You only pay tax on the incremental dollar. This will be advantageous for companies that are growing their capital base. They will be able to move over the \$5-million threshold without having a clawback occur, and it is also a benefit to companies that are already over \$5 million in capital that has to be taxed in that they get the exemption. So this measure will make us more competitive and will stop small companies having a disincentive into growing into larger companies and will facilitate the acquisition of capital which usually is a strong indicator. When capital is invested, it is a strong

indicator of companies becoming more productive and more efficient.

Changes announced in our first three budgets delivered \$180 million in personal income taxes by the 2003 tax year. Budget '03 builds on that with a further reduction of \$39 million by reducing the middle rate from 14.9 percent to 14 percent. In addition, our first three budgets reduced property taxes by another \$63 million through increases to the Education Property Tax Credit and decreases to the Education Support Levy. Budget '03 decreases ESL or the Education Support Levy by another \$17 million. Taken together, our four budgets provide Manitobans with \$301 million in personal income tax and property tax reductions by the '04 tax year.

Madam Chairperson, we have also introduced two new tax credits in this Budget. The Community Enterprise Development Tax Credit is a new 30% personal income tax credit that provides local investors with encouragement and a vehicle to participate in the economic well-being of their regions. This will be of interest to people outside the city. You will remember the Grow Bonds Program which had a guarantee attached to it. Now if somebody wants to invest in a local enterprise in their region, they can get a 30% personal income tax credit right up front for that investment in a local enterprise. So that will help the rural and northern economies further diversify. It is also available in the city of Winnipeg.

As well, the Co-operative Education Tax Credit is a new 10% corporation income tax credit for employers which will provide students participating in co-operative internship programs with valuable workplace experiences before they graduate. This credit I think has long-term potential to allow firms to attract university students into their workplaces, give them relevant experience related to their profession, whether it is engineering, accounting or any other applied discipline and get a tax credit for making those opportunities available to young people. I personally think internship programs are a very good way for young people to bridge the gap between post-secondary education and the workplace.

For the '03-04 fiscal year, we estimate that all the tax changes implemented this year,

including those announced in previous budgets, will result in a net reduction of \$82.7 million in taxation revenue that would otherwise be collected and \$142 million in a full year.

Under the theme of transparency and accountability, Madam Chairperson, we are committed to continuous improvements to financial management and reporting practices that enhance transparency and accountability. Over the past four years, accountability to Manitobans has been improved through a more complete and transparent reporting.

The first ever annual report for government was issued in the '00-01 fiscal year and continues to be a critical piece in our accountability framework. This report provides a more comprehensive reporting on operating results as well as commentary on fiscal and economic results.

We have also introduced improved accounting practices for capital acquisitions. The allocation of the interest carrying cost of capital assets to program areas was introduced last year and will continue to '03-04. This allocation, combined with the allocation of the related amortization costs of these assets, provides for greater departmental accountability for capital expenditure and ensures that the interest cost of capital acquisitions is appropriately considered when making decisions on capital expenditure proposals.

In addition to summary financial statements, we are now presenting annual summary budgets, providing comprehensive disclosure of the entire Manitoba government reporting entity and including the 40-year unfunded pension liability. With regard to this liability, in '02-03 we introduced a more aggressive plan to address the liability by requiring departments and agencies to match contributions for new hires. The annualized effect of this plan in '03-04 and forward will contribute significantly to the full funding of the pension liability at an earlier date.

Madam Chairperson, the department in '03-04 will continue to focus on opportunities and challenges to benefit Manitobans. The Tobacco Interdiction Program continues as one measure in support of the tobacco tax. This tax, generating in excess of \$190 million, serves as a

preventative health measure, as well as a revenue measure, to offset the growth in medical expenses. My department will continue to protect these revenues by curtailing the smuggling of contraband tobacco through our interdiction efforts. Any of you that drive down Highway No.1 towards Falcon Lake or further will see the Manitoba Finance police-like-looking vehicle on the border faithfully policing efforts to smuggle tobacco into Manitoba without paying tax.

We continue to work with the federal, provincial and territorial consumer protection departments to address issues of national interest, including e-commerce protection, improved protection for vulnerable consumers, using the alternative consumer credit market and identity theft. This fall Manitoba will host a meeting of ministers responsible for consumer affairs where these and other matters will be discussed and new information and materials released.

A comprehensive review of Manitoba's consumer protection statutes is planned this year to determine what changes are needed to acts and regs so that the legislation better addresses current marketplace issues. A discussion paper will be released later this year to obtain comments from consumers, stakeholder organizations and businesses on the effectiveness of current legislation and suggestions for enhanced consumer protection.

The department's '03-04 Estimates provide funding for our claimant advisor office. Amendments to The Manitoba Public Insurance Corporation Act will establish the office, recognizing the need to provide assistance and advocacy resources to people who want to appeal a bodily injury claim decision.

Many claimants do not understand their entitlements under the Personal Injury Protection Plan nor do they understand the scope and purpose of the appeal. Many also do not have the skills or confidence necessary to advocate on their own behalf nor the resources to hire counsel. As a result, they are not often prepared or comfortable presenting their case to the Appeal Commission, and they feel intimidated by the appeal process.

Advisors specializing in appeals of MPIC decisions will assist claimants in appealing a

review decision to the Appeal Commission by explaining the process and providing assistance in preparing for an appeal. Trained advisors will help claimants to make their points in a clear, concise and a supportive manner and can appear before the Automobile Injury Compensation Appeal Commission on the claimant's behalf. The support will give claimants a greater confidence in the process.

The cost to establish and operate the office will be recovered from the Manitoba Public Insurance Corporation. The office will be independent from both MPIC and the Automobile Injury Compensation Appeal Commission.

Staff are continuing also a review of The Insurance Act. We are involving a good cross-section of stakeholders in this review, including a representative from the Consumers' Association to ensure that consumer protection issues are a focus.

Work to improve service delivery is continuing at the Residential Tenancies Branch and the Residential Tenancies Commission through the re-engineering of business processes. The project will result in the complete redesign of processes such as mediation, hearings, repairs and rent increases.

* (10:20)

A new integrated computer system will allow faster access to information to enable staff to provide better service to the public. This contrasts with the current situation where the branch has over 13 unconnected data systems. Overall, workflow will be streamlined, resulting in a faster resolution of cases with quicker decisions. We expect to complete phase one of this project before the end of the fiscal year.

There are other examples of such programs and initiatives planned for '03-04 which we will be pleased to discuss in greater detail with our honourable members as we move forward in this committee with our departmental Estimates. With these comments, I am now ready for questions.

Madam Chairperson: I thank the Minister of Finance for those comments.

Does the Official Opposition critic, the honourable Member for Fort Whyte (Mr. Loewen), have any opening comments?

Mr. John Loewen (Fort Whyte): Yes, I do.

Madam Chairperson, I thank the minister for those opening comments. I hope that I will be able to get a copy of them pretty quickly. Sometimes when we are in Estimates, Hansard takes a little time to get caught up.

I say off the start that I wish I could be as optimistic as the minister about the finances of the Province of Manitoba. But I do have, as he is well aware, some extremely serious concerns, not only about the Budget, but about the direction this Government has been heading for the last four years. It seems to continue to head down a road that will leave Manitoba not only uncompetitive, but with significant debt problems well into the future. It is unfortunate that the minister has not seen fit, over the course of the last four years, to show a little more restraint, in terms of not only his budgeting process, but in terms of overspending of budgets, and taking advantage of some of the large inflows of dollars into the Treasury, both in terms of payments from the federal government and from local tax increases, to do a better job of reducing the debt.

He has spent a lot of time congratulating himself in terms of debt reduction. I would remind him that he has simply managed to stick to the schedule that was set out in the balanced budget legislation. That is a requirement that he was obliged to fulfil. I am glad he has chosen not to change the balanced-budget legislation in a significant way. I would urge him going forward to look at what else could be done.

In terms of a positive budget, the only reason why the Budget is positive is because the minister continues to dip into the Fiscal Stabilization Fund to prop up his Budget. As a matter of fact, between that and Hydro he has had to take significant dollars that could have been well used other ways to manage the spending problems that this province encounters under his Government. I would remind him that the deficit, in terms of the consolidated deficit, for '03-04 is budgeted at \$110-million deficit. It is a consolidated statement which really reflects

the true position of the finances of the Province of Manitoba. This follows a \$271 million deficit in '02-03. Again, we have this spin put out that the finances of the Province are in good shape when, in fact, year after year, we are seeing, over the course of the last two years, will see deficits in the close to \$400 million range. I think it is unfortunate for the citizens of Manitoba that the Government continues down this road.

We certainly understand the need to spend money from the Stabilization Fund in times of trouble. Although I think it has been the history or previous governments in situations such as forest fire control where they have managed to trim back expenses instead of going into the Fiscal Stabilization Fund to fund all of the fire control.

We are also, as we have indicated this week, extremely concerned that the minister and his colleagues seem unable to come to grips with the BSE crisis. In terms of what it is going to take to help those people who rely on the cattle industry in Manitoba to weather the storm, and their continued insistence that they will not provide a cash advance system to cattle producers and those devastated by the drought is a real anomaly.

The minister talks about diversity. While it has been a strength of the economy over the years, certainly we are seeing a lot of trouble on the horizon that particularly has to do with the increase in the value of the dollar. We are reading daily and weekly about firms that are having trouble, MCI, Western Glove, Dominion Tanners who are losing markets are being in a position where they are not as competitive as they were with a 61-cent dollar, and that does not bode well for the Manitoba economy. We have traditionally relied on the manufacturing sector to be a very a strong part of that diversified economy of the Province and there is no doubt that that sector with a higher Canadian dollar will suffer.

The minister seems to want to make a big deal about the fact that the payments towards the debt are being directed toward the pension fund. I agree that is a good thing. A debt is a debt, is a debt. When he talks about reducing the pension liability, at the same time he has not put more

money in than the schedule called for. He simply made a decision to allocate it differently. All that means is that one debt is dropping quicker than it might have been previously but the other debt is not dropping as quick. I would urge the Government to look at more measures in terms of how they can reduce the pension liability debt. While it is a small step, a very small step for the departments to be funding the pension liability for new employees, perhaps the minister could look at a schedule that would see existing employees pension obligations start to be funded.

The minister talks about competitiveness. It seems that when he talks about competitiveness, and we hear this over and over and over again, he wants everybody to be competitive except the one body that he is in firm control of, that is, the Government of Manitoba and their taxation policies.

He wants Hydro to be competitive. He wants our housing costs to be competitive. He wants external agencies to make sure that they are providing competitive rates and competitive prices to Manitobans. Yet, the one area that he has control of specifically, the income tax rates set by the Province of Manitoba are not competitive. They are not competitive with any of our neighbours. The minister knows that we have certainly some of the highest income tax rates in the country.

It seems strange to me that on the one side he is trying to champion competitiveness—how much he has reduced taxes. In reality, we see that in the one area the minister has full control of is the most uncompetitive area that this province has, and that is in personal income taxes.

I would urge him to do something about it. I take him back to his first budget when he hastily delinked from the federal system a year ahead of schedule, in essence depriving Manitobans of the benefits of federal tax reductions that were coming in, and artificially inflating Manitoba's tax rates, taking us from the middle of the pack virtually to the top of the pack, in terms of provincial income tax rates.

* (10:30)

He has done a great disservice to Manitobans. He needs to be a little more

transparent to Manitobans in terms of what actually took place. We will get into that in some detail in our discussions about the Estimates.

So, when the minister talks about competitiveness, I would hope that he would broaden his definition of competitiveness to include everything that he is in control of and that would include the capital tax. While I agree it is a good move to move from to the \$5-million exemption, the minister should be more aggressive and should be looking at ways to totally eliminate the capital tax. I believe this is something that has been addressed by the business council. Certainly he has had advice on that and I would urge him to move hastily in that direction.

The capital tax is definitely a deterrent in terms of business expanding. He has made a modest first step but I would urge him to move through and work through how we can eliminate the capital tax in Manitoba altogether.

At the same time he needs to look very closely at the payroll tax and look to how that burden can be eliminated, certainly, reduced and hopefully eliminated in a not too distant future because that again, is nothing more than a tax on jobs.

So when businesses look to expand, when they are looking at investing capital they do not just look at one set of factors. They look at the whole bailiwick of costs when they are comparing. The unfortunate situation that Manitoba is in today is that a lot of our manufacturing sector, as a result of the reduction in the value of the Canadian dollar over the past number of years—the benefit to Manitoba is that our manufacturers have been more competitive when selling south of the border.

A lot of them have turned their attention to selling their goods and products into the U.S. market, and that has meant expansion in their business. The unfortunate side to it is that too many of those manufacturers and too many of them who are headquartered in Manitoba have come to the hard reality that if they are going to expand their business, they are much better off to do it in the United States. That is because Manitoba is simply not competitive other than with a low dollar. So those that have invested in

increasing plant capacity, increasing their operations in the U.S., are now benefiting because they are able to shift production out of Manitoba and into their U.S. plants, which are more competitive. Their tax rates are lower and they can supply to their customers in the United States without having to rely on a 61- or 62-cent dollar to be competitive.

Most of the issues that the minister has raised in his statement we will be addressing during our questions in Estimates. So I will not take too much more time on that, although I would again, before the minister gets too excited about congratulating himself on some of the changes that have been made in terms of financial reporting, there have been some improvements. The financial statements are certainly more transparent than they were prior to his term in office. That has been an ongoing process for years and years. I congratulate him for continuing on that process, but I would also remind them that until he is willing to take those final steps and get the financial statements to the point where they are following strictly with generally accepted accounting principles and they are following PSAAC that his work is not done.

Once that is done, and that will be a major undertaking, and I would give the minister a lot of credit if he would take those final steps, because then we would have a true reflection of the financial affairs for the Province of Manitoba out in the public's view. The public legislators, accountants, business people, everybody would know exactly where things stand. As we are right now there is just too much deception, I think, from the public's side of it in terms of looking in to how the Province of Manitoba manages its finances.

The whole business of moving funds from Crown corporations into government operations, removing funds from the Fiscal Stabilization Fund—I know the minister is constricted by some of the requirements in the balanced budget legislation. But again, in the interests of transparency, I would urge him to look at how we could remove some of those restrictions and provide a truer picture of the finances of the Province of Manitoba to the citizens of Manitoba.

I think now is the time to do it. We are in a world where people have become more attuned

to what is going on in terms of the Enrons and the WorldComs of the world, and they expect more. Their demands are higher and they should be. As a result of that the Province needs to open itself up to full scrutiny and get rid of this kind of song and dance about, we have a deficit, we do not have a deficit, we have taken money from the rainy day fund.

The rainy-day fund should be there to provide, and was established to provide, a resource to go to in times of emergency. It has been used. I believe it should not be used in the future to simply prop up government's operating finances, in other words to take money out of the Fiscal Stabilization Fund simply to paint the portrait of balancing one's budget is in fact a disservice to the people of Manitoba.

As far as the financial statement presentation goes, again I would urge the minister to move all the way to accepting generally accepted accounting principles and PSAAC principles. It causes hardship because under those the minister would have had to restate his financial statements with regard to the overpayment that was a result of the federal accounting error.

I appreciate that would not be an easy thing to do, but it paints a much truer picture to the citizens of the province of Manitoba than it does to simply go back and adjust the deficit. The deficit at the end of the day is a very, very significant number to the people of Manitoba. They have a right to have that reported on in a timely and accurate fashion. Where there is reason to restate financial statements, I think the Government has an obligation to do that.

I look forward to the Estimates process, and having said that, I would like to get underway with it. I do have one further issue that I would like to get on the table right away just so there is no misunderstanding. It is an issue that I am in discussion with Mr. Norrie, the conflict-of-interest officer.

As a result of my previous business experience prior to entering politics, as the minister is aware we had a family business, contract payroll services. When we sold that to the CIBC, there were parts of that business that were not sold. I remain an owner and a director

of that company which has now renamed itself TelPay.

The minister may not have had an opportunity to look at it yet, but he and Ministers Mihychuk, Sale, Ashton, and Mr. Brian Forbes in the Taxation division received a letter from the president and CEO of that business, dated August 15, asking for advice from the Government in terms of how TelPay could be of assistance to the Government in terms of electronic payments.

On the basis of that, I will exclude myself from any discussions during this round of Estimates on electronic payments or issues related to that within the Government of Manitoba. I will give a copy of the letter to the minister just in case he has not had a chance to review it yet.

Thank you, and I look forward to proceeding.

Madam Chairperson: We thank the critic from the Official Opposition for his remarks. Under Manitoba practice, debate of the Minister's Salary is traditionally the last item considered for the Estimates of a department.

Accordingly, we shall defer consideration of this item and proceed with consideration of the remaining items referenced in Resolution 7.1.

At this time we invite the minister's staff to join us at the table, and we ask that the minister introduce his staff present.

Mr. Selinger: I would like to introduce, first of all, the Deputy Minister of Finance, Pat Gannon, to my left, and then just across the table, the Secretary to Treasury Board and the Associate Secretary to Treasury Board respectively, Don Potter and Debra Woodgate, and, as well, the Director of Financial and Administrative Services, Errol Kavanagh, second to my left.

There will be other officials join us as necessary as we go through the specific lines. I will introduce them as they come up.

* (10:40)

Madam Chairperson: We thank the minister.

We will now proceed to the remaining items contained in Resolution 7.1. on page 84 of the main Estimates book.

The floor is open for questions.

Mr. Loewen: Just to clarify, it is our intention to go global with the Estimates process. We will try as much as possible to stay in order and certainly address our questions to the appropriate staff when they are at the table, if the minister agrees as opposed to line by line.

The minister is aware that I am scheduled to be in Thompson this afternoon for a sitting of the committee on environmental tobacco smoke. I believe one of the Liberal members of the House, we have agreed, will take over Estimates from 12 to 12:30 when I have to leave. But we would want to go through the book and then come back and pass it on a global basis.

Madam Chairperson: Is there agreement to a global discussion?

Mr. Selinger: I am okay with a global discussion. I just caution though. We have a lot of talent in the room on the payroll and I am not really interested in keeping them all here. If we could follow a systematic process it would be more efficient. As we finish particular sections I would like to release staff so that they can get back to the business of running the Government, and we can continue on with discussions of other departments and other sections within the department.

An Honourable Member: Agreed.

Mr. Selinger: Under those conditions, I agree.

Madam Chairperson: Agreed.

Mr. Loewen: I noticed just in terms of the organization chart, and I would like to start there. It looks like there has been some fairly significant reorganizations within the Department of Finance. I am wondering if I could ask the minister to go through that and explain, perhaps, what benefits will accrue out of those reorganizations.

Mr. Selinger: Just before I do that I just want to note that I have received this letter and I am

tabling it. I am tabling a letter from Brian Denysuk of TelPay and his request with assistance with an e-government initiative. I have talked to him by telephone. I have referred him to my department officials to see what is possible there. So I will put this letter on the record for people to be aware of that.

Mr. Loewen: Just to clarify that for the record, I remain a director of that company and have an ownership stake of more than 10 percent, but I am not in any way involved in the day-to-day operation of that company. That is why I am having discussions with the conflict of interest officer, but we will stay out of those issues during this period.

Mr. Selinger: I appreciate you declaring that. I can assure you that the merits of this initiative will be in no way attached to your directorship. It will be directed to the value of the service that will be provided to the citizens of Manitoba.

With respect to departmental changes, as you know we did some reorganization last fall and we absorbed within our department what used to be the Department of Consumer and Corporate Affairs. So that added some new dimensions. The former deputy minister now became an Assistant Deputy Minister of Finance. That is Alex Morton, and that brought along with it 129 FTEs transferred to the department from the former Department of Consumer and Corporate Affairs. Madam Chairperson, 7 of these FTEs were subsequently spun off to the Department of Energy, Science and Technology and that included the ministerial FTE and the executive support, 6 FTEs.

So, in other words, Finance has absorbed Consumer and Corporate Affairs without any additional executive support in the minister's office. I think the member can appreciate the increased demands that were put on the minister's office when you start dealing with matters such as consumer issues, landlord-tenant issues. There has been a tremendous increase in our workload with no additional staff because we released that staff to create the new Department of Energy, Science and Technology. We have taken that in our stride but there is no question it has put additional demands on all of

us to respond to that and it kept us hopping as a result.

Also, the Government rationalized Information Technology. So we have transferred 70 FTEs from Finance to the newly-created Department of Energy, Science and Technology and one to the Department of Industry, Trade and Mines.

The 70 FTEs that we transferred out were as follows: 29 from the Office of Information Technology; 13 from the Legislative Building Information Systems, the LBIS system, that is the information system that serves all of us in this building, have been moved over to EST; and the Enterprise System Management, some of us know that as the SAP system, of 28 FTEs, that were lodged in Finance when we went live on that system four years ago, we have now consolidated that in the new department; and one FTE for Information Technology Services.

So we have taken all of the IT and moved it into one new department. The maintenance of the SAP system still remains within Finance on the day-to-day accumulation of information, but the development, the technology side of it, has moved to EST. The finance side, which is operational, we have maintained inside Finance.

Also as a result of the realignment of human resource sectors, we have received three FTEs from Transportation and Government Services. As you know, departments are clustered together for human resource purposes and we took on Consumer and Corporate Affairs, so that required some reallocation or reorganization of those clusters. As well, the claimants advisory office will result in an additional four FTEs, once that is up and running and the legislation is passed. We have also reduced one FTE in the Residential Tenancies Branch. So that gives you sort of an overview of what has gone on in terms of departmental reorganization as it impacts on the Department of Finance.

Mr. Loewen: Well, I guess my first question would be these types of reorganizations obviously present disruption. It would seem to me that the information and technology portion of it was a pretty significant part of the Department of Finance for a number of years,

particularly while the SAP system was being installed and updated. It was a government decision to set up the Energy, Science and Technology department. How has the experience been?

Mr. Selinger: First of all, the Enterprise System Management, which is the main one we were in charge of, really had only been in place four years. Prior to that it was a central development project run out of the office of Information Technology, which was a central agency before in the previous government. Only when we went live did we bring it all into Finance to stabilize it for the last four years, but when we reorganized into the new department we thought that government would be better served by an Information Technology department that consolidated government-wide enterprise services.

It has gone relatively smoothly, I would say. I think people have adjusted very well. They were given warning and they have taken on their new tasks in their new departments I think with a great deal of vigour and enthusiasm. I think it has gone quite well. I think morale has remained relatively high.

We have been happy to receive the new people we have got. They are adding value to the Department of Finance. I think the people who have gone to Energy, Science and Technology, I cannot speak for that minister, but I think they are feeling part of a new team with a new focus.

The LBIS system had always been, the Legislative Building Information Systems had been within Finance for several years. It operated relatively autonomously because it serves both the Opposition and the Government parties. So we did not really interfere much on a day-to-day basis with the services they provided, the sort of information protection services and day-to-day services they provided in the Legislature, other than to ensure they were probably resourced to do their job. That status I think has remained constant as they have moved into that other department. They still operate relatively autonomously and they obviously make their budget requirements known, but they serve everybody in this building without fear or favour. I would say overall it has gone quite well.

Mr. Loewen: With regard to appropriation 7.1.(b), on the Administration and Finance side, can the minister identify any new hires within the last year?

* (10:50)

Mr. Selinger: I do not believe there are any new hires. It has been a pretty stable group of people in all respects. The only thing that changed is, and I do not know if it was last year, we brought in one new person for administrative support as one moved out to another job opportunity, career opportunity within the wider government service.

But because I am also the Minister of French Language Services, I need one person in the front office that is fully bilingual. So the fully bilingual person we had had a career opportunity in Health, so we had to find somebody else to replace her in the front office.

Mr. Loewen: Was that position filled by competition or was that an appointment?

Mr. Selinger: I think it was a steal from another department. We needed somebody that was fully bilingual, and we needed somebody quick, so we asked somebody to come into that job. There was no change in salary. Oh, yes, there was. There was one step up. They went from an AY3 to an AY4. They had originally been hired through a civil service competition, but they had the qualifications to move into that job.

Mr. Loewen: I take it then there would have been no term positions that were converted to permanent during the course of the year.

Mr. Selinger: No.

Mr. Loewen: On the issues of the policy and program advice, we will get into that as we go through. With regard to appropriation 7.1.(c), I guess in particular for this area, could the minister give us a little more detail on how the forecasts are done, particularly as they apply to the Fiscal Stabilization Fund. I particularly noticed, in the last year, there has been—I mean, each quarterly report has very significant variances in terms of its projections for the Fiscal Stabilization Fund, going from over \$300

million, I think at one point, to under \$200 million within three or four months.

I am just wondering if the minister could give us a little more detail on that process.

Mr. Selinger: Technically it does not come here. This Financial and Administrative Services deals with more of the nuts and bolts of running the department and assuring the accounting of all the resources and how they are distributed.

Forecasts for revenues and expenditures are a joint enterprise between Treasury Board and federal-provincial relations. Both of those units work on—well, the federal-provincial relations group does a lot of work on the transfer payment side, in particular, and what resources we are going to get there. They work closely with our Taxation people to look at what own source revenues we are going to get.

On the Treasury Board side, they take all of that information and do another review of it, due diligence to ascertain the reliability of that information, so it is kind of a back and forth iterative process between those three units to determine revenues. Of course, many of these revenue projections are entirely dependent upon two external sources of information, one of them being the CRCA, the Canadian revenue collection agency, which is a federal organization, kind of a special operating agency and federal Finance and the projections they give us.

So we rely heavily upon information they provide us. That information is constantly being adjusted back and forward three years, on an ongoing sort of rolling basis. As that information comes in, we verify that and then use that to determine what our quarterly reports will look like, our best guess, our best professional prognostication of what the quarterly reports will look like and report accordingly.

Mr. Loewen: I thank the minister for that. The reason why I am addressing it under this issue is because one of the activities identified is the co-ordination and support of the annual Estimates quarterly financial forecasts and related reports, so I am assuming he has the right staff here to answer these types of questions.

Mr. Selinger: The adjective there was departmental Estimates of revenues and expenditures, not the global government enterprise.

Mr. Loewen: Let us move on to the French Languages Services Secretariat, 7.1.(e) I would ask the minister to give us an update in terms of the Chartier report and where his department is at in terms of fulfilling all of the recommendations of the Chartier report where there is work that remains to be done.

Mr. Selinger: That ministerial responsibility for French Language Services attaches to my office. The French Language Services Secretariat, which is actually housed in this building, in the basement, just past the main dining room is where their offices are, are responsible for the Government's French language policy services which is mostly enshrined in a regulation passed by the previous government. As the member knows, the Chartier report was commissioned by the previous government, but when we came to office we started acting on the recommendations.

One of the first recommendations we acted on was the implementation of what we call bilingual community services centres. We brought three into operation in the last four years. The first one was at St. Pierre-Jolys. That is a tri-level enterprise with the federal government, the local municipality and community development corporations, all housed in one building. Every member that works in that building is fully bilingual, is able to offer a service to the public in both official languages. We replicated that model in St. Boniface on Des Meurons Street and we have replicated it a third time in Notre Dame de Lourdes.

Chartier called for six bilingual community services centres. We have brought in three. It is our ambition to make further progress on that in the next four years. It is a complicated process because you have to get all three tiers in the community to co-operate, to want to be in these centres, and then to put their requisite resources to that. We have moved ahead on that. I think those centres are proving to be quite effective and visible in their communities and providing services, one-stop shopping for all three levels of government. I think it is a good model that has been widely recognized across the country as

innovative, and other jurisdictions are taking a serious look at how they could use that experience that we have had here in their own jurisdictions.

In addition, we have done French language service plans. Crowns and government agencies are required to have a plan that designates key positions within their departments. Each of those positions we report on how many of those positions are filled with fully qualified individuals. Over the last three years, we have seen a slow and steady increase in the competencies of the people in those designated positions. I think they have moved from about 74 to just over 76 percent of all the designated positions are now filled with fully qualified bilingual individuals. Individuals can have a first language of either English or French. The only requirement is that they make the effort to master the other official language and be skilled enough to offer service to the public in that language, regardless of what background they come from. We have moved on that.

In addition, this Government has brought out the first-ever Annual Report on French Language Services. I issued the third one within the last month and it is available. I think the member may have received a copy through the circulation list of that annual report. That report identifies all the issues in French Language Services across the broader government sector including the Crowns and what areas we have to continue to work on.

One of the areas that we are challenged in is providing more bilingual professionals in Manitoba, whether it is in the health sector or the accounting sector or other sectors. We identify the initiatives we have taken to work towards a greater number of bilingual professionals in the province. One of the ones we have moved on is funding a bilingual nursing program at Collège Saint-Boniface, the first one in the history of the province, the first program to train nurses in both official languages in the province. I think it is entering into its third year of intake and should be moving close to a graduating class. It is a three-and-a-half-year program. That will start filling some of the need in that regard.

* (11:00)

French language services plans, training, bilingual community services centres, there is also a focus on improving justice services. We are starting with St. Pierre-Jolys trying to offer bilingual services out there. We are looking at what we can do in the Winnipeg region to offer bilingual services. This has been a protracted effort because it requires, once again, the co-operation of the federal government that offers a major chunk of the justice services in this province. We are working closely with them as we move forward.

That maybe will give you an overview. If you have any other specific questions, I would be happy to answer them.

Mr. Loewen: I thank the minister for that overview and congratulate him on the progress that has been made.

My only question really is with regard to the possibility of any new bilingual service centres opening up and possible dates whether they are this year or in the future and also if he has a timetable for the provision of the bilingual court in St. Pierre and St. Boniface.

Mr. Selinger: As I have said, we have got the three up and running: St. Boniface, Notre Dame de Lourdes, St. Pierre-Jolys. We would like to look at an additional three in St. Laurent, St. Vital and Ste. Anne, Manitoba. The timing of those will be subject to budget deliberations. They have to compete with all of the other demands in Government every year. It also is contingent upon federal government and local government participation in the centre.

The secretary is actively working on developing the partnerships in these communities to make these processes occur. Then we have to budget accordingly for it. It would be my hope that we would get the other three moving forward in the next mandate of our Government and that we have the other levels of government co-operating with us to do that.

Mr. Loewen: The bilingual court facilities.

Mr. Selinger: The bilingual court project has been more complicated. We are working first and foremost on the St. Pierre one with the

federal government. Then we are looking at what we can do to provide services in the Winnipeg region as well. We have to engage the Department of Justice, both federally and provincially, on that, then secure both federal and provincial resources to do that, and ensure that we have a flow of business through there that will make the rationale for creating those opportunities one that is justified in terms of the expense.

In other words, the amount of business has to be sufficient to justify the expenditures. The trick there is going to be what kinds of court services are provided. Our current thinking is that if we can combine some of the Small Claims Court activity and some of the smaller activity, we might be able to use the bilingual courts to relieve some pressure on the main court system and at the same time offer a bilingual service.

All this is under discussion with the various departments of Justice to see how we can bring that forward. We definitely would like to make some progress there.

Mr. Loewen: I take it from the minister's answers then that there is nothing in this year's Budget to allow for the opening of any of the three centres he identified in St. Laurent, St. Vital or Ste. Anne. Are there funds in the Budget to proceed in this budget year with the establishment of the bilingual circuit court in St. Pierre?

Mr. Selinger: The three new bilingual community service centres are not in '03-04 Budget. They are not at the stage yet where they can justify the commitment. They are still being worked on. The bilingual court in St. Pierre could move forward contingent upon federal commitment. They are the ones that we have needed to secure some resources from. We are having more optimistic information coming back to us now that we think some resources from the federal government will be available. We might be able to make progress on it in the '03-04 year.

Mr. Loewen: Can the minister identify how much funding has been set aside in the '03-04 Budget for the St. Pierre court then?

Mr. Selinger: There is no additional funding other than the funding we have made available to the St. Pierre-Jolys Bilingual community Services Centre. We are now trying to secure federal money for additional bilingual Justice services.

Mr. Loewen: I thank the minister for those answers and again congratulate him on the progress that he has made. Hopefully those new service centres and courts will come to fruition shortly.

I guess move on to 7.1.(f). I would ask the minister if he could give me a little more detail in terms of the support that is being provided to the occupational health and safety program through this department.

Mr. Selinger: I think you are referring to the Employee Assistance Program, just to clarify that. You are referring to services provided to civil servants with respect to employment issues and supports?

Mr. Loewen: That is what I am trying to clarify, because in the Estimates book it is listed as one of the objective consultative services in all areas of human resources, management and to support the occupational health and safety program, through which these services will assist the department?

Mr. Selinger: I think you are referring to the Employee Assistance Program, just to clarify that. You are referring to services to provide it to civil servants with respect to employment issues and supports?

Mr. Loewen: Well, that is what I am trying to clarify. In the Estimates book, it is listed with the objectives: "consultative services in all areas of human resource management and to support the Occupational Health and Safety program through which these services will assist the department to recruit, retain, develop and reward knowledgeable staff in a positive and safe work environment." So I am not sure if this is a new initiative, or just what all this entails. I am just trying to get clarification on what that is.

Mr. Selinger: In our annual report last year which was made available, we assisted three

staff that were affected by work force adjustment issues to find alternative permanent employment. Branch staff act as case managers to provide skills assessment, recommendations for training, resume writing assistance, and referral to re-employment opportunities, as well as retirement information.

As well, the department continued to hire individuals from the inventory list that was established to provide opportunities to qualify candidates on a casual or a term basis. Really what we are saying there is that when somebody is on a redeployment list or is returning from an occupational injury of some sort, we try to make opportunities available within our department for them to re-enter the work force and bring themselves back up to speed, to be a fully functioning member of the public service.

We do that through supportive interventions, structuring their work assignments in a way that accommodates whatever issue they might be wrestling with, occupationally, whether it is a physical disability or otherwise. So we try to provide a work environment where people that are trying to ensure that they can continue to participate in the labour market can be productive and supported in doing that. Our human resource people and our administrative people try to provide that kind of environment within Finance.

Mr. Loewen: Okay, I appreciate the minister clarifying that—

Okay. In terms of the payroll and benefit service, are the systems all up and running? Are there any major expenditures anticipated to either upgrade or maintain the existing payroll and benefits system in this year's budget?

Mr. Selinger: On this item I am giving a little bit more of a restricted answer than you might want because part of this also shows up under the Comptroller, but in terms of the actual payroll maintenance within the department, it is payroll records for 510 employees. Okay, and it is through the SAP system, but if you want to come back to me under Comptroller we can talk about what version of SAP we are on and how close we are to upgrades, et cetera.

Mr. Loewen: Have there been any staff additions in this—new staff added in this department in the past year?

* (11:10)

Mr. Selinger: Yes, all through competition, civil service competitions, and I must say, I do not have any direct involvement with that. That proceeds as a matter of course through the regular channels, but we do every year fill positions. For example, in the retail sales tax area, the member might remember in the late seventies, around '67, the retail sales tax was implemented in the province. Some of those individuals that were hired at that time are now at retirement age. So we have seen some turnover there, and we have been hiring there.

The specifics would be that 27 regular positions were filled in '02–03. At the director level we did 3; audit accountants, we did 3; tax auditors, 3; Treasury Board analyst, 4; and administrative clerical positions, 14. Of those positions, 27 filled. Madam Chairperson, 6 were filled through lateral transfers, in other words, transfers of incumbents at the same classification level, and 21 were filled through direct competition.

I do not get involved in the detail of that other than to sort of move the process forward to ensure that we have adequate staffing.

Ms. Theresa Oswald, Acting Chairperson, in the Chair

Mr. Loewen: Were any of those positions filled by—I am assuming from what the minister said that those are all permanent staff?

Mr. Selinger: Yes.

Mr. Loewen: Anybody moved from a term position into a permanent position in that group?

Mr. Selinger: The answer appears to be no.

Mr. Loewen: Well, we will move on to subappropriation 7.2.

Mr. Selinger: Can I assume then that we are okay, generally, with 7.1., subject to any coming back later on if you have a concern arise?

Mr. Loewen: I am. I cannot speak for my Liberal colleagues.

Mr. Selinger: Anybody in those sections, if they want to leave, they can now, and then we will move on to Treasury. The member from Fort Whyte might recognize this branch as the area where we do our capital borrowing, capital markets activity. We are dealing with about \$2.2 billion a year in rollovers and financing events.

In my opening comments, you will recall I said we now have zero foreign debt exposure. So, if you have any questions in any of those areas, I will be happy to answer them.

Mr. Loewen: I appreciate that. I have quite a few questions with regard to the foreign debt and the policy. Certainly the minister made clear, when he was first appointed in our first go-round in Estimates, that it was his policy to convert all of the Province's debt to Canadian dollars. He has succeeded in that.

He has mentioned in the past, and I am not sure whether it was in Estimates or in the House, that there has been, over the course of the years, a cost to doing that. I wonder if he could identify the cost of the conversions that have taken place in terms of moving the debt, particularly that from U.S. debt to Canadian dollars.

Mr. Selinger: Just before I go any farther on the substantive answer, I would just like to introduce my Assistant Deputy Minister for Treasury, Don Delisle, and the Director of Capital Finance, Gary Gibson. Scott Wiebe, as well, is with us, who also works closely on all these matters.

When we do a swap or a refinancing, we do not do it unless we get a cost-advantageous deal. So there is no additional cost. We only do it when we think that we can beat our existing cost of financing and the market alternatives out there. So it is always to our advantage. That is why you have seen in the Budget the cost of our debt dropping, because we have been able to engage in doing fairly cost-effective deals over the last four years. So there is no additional cost. It is only done if we can show that it meets the market test of being better than what we already have or better than alternatives in the marketplace.

Mr. Loewen: I can appreciate that when this is done over the long-term the program may show a net benefit. I am sure in some of these conversions there has been a one-time cost, possibly an up-front cost that would be recovered over the course of time. Is that kept track of?

Mr. Selinger: We have not broken any existing transactions that were made in the past with a penalty attached to it, if you are alluding to something like that. It is only when debt comes due that we refinance it, so there is no cost. We have to refinance it anyway; the only question is how. We will enter into the global marketplace to do that, whether it is a European issue or a North American issue or a global issue, and then swap it back into Canadian dollars. But there are no penalty clauses, like a mortgage if you prepaid it, or anything like that. We have not done anything that has had any one-time cost that we have had to pay to do that. We have done it on an as-the-debts-come-due basis or as new capital is required to finance Budget appropriations.

Mr. Loewen: Is the minister saying that the only debt that has been converted is debt that is matured?

Mr. Selinger: On any of the foreign debt swaps back to Canadian dollars, even if it is an existing piece of paper, we will not do it if there is a penalty or there is a cost unless we can get it on a cost-advantageous basis. So we do not do it at an expense to the people or the citizens of Manitoba. We only do it if there is a benefit.

Over the last four years we have taken those opportunities. As market opportunities have come available is when we have moved in to do the swaps. If the market opportunity was not there, if it was more expensive to do it than to leave it in its existing situation, we shied away from it. If the opportunity came up in the marketplace with the swap transaction costs being lower than the existing situation, then we moved on it.

So it is very much a situation where our officials are constantly monitoring opportunities in the marketplace, exchange rates, interest rates, and all of those things together. When they see

opportunities to move to make the translation back into Canadian dollars, they have done it. So over that four-year horizon we have moved from 19 to 0 on an opportunistic market-advantageous basis.

Mr. Loewen: It seems a little unusual that there would not have been at least some occurrences when those swaps were being made where there would have been an up-front cost. I can understand by the department that it would have been looked at over the long term, but it seems unusual that there would not have been some type of up-front cost in some of those transactions that would have been taken at the time and then recovered over the maturity of the debt. Is that what the minister is saying?

* (11:20)

Mr. Selinger: Just to give a little greater detail, when we do a foreign currency transaction, or in the more vernacular terms a swap back to Canadian dollars, there are two elements to that that we consider in making the business case for it; one, the face value of the currency relative to the Canadian dollar, the foreign currency; and second, the interest rate.

As you know, the spread between Canadian and American interest rates has been widening. So where we have an opportunity on an all-in basis to get a better deal, both in terms of the face value of the currency and the interest advantage to swapping back to Canadian dollars, only when there is a total advantage to Manitoba do we enter into the transaction. That is why I am saying that there is no up-front cost. It is only when the whole deal makes more sense and we save money that we do it.

As a matter of fact, when these individuals or the Treasury Branch makes that transaction they report to me what they have saved and what the means in dollars. For example, they might have a transaction, a recent transaction, they saved 10 basis points, or ten one-hundredths of a dollar, saving on the transaction by swapping it back into Canadian versus leaving it in the American denominated debt. So they look at it on that basis and only when they can justify the saving do they do it, and they report it to the minister.

Mr. Loewen: I thank the minister for that. I understand it and perhaps he can clarify or correct me if I have misunderstood what he said in prior years. It has been a government policy over the course of the last four years to eliminate foreign debt, in particular U.S. debt, and convert it into Canadian debt?

Mr. Selinger: It has been the policy of this Minister of Finance to get the best possible deal for Manitobans on carrying our debt. Only when we can bring it back into Canadian dollars and have greater stability by doing that and less volatility, we have only done that when we can do it on a cost-advantageous basis. If it was going to cost us more to do that we would not do it. So we have not gone into transactions which have cost us more. We have only done it when we can prove and demonstrate that on a market-to-market basis there is a real saving to the Treasury, and therefore to the Government and people of Manitoba.

The underlying purpose of that is not only the savings but also to reduce volatility to foreign currency exchange, because that volatility can produce nasty surprises, along with all the other volatilities we see in the Manitoban and Canadian economy.

Mr. Loewen: Well, I certainly can appreciate that. I take it from what the minister is saying, that analysis, in terms of whether the Province of Manitoba and the people of Manitoba are ahead or behind, should proceed or not proceed with the swaps, and is simply based on the value of the Canadian dollar at that particular time?

Mr. Selinger: It is based on two components: the relative value of the Canadian dollar and the interest rates that are currently in effect. When those two are combined, if we can get a better deal by swapping it back into Canadian and reducing volatility we will do it. We have had opportunities over the last four years to move on that front, and we have.

Mr. Loewen: Does that analysis include any sensitivity analysis to the historic levels of the Canadian dollar? For example a lot of these swaps would have been done in 60-cent dollar days. Is any sensitivity analysis done in terms of what the situation would appear like if those had

been done in more recent times when the dollar was at 71 or 72 cents?

Mr. Selinger: Any time a transaction is done the real question is: Will it save money versus the go-forward position? I think the member is driving at, gee, did it make sense to do it when the dollar was 61 versus say 71? But at that time a transaction would have been done at 61 and would be based on the total best estimates of what the future value of the dollar and interest rates would be. As you know, that is a moving target all the time. There is no absolute certainty about that, but they take a look at what they think the best estimates are of switching back to Canadian versus leaving it in American, relative values of the dollar and relative spreads on interest rates. On a market-to-market basis, if they can assure themselves that they are going to save money they do it.

Now, if the member is driving at the issue, gee, maybe we moved too early versus a stronger Canadian dollar, could we have saved more money? We have to compare the same time frames to the same time frames. I mean, if you start switching time frames, you can come up with some interesting arguments, but the decision has to be made in real time versus the alternative available in real time. In other words, you have a real financing or a new issue available. You have to make a choice based on what the alternatives are in the marketplace at the time you are doing it. It is only at the time you are doing it, if you have a cost advantage, that you do the transaction.

The other thing for sure is we do not encourage speculative transactions based on future guesses that the dollar will be stronger or that the interest rate will be better, a better spread. We do not do it on a speculative basis. We do it on a real-time basis. It is those speculative transactions that have burned some companies significantly in the past, and I think you alluded to some of them this morning in terms of their accounting practices to deal with that.

Mr. Loewen: Well, in my view, there is a difference between speculating on the dollar and doing a thorough analysis in terms of the economic factors forward and backward and the

historical value of the dollar, and the minister certainly has expertise within the department. I am sure they look at all of the available information in terms of charts, historic charts, ups and downs, where the economy is going, before they make a decision.

What we have heard from this minister over and over and over again since he has been elected into office is that it is his desire to move as quickly as possible to move all of our debt out of foreign currency. I would agree with him, in situations, particularly where there was some debt in yen, or European countries where things can fluctuate quite radically.

But I think it is definitely a different situation when the department is looking at its debt vis-à-vis U.S. dollars. I guess what I am trying to clarify in my own mind and I think the people of Manitoba have a right to know—and I believe that the minister has said that this is a policy driven by an elected official. This may not have been the case had the minister not instructed his department that it was his desire to see all of the debt moved back from U.S. dollars into Canadian dollars.

In fact, without that policy instruction from the Finance Minister, his experts in the field might well have looked at the situation and the charts and said, well, look, the dollar is at an all-time low, and, quite frankly, the reason why the dollar was so low was because the American dollar was so strong vis-à-vis every currency in the world, not just the Canadian dollar. But it certainly was at what a lot of people would consider historic strength in terms of the rest of the dollars.

Madam Chairperson in the Chair

If the department had not been under pressure from the minister to make this conversion and to make it quickly so that he could crow about the success of his policy—I am just trying to get a bit of a handle on whether those conversions were actually wise at the time. Failing that, I think it is incumbent upon the minister, and I would think his officials would also do a little bit of historic analysis just for their own future edification, to say, well, maybe if we had waited until the dollar was 72 cents, it would have cost us a lot less to convert this debt.

* (11:30)

Mr. Selinger: I think the member needs to make a little more subtle analysis of what a ministerial policy or a government policy is. The direction that was given to reduce volatility was one that was already one that they subscribed to before we came into office, but I reinforced that because I saw the exposure there. So that is the first thing.

A wise minister would never direct a department to do something at any cost, which is what you are implying. The requirement is let us look at reducing volatility where it is cost advantageous to do it and not otherwise. So there is a distinction here between policy and administration or the execution of that policy. The officials are under very clear instructions not to execute a policy when it is cost disadvantageous to the Government. Only when the opportunity will be cost beneficial do you look at doing that. So you have to make a distinction.

You use words like "pressure" and "crowing." That is not the case. The case was how can we improve the efficiency of managing our capital markets in Manitoba to reduce volatility, to reduce exposure of the Manitoba Treasury to foreign currency exchanges, and how can we do that in a sensible, cost-effective way, and only if we can do it in a cost-effective and sensible way do we enact it. Officials know fully well that they have the professional expertise to do that. They have to be accountable for that and justify that, and only when they can do all of those things do they move on that, and that has been the practice in the last four years.

So when you make a transaction you do it in real time. You have a certain volume of capital that you have to roll over. What is the opportunity? Is it going to be more expensive in this market or this market? Can we swap it back and reduce volatility and have a cost advantage saving in doing it at that time? If the answer is yes, you do it; if the answer is no, you do not do it. So you cannot speculate.

Nobody forecast September 11. All the forecasts before September 11 were for a continued weakening of the Canadian dollar. That was the forecast. Check the record. Anybody in Canada.

Nobody predicted September 11. That being said, after September 11, where there were opportunities to save money in real market terms we took them, which is the wise thing to do. Staff advised me that that was the time to do it. I never said, go into the market in September. I want you in every quarter. I want this zero foreign exposure by such and such date. I said, let us reduce our exposure when we can do it in a cost-effective way. I never put a fixed date on that. If they had come back to me and said we want to retain 5% foreign debt exposure because it is not cost-effective right now and I saw proper justification for that I would have said fine. That is a wise policy.

So there was no preconceived box that people were put into. There was a general direction to reduce volatility and to find cost savings for Manitobans. When those opportunities came available they moved on it. That is the distinction between policymaking and administration. I never entered into the boundary of trying to do their job for them. I let them do their job with a general framework to save money for Manitobans and to reduce volatility and only when they can justify that do they do it.

Mr. Loewen: Well, I certainly appreciate the minister's strong clarification of what his intentions were. I would only refer him back to previous years' Estimates when he was definitely on the record as stating that it was his goal to eliminate our U.S. debt. He did not quantify it at the time that it was not subject to anything else other than his desire to eliminate U.S. debt. I think the minister would have to admit that that it is a valid question, setting out, using his own words to describe how strongly he felt about eliminating U.S. debt.

One would only have to question whether that was the time to do it, when the dollar was at an historic low. I would be surprised if there has not been some analysis done by the department and I would be surprised if the minister had not requested some analysis to be done vis a vis what it cost the Province of Manitoba to convert that debt and whether the Province would have been farther ahead waiting until possibly an upturn in the dollar.

If the minister is not interested in that type of information, well, so be it, but for the minister

to imply that he has not had a policy of converting U.S. debt to Canadian debt certainly does not correspond with the statements he has made in previous years. I am just looking for clarification in terms of what was the driving force behind reducing U.S. debt to zero at a time when the Canadian dollar was at a historic low.

Mr. Selinger: Once again, I just have to go back and mention to the member that any decision on how we finance our debt in Manitoba is a decision based on how we get the best deal for Manitoba and reduce volatility, volatility implying that there could be some surprises that cost us more money. We want to reduce our exposure to cost-negative volatility, and the instruction was to move out of foreign-denominated debt when it is cost-effective to do so in real time.

You cannot ask people to enter into a speculative regime where they wait for the dollar to strengthen based on wishful thinking. They have to look at the value of the dollar at the time. They have real money, real capital that they have to refinance on a specific date and a specific year. They have a choice of doing it in a foreign marketplace, American marketplace, European marketplace, international marketplace, and leaving it in that currency at those rates of interest in those marketplaces or they have the option of doing it there, swapping it back into Canadian, with the advantages of the dollar and interest rates in place at that time. Only when it is cost-effective to do it back into Canadian, interest rates and dollar values, do they do it. If they cannot get the better deal by doing it, they leave it in the foreign currency at the foreign interest rates, and so there is no interference on the daily judgments required to run the Treasury in an effective manner.

There is just a general policy and a good policy, I think the member would agree, to get out of volatile foreign currencies when it is cost-effective to do so. If it is not cost-effective to do so, do not do it. It is not a rigid program. It is not enacted in legislation. It is a policy directive that fully respects the professional competency of the people in the Treasury to move in a way that is cost-effective and to justify it on paper that they have done that. It is only when they can put to me that they have saved money by doing it, is it an accepted transaction. They have the authority

and the discretion to do that, but they then have to demonstrate that they have achieved benefits for Manitobans.

Mr. Loewen: Well, it certainly would look at the time, if all you are looking at is the timeline in terms of when the transaction was taken. What I am suggesting to the minister is that, particularly with the U.S. dollar which is not a fly-by-night currency, I think you would have to admit there is certainly stability to the U.S. dollar. If there is stability to any currency, and these transactions were undertaken at a time when the minister was showing his keen interest in having all of our U.S. debt converted. I am just wondering, after the fact and with hindsight, if maybe the Province of Manitoba and the people of Manitoba would not have been a little better off if we would have taken a little slower course and possibly hedged our bets a little bit and kept some U.S. dollar debt in the event that the dollar did rise, which we have seen it.

Mr. Selinger: To put the member's mind at rest, he is focussing on the increasing value of the Canadian dollar vis-à-vis the American dollar. What he is not focussing on or is ignoring is the increasing cost of interest for American transactions versus Canadian transactions. It is the professional opinion of my Treasury people that a deal done three years ago at a lower Canadian dollar is still more cost-effective today when you compare it to the higher interest rates of financing today.

We are ahead, even on a retrospective look, on the transactions we have done. They were cost-effective in real time, given the market opportunities of that time and as a matter of interest, which could not be predicted at the time. They are cost-effective today given the interest-rate spreads between the American and the Canadian marketplace, even with the appreciation of the Canadian dollar, so he should be comfortable on both letters.

* (11:40)

No official or politician that is honest can predict the value of the Canadian or the American dollar and the relationship between them or world events, in spite of the fact some think they can. Nobody could have predicted

that the current President of the United States would have moved toward a weak-dollar policy to inflate or stimulate the American economy, which from his perspective is a rational approach, but it has meant a weakening of the American dollar vis-à-vis virtually all the other currencies of the world, including the Euro, the Canadian dollar and other currencies. So you should be comfortable in knowing that if it was possible to predict and forecast the future, which it is not, if the transaction done three years ago was done today it would be more expensive, even with the difference in the dollar.

Mr. Loewen: With regard to these transactions, I am not trying to determine whether it would have been more expensive to do the transaction three years ago than it would have been to do the transaction today. What I am looking for is some type of analysis as to whether it would have been more advantageous to the Province and the people of Manitoba to have not done the transaction three years ago but just to have kept it at those interest rates in U.S. dollars with the increase in the Canadian dollar.

Three years ago the spreads were not that great. They have widened over time, certainly if all you did was look at the transaction three years ago versus doing the transaction today. What I am looking at is if it would not have been more advantageous for the Province of Manitoba to retain some U.S. debt and to have converted it at a later date as opposed to an earlier date.

Nobody can claim to predict the future, but certainly one can, and people do it all the time, to hedge a bit against the future. The minister referred to the Bush administration. It was pretty evident that the U.S. has been on a path of protectionism and looking at various alternatives to boost their own economy, tighten up their borders in terms of goods coming in.

It is not out of the realm of possibility. I am not suggesting to the minister that anybody could have predicted where the dollar was going. Certainly, just as it would have been a mistake to bet the farm on the fact that the dollar might rise, because maybe it would not have, but what I am also saying is that maybe there would have been a little more prudence. That is the information I am looking for.

It is just a retroactive analysis. No one is trying to roast anybody here, but maybe it would have been more prudent to have left some of that debt in U.S. dollars and converted it at a later date. I do not know. I am assuming that the department has the expertise and has done the analysis. I am just looking for clarification.

Mr. Selinger: Once again, I have to say to the member that the Treasurer's job is to finance capital in real time. At the time they do it, they have various alternatives available to them. They have to do the most cost-effective one at that time. They are under no instructions to move into swaps for Canadian currency if they can get a better deal elsewhere. It is only if they can get the best deal do they come back to Canadian currency and only when the market opportunity presents itself. They are under no rigid instruction to be silly about this. Their job is to manage effectively and reduce volatility.

The member says he wanted to know if it would be more prudent to perhaps waive it. If they would have left the transaction in the foreign currency at the time the carrying costs for the last three years would have been higher. That is fact No. 1. It is a provable fact.

Fact No. 2, with the carrying costs being higher for three years, now if they had the opportunity to do it with the interest rate spreads which exist it would have been more expensive now, too, so they would have paid twice more than they should have, then and now.

If we did it the way we did it, we made the best deal at the time, and now there was a better deal, they would consider it. If there was an opportunity to move in another direction right now that was more cost effective they would consider that and have to present it on its merits.

Cost-effectiveness is the key. It is not some rigid policy that overrides cost-effectiveness to reduce volatility. It is reduce volatility when cost-effective. They go together.

Mr. Loewen: Would the minister be able to, would his department be able to share some specific examples of conversions that were done three years ago?

Mr. Selinger: Absolutely.

Mr. Loewen: What I am looking for is if instead of swapping it back into Canadian debt, had it just been rolled over in U.S. debt at the time, what that transaction would have looked like had it been converted back. That would be helpful. I am just trying to get a feel. I hope the minister agrees that it is a valid question. It is information that is within the department. I am just trying to get a feel for what the effect of a significant increase in the dollar has had vis-à-vis a policy to convert all the debt back to Canadian dollars.

Mr. Selinger: I think we can provide some concrete examples. If the member is searching to really understand this and make sure we are doing the best job in the Treasury, I am completely willing to support that. If the member, on the other hand, wants to sort of be an armchair quarterback and guess whether it was prudent or not prudent and suggest that if we would have waited it would have been better, on a speculative basis, then I am going to challenge him. But I am quite happy to provide practical examples, then and now. Then we can look at the concrete information and see if there are any questions that arise out of that.

Mr. Loewen: I certainly appreciate that from the minister. I can assure him I am not trying to be an armchair quarterback and I am certainly not trying to question his staff who is much more knowledgeable in this area than I am. I am just going on what statements the minister has made in the past. He has made very strong statements. It has been his belief and his desire that we should totally remove ourselves from any type of foreign debt. I have not disagreed with that totally. Particularly I have agreed with it when it has come to some of the foreign currencies, the overseas currencies.

In terms of the U.S. dollar, though, I am not sure how much his statements have been reflected in some of the transactions that have taken place. The minister has said that they have not, and I will take that at face value, but it would be helpful to me to get this background information so that I can have a better understanding of what the ramifications have been. That is simply where I am trying to go with this.

Mr. Selinger: I am happy to provide those examples. I think they will be very useful. I can

assure the member again that policy direction does not blend into administrative execution. The administrative execution has to be cost-effective. That is the underlying objective, to manage our exposures and our debts in the most cost-effective manner possible with the least amount of volatility. It is a two-part policy. I hope that is crystal clear now.

Mr. Loewen: I appreciate the minister's explanation. As I said, I will certainly take his statement at face value that he has not applied pressure to his experts in the department to convert debt at a time when maybe it may have been disadvantageous to the people of Manitoba.

I will look forward to getting that information. Having said that, does the department have any particular prediction on where the dollar might go?

Mr. Selinger: The department does not try to forecast medium long-term trends in the dollar. They usually do a best guesstimate of what will happen on an annual basis, their best guess, but it is that. It is an estimate. These folks are not economists. These are accountants. The business of doing currency transactions is a learned skill. It is not one that they were trained in professionally. It is a skill acquired since coming to the department. After years of practising it, having consultants made available to them on how you work with derivatives and transactions and swaps, even economists, who are supposed to be trained professionally in making economic forecasts, are wrong more than they are right. Some of them will admit that. Most will not. I would not want them to enter into that domain and field where they are not trained.

When you do your budget every year, you have to give an estimate of what you think the dollar will do during the year, and then you try to meet a certain target for debt management costs. If you can beat that target, you have done a good job.

* (11:50)

Mr. Loewen: I appreciate that response from the minister. I hope he understands that my question was somewhat facetious and simply trying to inject a little bit of humour into what otherwise

can be, I am sure, a drab sitting for some of the staff there.

Just to follow up on this issue, and I am not sure that this group, what their role in this is as well, but certainly, at any given moment or, you know, at least at year end the Government has a lot of short-term cash on hand and I am just trying to get a feel, for example, two years ago I think it was over \$1.2 billion on the consolidated financial statement. This year it was close to 900, I think \$895 million in cash and short-term notes at year end.

I am just wondering what steps are taken to maximize the return because obviously when we are looking at the debt load of the Province and to counter that we have a billion dollars in the bank. One would wonder what is the cost and should we be a little bit more the other way. Should we write a cheque for a billion dollars to reduce our debt and manage our cash flow a little closer to zero. So I am just looking for relative cost, vis-à-vis debt versus cash holdings.

I should mention that I am looking at the consolidated, the annual report, the consolidated statements of financial positions, so it may be spread over a lot of entities and I appreciate that, but certainly in this day and age at some point there is a gathering of that.

Mr. Selinger: Well, cash management in a government entity as large as this one is a major activity. I just want to spend a little time describing the complexity of that so we can understand where we are going here. Treasury Division, and it does have a cash management division, they receive money from a wide variety of government entities and manage it for them and invest it according to various requirements of those agencies, how fast they need it. The time horizon is a key variable on how they invest the money. If they need the money immediately then they obviously have to keep it in short-term forms of exchange.

Into that cash management they have to integrate revenue projections of what monies are flowing into government and they also have to integrate into that cash management, maturity of when certain issues of debt are coming due and what requirements are for payouts there. So it is

a complex enterprise, cash management, which looks at your outlays: capital outlays, operating outlays, specific outlays for agencies whose cash you are managing as well as in-flows of cash from the specific agencies and overall revenues. Within that they try to maximize the value those dollars bring to the Province on a daily basis.

Now if I could go a little further, Madam Chairperson, I think the member might be looking at the public accounts: March 31, '02, page 47. Is that the document you are working off for your 893 number?

Mr. Loewen: Well, what I am looking at—

Mr. Selinger: —because I am going to try and bring a little more light to this if it is possible.

Mr. Loewen: And I appreciate that, I am looking at, yes, sorry, page 47—

Mr. Selinger: Top 893 there, versus 1275, so that, those numbers—

With the permission of the Chair, those numbers at the top of page 47 would be the cash they are managing on behalf of all the government entities.

In the same document, if you go to page 87, and look at the number at the top of the page under '02, you will see \$127 million. That would be our own-source cash that we manage. So that is the stuff that we have control of for the government entity. The rest is for broader government entities, Crowns, crop insurance, auto insurance, et cetera. So those, the difference between 893 and 127 is managed on the directions of those agencies according to their requirements and needs for cash flow. So it is managed on their behalf, kind of a trustee function. The rest is managed on behalf of the Government.

The advantage I think that we need to mention here is that by pooling all that money into one place, the managers of that money can go out on a daily basis or on an as-needed basis and get better rates because they have more

money in their hand that they can bargain with. That is why we do it that way.

Mr. Loewen: I appreciate that, and I think, as I mentioned, I was looking at the consolidated statements, and I realize that those numbers are a combination of agencies and Crowns and whatnot.

I guess what is driving my interest is it is a very, very significant amount of money. One or two percentages on that amount of money can be a significant factor in terms of the Province's finances. I am just trying to get a bit of a feel for—and, I mean, as I said, in this day and age, with the computer systems available, hopefully there is a gathering mechanism in place for the Province. If there is not, that is fine, end of discussion, but I would hope that there is some type of gathering mechanism between all the Crowns where there is some analysis done of the total cash. I mean, I just know it from my experience in business. If you have a number of entities, each of them can be sitting on a pile of cash that maybe they will never need just because people like to have it around.

So I guess what I am looking for is sort of how the Treasury gathers these balances, and, again, the only numbers that are available to me are year-end numbers, where we are seeing there is one year 1.275 billion and another year 893 million at the end of March. Maybe at the end of June there is only 100 million or there is a negative balance, I do not know. If that is the case, I am just trying to reassure myself that the Province does have the proper financial capability and the proper systems in place to do a gathering of cash balances and to make sure that those monies are invested in the best possible way, as I am sure the minister is.

Mr. Selinger: It might give the member some comfort to know that this practice of a central management of cash was brought into play in the sixties when Charlie Curtis was the deputy minister, and it has been ongoing since then.

I am informed that the Treasury Division makes a daily sweep of cash from the agencies it works with, so that we can manage it centrally and get the best value for the investing of that money centrally.

I agree with the member, because I have seen it in the non-profit sector where many, many agencies have mounds of money and they have no idea how to invest it. They are too busy fulfilling the agency mandate to worry about cash management. With those agencies in government that work with us, Crowns and other like organizations, we do the cash management for them, on a professional basis, on a global basis and get the best possible rates and sweep the cash on a daily basis and invest it on a daily basis, according to the requirements of the specific agencies in terms of their cash flow needs.

So it is a good practice. I do not know what else I can say other than I know that in specific examples that I have looked at of external parties that are managing cash versus us, we get a better value for the money we invest. Once in awhile, we can maybe help somebody else out by doing the cash management for them. Where we see an opportunity to maximize the value to an organization we are funding by doing their cash management for them, if we are not doing it already, I have on occasion made that opportunity available to them, if they wanted to do it.

*(12:00)

Mr. Loewen: I appreciate that answer from the minister. Maybe his staff could indicate or he could indicate whether those cash balances fluctuate widely throughout the year. Is there typically \$800 million to a billion dollars in the account for the course of the year? Is that just a factor of timing in March that falls off significantly? In other words, is there kind of an annual flow to those balances?

Mr. Selinger: Yes, the answer I would have is that the range of cash that is managed probably is within \$800 million to \$1.2 billion, \$1.4 billion, and the cash flow would have several lines attached to it with respect to the various agencies. One could imagine, for example, that Crop Insurance would have different peaks and valleys in their cash flow requirements compared to, say, Hydro or auto insurance, so you have got a number of different entities on whose behalf you are managing cash and each of them would have a different business cycle that they are responding to. So the range of all the cash

management, I am informed, is in the one that I have indicated, between \$800 million and \$1.4 billion.

Mr. Loewen: While I thank the minister for those answers, I will indicate that when we reconvene on Monday, I still have some more questions on Treasury. So, sorry to the staff. I am sure they have got better things to do on Monday in terms of figuring out swaps, and I would turn it over to my colleague. Thank you.

Mr. Kevin Lamoureux (Inkster): I do have a number of questions I was wanting to ask the Minister of Finance, and maybe first off would be in regard to the PST, GST, just to get the Minister of Finance's thoughts in regard to at one point in time, there were discussions on harmonization. Would that, in fact, be in the best interest of the taxpayers at the end of the day? Does the Minister of Finance have any thoughts on that?

Mr. Selinger: The member from Inkster, first of all, I would just like to welcome back to the Legislature after a small retirement of four years. The question was probably more topical during his previous presence in the Legislature. In the last four years, it has not been under active consideration, integrating the PST and GST regimes, for the very simple reason to do it in a revenue-neutral fashion would require either a dramatic increase in taxation levels or a dramatic reduction in expenditure levels, because it shifts. It is a dramatic shift in the way the taxes are levied once they are integrated. So we have managed it through a variety of other mechanisms, but we have kept them separate because of the big impacts on revenues that would occur if we integrated them.

Mr. Lamoureux: Has the Department of Finance had any discussions at all? I understand that there is at least one or more Atlantic provinces that did go ahead with the harmonization. Is that what he is basing his arguments on?

Mr. Selinger: I am just bringing up the Assistant Deputy Minister for Federal-Provincial Relations, who would handle these matters, Ewald Boschmann. I would like to introduce him. He is joining us at the table as the Treasury officials take their leave.

I am not aware of any recent discussions with the Atlantic provinces on their experience. That was looked at early on when they went through the experience. As you know, Québec does it as well but administers it itself. In the last four years that has not been the focus of tax policy.

The focus has been in finding ways to reduce the rates for business, individuals, corporations. Those have been the focus of tax policy and converting from a tax which was based on the federal tax rate, piggy-backed on top of it, to a tax on income, Manitobans' income and businesses' income. So we separated the systems, going from a tax-on-tax system to a tax-on-income system. All the provinces now have separated their systems from the federal system. That has been the most significant structural change in the last four years.

Mr. Lamoureux: I am wondering if the minister would acknowledge that there are some aspects of the GST that are not all that positive but there might even be some aspects of the GST that are more progressive than the PST. The example of that would be the rebate for low income. Would the Minister of Finance agree with me on that?

Mr. Selinger: The advantages that the member from Inkster alluded to with integrating our provincial sales tax with the federal GST in terms of a rebate we replicate with our own personal tax credit, which is a rebate of the provincial sales tax. That advantage is washed out by our parallel initiative.

He is right, though. There are some significant disadvantages in that you have to levy provincial sales tax when it is integrated with GST against things like home heating. So there are some disadvantages which we have avoided by not entering into the integrated regime.

Mr. Lamoureux: I bring it up because I believe that there are some pros and cons to both consumption taxes. With respecting the answer that the Minister of Finance had given to my first question, I believe that there is in fact merit for the Government to be looking at what could be happening between potentially harmonizing both the GST and PST if in fact it can be demonstrated at the end of the day that Manitobans would be better served.

From the surface, and I am not an actuary, I am not a mathematician by any stretch of the imagination. Having said that, on the surface you have a PST and you have a GST and you have bureaucracies for both of them. It is a fairly complicated system if you are a businessman and, to a certain degree, even a consumer. A consumer wants to know which taxes they are paying for whichever, but with computer technology on our cashiers and tapes, that can be very easily done.

* (12:10)

But in terms of simplifying the process to cost efficiencies through bureaucracy, I would think that there would have to be some form of duplication. I can remember having some dialogue, and it would be a number of years back, where it was implied that if in fact the two of them were to be amalgamated, there would not be a net revenue loss. In fact there would be a net revenue gain. It seems to me when government is looking at ways in which it can generate revenue that this should be one of the things that it is looking at.

I am going to leave the GST on that one because then I am going to pick up on other ways in which the Government has generated revenue and which I disagree with. Maybe the minister can comment on that.

Mr. Selinger: Once again I would have to say to the member from Inkster the somewhat dated analysis of the department when they looked actively at the integration was that there would be a significant shift of costs onto the backs of individual consumers in the province by an integrated PST-GST regime. Average Manitobans would pay significantly more for the services and goods they receive. So that is considered a disadvantage which we believe still exists today if we were to enter into that.

In terms of your duplication of services, we are in partnership with the federal government for the collection of corporate taxes and income taxes through the Canadian revenue collection agency. It is an agency that has been set up in the last four years by the federal government through the Ministry of Finance federally. That revenue collection agency has an agreement with

the provinces, with some exceptions such as Québec, to collect revenues for us, certain revenues, corporate tax revenues, income tax revenues. Then we get our proportion back of that. So we eliminate duplication there by doing it through one overall agency which most people would say is a fairly well run agency. We might disagree with that if you will recall the federal accounting error, which was an error that they—

An Honourable Member: And we did not catch?

Mr. Selinger: Well, we did catch it. That is probably one of the reasons why we resolved it. The federal government collected those revenues on our behalf, made the accounting error and then tried to visit the cost of that upon the Province and that is when we entered into a negotiation. There is less duplication by having one agency do it, but there is some risk attached to that because we did not have all the data we needed to verify sources of income. Now, under the new revenue collection agency agreements which we have recently signed, we have a seat on the management board of that revenue collection agency. We have greater comfort from them that they will provide us more timely and accurate data on the revenues they collect on our behalf. We have used this accounting error to strengthen accountability from that agency to the provinces in general and into Manitoba in particular.

As well, in terms of our own source collections, we do it in a pretty cost-effective manner through the Taxation Department. I have asked the Assistant Deputy Minister for Taxation, Barry Draward, to join me at the table if you have any questions about how we collect our own source revenues.

Our ability there to track cash flow versus budget is something that we can do on a monthly basis because of our own administration being in place to do that which gives us a much more accurate sense of what our revenues are as we go forward on a day-to-day basis.

My ADM informs me that the costs per dollar of collections of that revenue provincially are less than the costs per dollar of collecting it through the revenue collection agency. So our

own source system is more efficient at this stage than integrating the entire system federally.

Mr. Lamoureux: I suspect, because there are two different systems, that you would have the difference in collection costs, but if it were amalgamated or harmonized, that cost factor would be no more than what it would be today. At least that is what I would think. But you know what? I do not have that high level of expertise, but I do know that it does not need to be portrayed as complicatedly as it is. I have a tremendous amount of respect for people that have the time and knowledge to be able to deal with the details of these sorts of issues. But I believe that, if the will is there and the taxpayer at the end of the day would benefit by it, it could in fact be done, but only should be done if at the end of the day it means less taxes being paid. In some areas there would be more tax, but you might be able to reduce the overall tax, because it goes to a wider spectrum, by three percentage points. Instead of 14 percent, it could be 11 percent, or you could factor out some of the things that are currently being taxed. There is a litany of different things that could be talked about, but at the end of the day I do not think you would be able to convince me that two separate entities collecting two consumption taxes is, that is, I am open to being convinced of it, but at the very least, I would feel a little more comfort if I knew the department was at least looking into it in a more in-depth way. They have the background knowledge, and they should be able to be able to detail it very clearly.

Mr. Selinger: It has been a few years since they have gone through that, but my officials maintain that they do not think their fundamental analysis would change, because the rates have not changed. For one thing, it is still 8 and 7 percent. But integrating the GST and the PST would visit 7 and 7, I am sorry, would visit greater costs upon the consumers of Manitoba. The range of goods and services upon which they would be taxed would be wider, although the rates would stay the same, or to do it in a revenue-neutral way, the rates would actually, in fact, have to go up to have revenue neutrality with respect to the Government.

Mr. David Faurschou (Portage la Prairie): I just want to take up on the honourable member

from Inkster in regard to the evaluation of the taxation system. I appreciate that you can easily evaluate from your own area of responsibility, but to do an evaluation without inclusion of the cost and time in time and effort and all of the additional accounting that goes into it at the retail level—I do have a business in the area of agriculture.

I do have a business in the area of retail, and without inclusion of the amount of time and effort at the actual front door gives you a skewed analysis without having that included. I will say that, from my perspective, harmonization on both those two enterprises which I am familiar with would be most appreciated. I could go into length the time and effort that goes into it. I will say on the revenue neutral side of things, if dollars greater than anticipated were collected from harmonization—very easy to make it neutral on the basis of the GST rebate program which is in existence already. Everyone that participates in that on a personal basis—their income tax returns, it could be very easily maintained as a cost-neutral and bring in the efficiencies from the business and personal perspective.

Mr. Selinger: I think the member from Portage la Prairie is alluding to the cost for the business of having to administer two separate regimes of sales tax. I just want to remind him of a couple of things.

The federal government does not provide a commission for the collection of the GST, but the provinces do. So you would lose that commission if you integrated it. It is of some small importance to some businesses. So there would be one change that would have to occur.

Secondly, we have automated our tax collection system and with electronic computer-based technology now. We have a common business identifier that is being implemented, which makes it more efficient to remit taxes on behalf of businesses. As we move forward, more and more businesses are going to be able to do all their remissions and communications electronically through computer software through the department. So we want to make the overhead costs of doing business in Manitoba as efficient as possible, and that is why we are automating and providing these services to

Manitoba businesses. We can go into that if you wish in more detail, what we have done there, but I can tell you there has been significant investment in software in the last couple of years to bring that system on-line, and to make sure that Manitoba businesses have a quicker, easier way to do that through the Manitoba sales tax side of it.

Mr. Faurichou: Just to follow up, and I appreciate what is taking place, I will say that, from the perspective that I have in those two enterprises, harmonization would be a significant advantage. I have also spoken to the construction industry, which would very much appreciate the harmonization as well, because they are not the end user of their production. Right now, with the extension of the PST to the plumbing and the electrical aspects of it, they are the end user. They do not have the GST component of rebate program, which is easily facilitated to recover that component. It is adding to the developers' additional cost item that they are now passing on to the actual purchaser of the home. It is masked in this fashion, which harmonization would once again reveal and have the end consumer paying for the taxes, as was intended in the first place.

Mr. Selinger: I just want to clarify for the member from Portage la Prairie, the electrical mechanical tax changes which industry asked us to do, now make it possible for a supplier of those services to buy their materials tax-out. They do not have to pay tax up front. They only have to collect the tax once the contract is completed and then remit it.

That is an advantage to them. Once they have a retail sales tax number, they can buy materials tax-out. If they do not have a retail sales tax number, and they are operating in the underground economy, they have to buy their materials tax-in. Now we have a way of tracing those underground operators versus the legitimate ones that have sales tax numbers, and separate the two and create a more level playing field; whereas, before, there was unfair competition going on where some were not levying the tax and some were levying the tax. Those that were not levying the tax were getting a competitive advantage over those that did, and were not remitting taxes.

We have changed that system to the advantage of the legitimate business operator providing those types of services.

Mr. Faurichou: I would just like to ask whether the department has, after one year's lapse of time now for evaluation and consideration of that, spoken to those same individuals that were very positive. I think their thought patterns are—they may be still in the positive side of things, but the additional time and effort that goes into that accounting now is more significant—at least the contractors that I spoke with—than they originally contemplated.

Mr. Selinger: I can inform the member from Portage la Prairie that our Taxation Division has just completed some 50 audits of electrical and mechanical contractors. Other than some transitional issues of learning how to make the new system work, the satisfaction levels are reported as positive. They appreciate the simplicity and clarity of the rules that they have now to operate under.

Of course, the level playing field which I mentioned earlier means that they are all competing on the same basis with each other. That is a plus.

Mr. Lamoureux: Madam Chairperson, as I trust and hope the Minister of Finance can see, I have quite an open mind to the possibilities of the PST and GST potential harmonization.

I can only hope, for the taxpayers of this province, that the Minister of Finance has not absolutely ruled it out. It is something that is worthy of looking into.

Having said that, because of time, I want to get on to another issue in which it really surprised me that the Minister of Finance, in my opinion, probably got off fairly lightly. I do not think this Government should have. That is in regard to Manitoba Hydro and this Government's decision to use hydro as a source of revenue generation to help bring more money into the general revenues of the Province.

I have a very difficult time with that as consumer of hydro, as all Manitobans are. We talk about the importance of Crown

corporations. Manitoba Hydro is something in which a lot of Manitobans have a great deal of pride. The Government offended us when it decided to use that Crown corporation to help balance or provide more money for its books.

My thoughts on that particular Crown corporation was that, quite frankly, it is a wonderful economic tool for this province. It is one of the advantages that we have in our province, having low utility rates. When the minister does it once, is he prepared to go back to Manitoba Hydro in the future? Is this going to be something that we are going to be seeing in future budgets? Whenever the Minister of Finance finds it a little bit tight to find money, no problem, we turn to Manitoba Hydro and the consumers of hydro power.

I really do believe that the Government has made a mistake here. The Government needs to revisit why it has Manitoba Hydro in the negatives that it caused when it implemented policy. That is just wrong. I am interested if the minister can tell me prior to the NDP taking office, what amount of money would have been put into general revenues from Manitoba Hydro, and what amount of money today is coming from Manitoba Hydro into the provincial Department of Finance?

Mr. Selinger: Well, I just have to say to the member, first of all, that if he would have integrated the provincial sales tax and the GST as he thinks he has an open mind to, that would have added 7 percent to the cost of home heating, including hydro heating in this province for every consumer. So you have to think about that.

Yes, I do keep an open mind to that, but it has to show, as the member says, some real benefits to Manitobans if you are going to move in that direction.

So on the topic of hydro generally, it is standard practice across the country for corporations that are owned by government, Crown corporations, to pay a dividend to government as the shareholder. Only in Manitoba is it not done. So taking a dividend from Manitoba Hydro brought Manitoba Hydro into conformity with the rest of the country,

Québec, Saskatchewan, British Columbia, Newfoundland, to name a few that take dividends. It is completely normal in the private sector, standard practice for corporations to pay dividends to their shareholders, and if they do not pay dividends to their shareholders, the shareholders are demanding why they have not been able to produce a surplus that will allow a dividend to be paid out. So I just want to put that into perspective.

Secondly, I want to mention that the previous NDP government, because it moved forward on building Limestone and generating that extra export capacity, was able to earn about \$1.2 billion, \$1.3 billion in retained earnings during the 1990s after paying down the cost of the Limestone project and it is out of those retained earnings that we took the dividend. That money was available to the shareholder.

A retained earning is by definition money available to the shareholder, and we decided when September 11 occurred and there was a dramatic downturn in the world economy which resulted in a dramatic reduction in our corporate tax revenues, some \$150 million as I recall, that we had to stabilize the finances of this Province so that we were not cutting things like health and education services. To use the retained earnings of Hydro to benefit the shareholders, being the citizens of Manitoba, seemed a reasonable policy in view of the fact that it is standard operating procedure in other jurisdictions.

*(12:20)

Mr. Lamoureux: Madam Chairperson, I would disagree with the Minister of Finance. I think he has a faulty argument. You have corporations that have good retained earnings, and, yes, they do pay out to people. But that is all private. You are referring to the private sector. The private sector, it is all about the buck, and if they are not getting anything in terms of retained earnings or making money as corporations in the private sector, they are not going to be around for long.

A Crown corporation is quite different. Because other provinces do it one way does not necessarily give you grounds to say that it is okay for Manitoba to do it because other provinces are doing it. If Manitoba Hydro wants

to build upon its reserves, we talk about the possibility of Conawapa. Whenever a Crown corporation requires additional funds—low water years—there are some years that are a benefit. Having the ability to prevent or to allow consumers a consistent rate of electrical, of utility rates I think is a strong positive. The less expensive our utilities are, and hydro is, the more of a magnet it is for us to promote Manitoba as the place to be, especially in terms of economic diversification to just residential home owners.

I believe it was Ed Schreyer who was a very strong proponent in saying maybe what we should be doing is having more electrical heating. The department would have to go back, I guess, to find out. I do not know if it is worth going back on, but I believe there was a promotion going on getting people to convert from gas to electrical heating. It made a lot of sense, much more friendly to the environment. It is healthier to the overall economy of our province, and so forth.

We should be using Manitoba Hydro and its rates as a huge carrot. It can bring a lot to our province.

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

JUSTICE

* (10:00)

Mr. Chairperson (Conrad Santos): Will the Committee of Supply come to order, please. This section of Committee of Supply has been dealing with the Estimates of the Department of Justice.

Would the minister's staff please enter the Chamber.

We are on page 120 of the Estimates book, Resolution 4.

Mr. Gerald Hawranik (Lac du Bonnet): Mr. Chairperson, I welcome the opportunity to continue these Estimates today. I say good morning to the staff who are here today.

I was reviewing the Estimates' minutes from last year. I noticed that in the minutes it was

stated by the minister that in 2001 there were 1936 known gang members in Winnipeg; in 2002, it dropped exactly 100, to 1836 active gang members in Winnipeg. Could the minister advise what that number is today?

Hon. Gord Mackintosh (Minister of Justice and Attorney General): From time to time we have pursued this information through the Criminal Justice division, but that involves contacting the Winnipeg Police, people in their gang specialties. We can undertake to get that information on a timely basis for the member. I do not have that information on any updated basis. In fact, I cannot recall when I last had that information. It might have been at the time of Estimates last session.

Mr. Hawranik: I appreciate that undertaking to do that. If I could ask the minister to have it available for me on Monday, it would be appreciated. I want the active gang members for 2003, what is there today.

Also, I would like to know how many inactive members are also on that list, the criteria that are used to determine whether a gang member is inactive or active, and a comparison between the years 2001, 2002 and 2003 in all those categories.

Mr. Mackintosh: All I can undertake is to make best efforts to seek that information. It is not within my power or jurisdiction to ensure, to undertake that the information has in fact been compiled or is available or will be made available even on a timely basis. All I can do is seek to obtain it on a timely basis from Winnipeg Police. That is a database that is entirely theirs. They have sole control over the database, its updating and the release of information from it.

I will undertake to the member today to pursue that information through the department to WPS.

Mr. Hawranik: That is acceptable, Mr. Chairperson, as long as the minister undertakes to use his best efforts and to provide it to me if he can on a timely basis. I assume that the minister understands exactly what I am requesting. There is no misunderstanding in terms of what I am requesting.

I am not sure whether the minister has this information available either, but if not, I would like to have an undertaking for him to provide it to me. How many gang organizations have been identified in the City of Winnipeg to date? I would like to know how many gang organizations were identified in each of the years 2000, 2001, 2002 and 2003. And I am wondering whether the minister can either give me the information today, or would undertake to provide it to me.

* (10:10)

Mr. Mackintosh: It would be the same response as to the first line of questioning. I will undertake to request that from the Winnipeg city police, and I do not know if they keep that number or if they have that number or not. I do not know, so I do not want to prejudge what the result might be but we will ask through the Winnipeg Police Service.

Mr. Hawranik: On April 20, the minister announced a new organized crime unit: a partnership between city police and the RCMP that is to pursue transnational organized crime groups. I am wondering if the minister can provide an indication as to how much money the Province is putting up towards that new unit, and whether, in fact, that new unit is running at this point.

Mr. Mackintosh: The Budget contains an amount of \$500,000 in this fiscal year to get the unit up and running to assist in some of the costs of getting that up and running. It is my recollection, and if I am wrong, I will advise the member. But it is my recollection that at the time of the announcement work had already begun on part of that unit. There were some research activities that had already begun as of the date of the announcement.

Mr. Hawranik: I will ask the minister again. Is that unit currently running, is it operational at this point and if not, how long will it take to be operational?

Mr. Mackintosh: I am advised that this is a delicate area in terms of intelligence, I understand. But I am advised that I can provide two pieces of information. Number one is that

there are some operations that have started, I understand. The nature and extent of those are not for public disclosure. However, I am advised that it would be appropriate of the member who sought further information on this, perhaps some arrangement can be made.

Mr. Hawranik: I was not asking for any details in terms of what the unit was doing. I was asking simply whether it was operational. I do not see any harm in releasing any information in that respect. Why not let the gangs know and the criminals know that it is operational. Would not that in fact help? But in any event, one article I noticed in the newspaper, in the *Free Press* in June, was an article reporting on what Guy Ouellette had said when he was in Winnipeg. Guy Ouellette is an organized crime specialist. He claims there have been 37 gang-related murders, or attempted murders in Manitoba since the Hells Angels came to Winnipeg in the year 2000. And that is more than Ontario, Quebec and British Columbia combined. I find it personally shocking that the number of gang-related murders in Manitoba is 37. It is actually more than Ontario, Québec and British Columbia combined, particularly since those three provinces combined have more than 20 times the population of Manitoba. Why is not the minister doing anything? He has had since the year 2000, since the Hells Angels came to Winnipeg to react to organized crime and particularly the Hells Angels, but he has done nothing more, I believe, than window dressing to address this problem.

Mr. Mackintosh: Well, the member is entitled to his opinions. Guy Ouellette has consistently pointed out to Canadians that Manitoba, and uniquely Manitoba, is clearly showing the political will and the ability to put in place countermeasures to deal with organized crime. He has been very complimentary of the leadership role being shown in Manitoba. I can rally some of the quotes. Mr. Ouellette has pointed out, perhaps to the chagrin of other governments in Canada, that Manitoba is leading the way by example.

One example Mr. Ouellette often uses in talking about responses to organized crime in Canada is The Fortified Buildings Act that we have, that, in his view, is legislation that should

be in place in other jurisdictions, including in Québec. He has pointed to that legislation as being of great potential and practical application from experience in Manitoba in no small way because it is province-wide in its application versus the municipal approach in Québec and to a certain extent, I think, in the province of Ontario.

Mr. Ouellette has also consistently reported on the organizational efforts of the Winnipeg Police Service in particular. He has been very complimentary of the work by the services, and I think when we talk about responses to organized crime, first and foremost of course the response is one of law enforcement. Winnipeg was one of the first jurisdictions, if not the first in Canada, to organize a specialized gang unit and it has developed expertise, organizational ability to counter this challenge and as well to establish, I think, some very effective partnerships with other agencies, notably the RCMP and the Justice Department on certain issues.

I think we have to recall that the challenge of Hells Angels is an international one. Hells Angels arrived in Manitoba, I understand, in the fall of 1997 and began its efforts to try and take control over drug trafficking in particular to the exclusion of other gangs that had not operated in Manitoba before that. What we are seeing is some instability, I understand from law enforcement, in terms of the predominance of one gang or another in Manitoba, which may in no small way be responsible for some of the violence that we have seen in the previous year.

In terms of what the role of the Province is, we are looking to see what we can do in innovative ways to create a hostile environment for organized crime. Our Criminal Organization and High Risk Offender Unit was really the first of its kind. Other jurisdictions are looking at what we are doing in the Justice Department. That unit, the COHRO unit, was designed in order to, first of all, make sure that the Justice Department was better organized in a specialized way to counter-organize crime.

We then created, with the partnership of the RCMP, the Gang Awareness Unit. Its focus is really on street gangs and on street gangs outside of Winnipeg. The RCMP Gang Awareness Unit

which is, of course, funded by the Province was an initiative in our first Budget. That unit has now gone on to receive an international award for its proactive and innovative approaches to ensuring that communities—generally smaller communities—are able to put in place strategies to counter gang activity. In Corrections, we have a gang intervention program or a gang suppression program in our institutions. As well, we have, with regard to street gangs, Project Gang Proof. I understand, in fact, that Web site has now received over 16 000 hits. Again, that is on the side of street gangs.

* (10:20)

In terms of the development of innovative legislative approaches, we have and we continue to look at the development of the civil law in addition to the criminal laws of the country to counter gangs. Among the civil strategies—I will just note a few of them and then I will conclude this part of the answer—The Safer Communities and Neighbourhoods Act has resulted so far in closing down 29 premises where there was sale or use of drugs; drug houses, prostitution houses or sniff houses. This does have a bearing on organized crime. In fact, I understand that now federal Justice is looking to see how this kind of approach can be used elsewhere in Canada, and I know we have had enquiries from the Province of Alberta. This legislation is working. In fact I am hearing from neighbourhoods, I am getting correspondence that this legislation is working miracles on some blocks, some neighbourhoods out there, some neighbourhoods that have had long-time challenges because of even just one house on a block.

A second piece of legislation, of course, was The Fortified Buildings Act, as I talked about earlier. That has been effective at shutting down a former headquarters of a biker gang but is being used in other circumstances as well.

The application of civil law has extended, of course, to legislation passed last session. A witness intimidation strategy has been put in place by the department. Changes to The Liquor Control Act, for example, have resulted in several charges. We are not stopping there. Work is continuing on how a province with its limited jurisdiction can bring in laws that can be effective in creating a hostile environment.

I just want to add that people outside of Manitoba have talked about Manitoba's innovative and tough laws. The observers, for example, a recent article in the *Toronto Star* and the *Journal of the Police Association* was talking about Manitoba's laws as being the toughest anti-gang legislation in the country and, as well, comparing the action in Manitoba versus inaction elsewhere. This one article from the *Toronto Star* by Peter Edwards reports that the Hells Angels set up shop in Manitoba, but in Ontario, this article says that the Manitoba Angels have struggled to hold their membership at 12 in Manitoba, losing manpower to prison, cocaine addiction and deportation.

At that time, it said five Manitoba Angels are in prison or facing charges. In contrast, the Ontario Angels have shot up from 168 members in December 2000 to about 270 members today. Ontario accounts for almost half of the gang's national membership, and fewer than 10 of those Ontario members are either in jail or facing charges.

Those are observations from people outside of Manitoba. We are continuing to look for innovative ideas. We believe that this is a challenge that does invite the role of provinces through civil legislation. I think we have to do everything we can to push that envelope.

At the same time, I am very interested to see how we can further enhance the Criminal Code, in particular, to deal with counter-intimidation strategies. I think that largely answers the member's allegation. I would say that it is important that as legislators we support the police. I am concerned that the criticism from the critic may be interpreted by police as reflecting on their abilities.

I think that we have seen some great successes through police operations in Manitoba. I think the integrated unit, as it unfolds, given that some elements are now operational there, holds greater promise as well. We should not think that the establishment of that unit signals that all of a sudden the police are for the first time co-operating. That builds on the co-operative efforts of the past.

Winnipeg Police, and RCMP in particular, as well as other municipal forces have an

excellent and rich history of co-operating and putting together operations to deal with organized crime and drug dealing and other challenges. That is just a fact. This is an attempt at a more permanent, structured organization. The future contributions from the Province will be determined based on the level of operations and the views and experience of this unit as it unfolds.

I think that the Province is a very useful partner in helping to, at a minimum, fund that kind of operation, recognizing that it is only the police and their expertise that guides the intelligence or investigation strategies of law enforcement.

Mr. Hawranik: I am not sure where the minister feels that I am critical of the police. I am questioning the minister here today, not the police. The police get the direction, of course, from the minister. The minister has to take responsibility for what is happening out there, not the police.

The minister prefaced his remarks by saying Manitoba is leading the way. I would have to agree with him. We are leading the way in terms of 37 gang-related murders and attempted murders in this province since the year 2000, more than Ontario, Québec and British Columbia combined. The three most populous provinces in this country do not have as many murders and attempted murders, gang-related murders and attempted murders, than Manitoba. That is ridiculous.

The minister has announced programs and strategies and talked on about programs and strategies that he has announced. I would suggest to you that when we have the number of gangs we have in this city, the number of gangs we have in this province, the number of gang members we have in this province, that perhaps he should re-evaluate his programs and strategies.

He further states that we have the toughest anti-gang legislation in the country. Is it working? I suggest to him it is not. It is not working. When Guy Ouellette was in the city, he suggested that the world's second largest criminal organization now, maybe setting up in Manitoba, that they may be opening a western

Canadian chapter by the end of the year. He says it is a franchise. Is this our Government's strategy to increase business in Manitoba, to open the door to more biker gang franchises? Is that what the Government wants?

The Banditos, I understand, will be coming to Winnipeg. He suggests they are coming to Winnipeg, and they are going to be open for business by the end of the year.

Since November 1, 2000, Manitoba has been the scene of 37 biker-related murders and attempted murders compared to 18 in Québec during that time, in Québec with 7 to 8 times the population of Manitoba.

* (10:30)

I believe the minister has tried with respect to gang-related deaths and murders, with respect to curtailing gangs in Manitoba. I think he has tried, but I think he has failed to do so. He has failed to close the Hells Angels shop on Main Street which is just down the street from his constituency office.

Now what is the minister's plan? Is there any thought about increasing policing or coming up with any new programs or strategies to stop the proliferation of gangs in Manitoba and in Winnipeg?

Mr. Mackintosh: Well, I have asked the department to look at the figures alleged by Mr. Ouellette and the member opposite, and we will advise accordingly.

I think it is also important to recall that the history in Québec of biker violence has been tragic. The lessons learned there, I think, are that we really have to do everything within our own respective jurisdictions to push the envelope to make sure that there are organizational and legal changes to counter the threat of gang violence. That is exactly the lesson that this Government is heeding by way of the organizational changes and the legislation that has been brought in since we came into office.

When we came into office, we could not help but wonder why this groundwork was not done earlier. It was just bewildering because we

had in Manitoba a very unfortunate history of biker violence throughout the '90s. In fact, in my riding, there was a triple slaying, a biker slaying, in the '90s. As I remember it, it was '96 or '97. *[interjection]* I think '96, but a very clear lesson that should have been learned, and despite urgings from the Opposition at the time, we just saw inaction. All we did see was a biker or a gang hotline being set up so people could report concerns about biker activity.

As it all turned out, not only was the line not confidential, which really was the underpinning of how it could succeed, but we discovered that the line ended up not being answered. In fact, the government was caught in 1999 having to admit that the line had not been answered for up to five months at a time.

So when I think back as to what the initiatives were and how the former government was prepared to push the envelope, we really saw one example, that gang hotline that could do nothing but diminish public confidence in the role of the Province in working to counter this threat.

So, when we came into office, there was very swift action to put together, co-ordinate a strategy within the department and to begin new legislative strategies and new organizational strategies that are unfolding and will continue to unfold because we have not stopped. There are further legislative initiatives that will be introduced and I hope for the support from the member in those legislative strategies.

We have to remember that in the mid-nineties, for example, in 1996 this province witnessed 45 homicides that year. We find it odd that the rhetoric would come as it is when we are actually now taking some concerted views, some concerted action to counter gangs and being recognized by independent voices as leading the way in terms of what a province can do, recognizing its limited jurisdiction between the federal criminal law and the decisions of the Bench and, of course, the independence of police agencies. So we will proceed to strengthen and enhance organizational, financial and legislative responses.

Mr. Hawranik: Yes, Mr. Minister, you mentioned one year in which there were 45

homicides. I can tell you that that was an aberration and you know it as well as I do. Obviously some corrective action was taken because it was reduced substantially the next year. At least some action was taken to reduce them.

I remember in November and December of last year, I just got elected last year in March, but last year in November-December just after I was appointed the Justice critic, you came up with the civil remedies against organized crime act and you touted it as being anti-gang legislation. As of March 10, I understand that no one had actually been charged under that act.

Reading some of the newspaper reports, I note that one of the gang members from outside the province was wearing gang colours on licensed premises and was actually charged under that act. As far as I am aware of, that is the only person who was charged. That legislation was touted as being anti-gang legislation and was touted as being the answer to the Hells Angels store on Main Street, and at that time I said it was ridiculous. It would never shut them down. As far as I know they have never been charged with anything under that act and they are still operating. Is that correct?

Mr. Mackintosh: There were a couple of points the member raised in this question and the one before. First of all, in terms of speculation about the Banditos. That was only speculation and I think it is important not to be alarmist, as legislators act on the basis of what is known.

I should also remind the committee that since coming into office there has been an unprecedented new investment in police generally in Manitoba in addition to the dedication of resources specifically to specialized units, whether it is the unit the member is talking about or the RCMP Gang Awareness Unit.

Further to that, never has there been in Manitoba nor, I think, in any other jurisdiction the infusion of investment into Prosecutions as we have seen in the last four years when one, as well, takes into consideration the Budget before the committee; a 58% increase in Prosecutions and within that the establishment of the gang unit in Prosecutions which started with five

prosecutors plus support staff and now has eight prosecutors and we are looking at the further expansion of the gang unit.

The High Risk Offender Unit is also, I think, part of the equation and as well the more specialized approaches in dealing with witnesses and in Corrections with gangs is where Manitoba is showing leadership.

In terms of the legislation that was brought in last year, my understanding from information garnered through the department is that there are currently 12 charges under that legislation. In terms of any retail operations, I will not myself get into specifics, but that legislation, as the member knows because he studied it, empowers the police and gives the police the ability to pursue a court action to close an operation. The importance of that is recognizing that it is law enforcement and the police that have the expertise, have the intelligence to consider whether any retail operation should be pursued in light of its strategy in dealing with organized crime.

* (10:40)

It is one more tool, as I said repeatedly, for police. I am not privy to what the police strategies may be with that legislation. That is the ambit of police and a role that I certainly respect, but that is innovative legislation that is available. We will see what comes from that. The experience certainly with The Fortified Buildings Act was one that has heartened, I think, observers to the potential of civil legislation, let alone The Safer Communities and Neighbourhoods Act, although that works by way of partnership with police and is not directly in their own toolbox. Those are my responses.

Mr. Hawranik: Mr. Minister, while the Justice Minister is not responsible for sentencing in the courts—judges obviously are empowered to make that decision—the Justice Minister, though, is still responsible for policy in his department, including giving direction and policy to his employees who are the Crown prosecutors. We have seen many times over the last months and years when Crown prosecutors, when making submissions as to sentencing, recommending a lenient sentence in the case. Why is the Justice

Minister not taking an active role with respect to policy for his Crown prosecutors, his employees?

Mr. Mackintosh: If there is a particular case the member is referring to, I would appreciate that being given by example.

I noticed that the Opposition during the election was urging the public to support a policy instructing Crown attorneys in certain cases to just generally across the board seek the maximum sentence for some particular offences. Presumably that may, for example like break and enter, include a maximum of life. It is very important when politicians get involved with prosecution policy that nothing be done to undermine the strength, the integrity, the credibility of Crown attorneys when they enter a court room. The Crown attorneys, as professionals with extensive legal training and experience, go into a courtroom and make decisions, or make decisions at their desks, based on the available evidence, as the member knows, and the available law.

There is also, of course, the critical role of the common law, its precedents, its limits within which the Crown attorneys have to operate if they are to have credibility and if they are to succeed and be listened to. It may be an attractive notion for someone to suggest that Crowns should just simply walk into the courtroom and say to the judge: Throw the book at him, Your Honour, and then what we would likely see if that was outside of—if, for example, a request for a life sentence was asked of the court way outside of the range of any precedent, what we would see, I am confident, is the judges of Manitoba then turning to the defence counsel and saying: Now, will you please give your submission about which I will listen. We will be undermining the strength of Prosecutions, the integrity of those counsel, and giving the defence counsel the voice in the courtroom. It is important that Crown attorneys heed the law and precedent, and I know the member must know this.

Now, within the confines of precedent and the available sentences, our Crown attorneys, by a matter of what is policy, from day one look to ensure that the public is protected to the extent

of the available law, which includes, of course, the common law and the precedent and sentencing. When we see, for example, the current regime for conditional sentencing, I cannot think of a better example. There was a person who was critical in a recent matter of a position of the Prosecutions Branch. A decision made professionally within the confines of what the courts were saying was available for those particular offences under the conditional sentencing regime, indeed, cases from the Manitoba Court of Appeal, in particular.

When it comes to conditional sentencing, Manitoba went all the way to the Supreme Court and was chief among provinces in urging the Supreme Court of Canada to restrict the application of the conditional sentencing section in the federal Criminal Code from serious cases. We did not succeed where we wanted, and we are bound now by that conditional sentencing regime which has with it those appellate decisions across the country and in Manitoba. The only way now to reform this is not in the Supreme Court, and it cannot be in the provincial court; it has to be by changing the law. There is not one jurisdiction; there is not one Justice minister that I know of, at least in this country, who does not understand the fact that there has to be a change made by the Parliament of Canada to conditional sentencing to that section. I believe it is unanimous now among the Justice ministers of Canada. We will see what the new administration of Québec's view is.

Mr. Hawranik: Mr. Minister, I find it interesting to note that you say that you are against conditional sentencing—Manitoba is at the forefront of asking the federal government to change the rules with regard to conditional sentencing—and that you will not interfere with the Crown prosecutor and the prosecution of a case in terms of asking for sentences.

I note that, recently, a drunk driver killed a city woman in a traffic accident and you were on record as complaining against conditional sentences. Well, your Crown prosecutor asked for a conditional sentence. Your Crown prosecutor asked for that sentence. If you are giving direction to your Crown prosecutors, they would not be asking for conditional sentences in cases like that. Then you complain about the sentence.

Judges are giving sentences outside the range of precedent. I think we have seen in recent months that judges have done so increasingly because Crown prosecutors are not asking for higher sentences. Comments have been made in court with regard to that. It is not up to the Crowns to create policy for the Government. It is up to the Government to create policy for the Crowns. If you do not ask for a penalty, you are not going to get it, in my view.

* (10:50)

You asked for an example, well I will give you one. Let us take John Amadatzu. It was reported in the paper that he sexually attacks two young girls, ages seven and nine, while he and his fiancée are babysitting the two for the weekend. He fondles them. They try to get away. One has to take cover in a bathroom. He denies the allegations. Then two years later he is caught downloading hundreds of images of child pornography. He later poses as a male student and stalks an 11-year-old girl on the Internet and sends her child pornography images and tries to get her to send nude pictures of herself to him. Once he is caught, he finally admits his crime.

What is the response of the Crown in this case? To ask for 18 to 24 months in jail. Is that appropriate for a crime like that? What is the response of the minister, the Crown prosecutor asking for such a low penalty for such a heinous crime? What is the response of the minister with respect to the Crown asking for a mere 18 to 24 months for a crime such as this? Crimes such as armed robbery which are serious as well usually get penalties of 5 to 10 years, but if you do not ask for the penalty, you are not going to get it. In this case, the Crown asked for 18 to 24 months. Has the minister spoken to his Crowns or the director of Prosecutions about this case? I would like to know.

Mr. Mackintosh: Well, I think the member missed my point in my earlier answer. When we look at, for example, impaired-driving-causing-death cases, the Manitoba Court of Appeal has looked at first-time offences in that category and has said that a 20-month conditional sentence should be upheld, absent aggravating circumstances. We have, as a result of this

conditional sentencing law cases like this across the country, amazingly messageless consequences being upheld by Appellate Courts across the country.

We have said repeatedly, for years we have taken a lead, particularly with Alberta, in calling for a change to ensure that serious offences like impaired driving causing death, dangerous driving causing death. I think of other examples like historical sexual abuse of children. There are robbery cases that are ending up in conditional sentences that are serious crimes—that they should not be available under the Criminal Code, and we have put forward options as to how the law can be reformed.

But to attack a particular Crown attorney or the approach by the Crown which has been given by the senior courts even within the domestic jurisdiction, the range, I think is unfair. If we are going to change the law, if we are going to change the outcome from the court, we have to go to the law's source.

This issue is front and centre and is one of the main issues to be raised when ministers get together this year. I have had the opportunity to work, particularly with five other provinces representing three different political parties in making sure that Ottawa hears loud and clear that conditional sentences must be restricted in their application.

Surely the member opposite is not suggesting that the approach of the Ontario government is incorrect, that it is faulty, that its analysis is faulty, that the Alberta government who is partnering with Manitoba on this initiative—we have to be united. We have to get across the message to the federal Justice minister, in particular, that this change is overdue. By trying to implicate a particular Crown Attorney's position in a case that, I think, is unfortunate, because the Crowns have been told the range—the case, given by example: the Crown there was pushing the envelope in terms of the range given appellate decisions, but within the confines of conditional sentencing, unfortunately, because that is currently the law of Canada. Nothing unique to Manitoba.

Speaking to my counterpart from Alberta, recently, on the issue of conditional sentences,

he said, Gord, I had a most unfortunate case this spring. It was a teacher who was convicted of impaired driving causing death driving down the wrong side of a major highway, killed an innocent Albertan—conditional sentence. We are seeing case after case in this country.

All Canadians should be concerned about this law. The member opposite is a trained lawyer, knows the source of law, knows the source of ranges of sentencing in this country, and surely supports our efforts to reform the criminal law. If we are going to successfully send deterrent and denunciation messages from sentencing in serious crimes, I urge him to consider supporting this kind of initiative. It is an initiative that unanimously is endorsed—although Québec was not at the table in November 2001 by all the Justice ministers of Canada.

I suspect it is an issue on the campaign trail in Ontario. Ontario has provided leadership on focussing on where the focus must be, which is on the federal government and not on the Crown attorneys whose hands are tied by this federal law and its interpretation by the appellate courts of Canada.

Mr. Chairperson: When people address their remarks through the Chair, there is an inducement to free and civilized exchanges in this course rather than heated, sometimes personal, *argumentum ad hominem* kind of exchanges, and we should do it.

Mr. Hawranik: Mr. Chairperson, the Minister of Justice (Mr. Mackintosh) is a trained lawyer and ought to also know that suggestions can be made for a range of sentencing outside the range of precedent. Judges, in fact, have done so in the past. Just because one or two sentences were given in a certain range, it does not mean that it stays like that forever. It depends on the policy of the Justice minister, and I think he ought to take a more active role in sentencing.

In terms of conditional sentencing, Mr. Chairperson, I share his viewpoint that for serious crimes, conditional sentence has no place. I urge him that if he is speaking to the federal minister, to look for changes to the Criminal Code in that respect.

My next question is with respect to the Youth Criminal Justice Act. Now that the new Youth Criminal Justice Act is in effect and has been so for months, what is the Justice Minister finding as its effect, as it affects Crown prosecutors' workloads? Is it affecting the workload of the police? How is it affecting the workload of the courts and the workload of Probation Services, if he can put his comments on the record, please?

Mr. Mackintosh: Manitoba, like I think most, maybe even all, provinces, has taken a wait-and-see view as to the impact on resources and outcomes of the YCJA. While we have seen some reduction in youth custody numbers, there has not yet been a determination as to whether the YCJA is the single dominant factor leading to that or not. The answer really, because I have posed this question at my table and my office of staff, is that it is too early to see any particular trends or pressures or pressure reductions yet. Everyone is looking at this, but there is no apparent wave, one way or another, yet. We are only a few months in. Of course, this is not a light switch change. The cases will come in, of course, one at a time. It began on April 1.

* (11:00)

It is an excellent question, one that I have and one that we are keen to see if there are any trends that develop. I suspect that it could take quite a few months more before any identifiable trends are identified.

But I will just say, as a footnote to this answer, that we have some very very serious concerns about what could be the implications of this legislation. Different jurisdictions took different approaches in expressing their concerns. Ontario, for example, said here are a hundred changes we would like to see to the act. I do not think that we were able, as provinces or as Canadians, to raise the awareness that was necessary to draw attention to what were serious shortcomings in the legislation.

Manitoba, then, took a different view. We decided to concentrate on three very succinct issues. One is that the legislation was extremely complex and could lead to greater complexities and backlogs in processing the cases, aside from the fact of just how complex the legislation is. I

can give example after example. I just discovered another one the other day, in terms of offences for release of information. It is an amazing rat's nest.

But I will just say to the committee that if there is one real example of the federal government going entirely the wrong way after our discussions on preliminary inquiries in this committee yesterday, it is that they have now introduced prelims in the youth justice system, when we should be shortening the time between consequence and wrongdoing, at a time when Canadians are saying, you know, let us be more timely in our disposition of youth cases—prelims for youth cases. Anyway, that is just one example.

But another focus that we have made is on the arbitrary inclusion in the legislation of a mandatory release after serving two-thirds of time, for many of the most serious offences, regardless of behaviour in the institution, regardless of risk to the community of their release.

So I am very concerned about that particular aspect. We really focused on that. Those are two areas of particular concern. As well, just the number of off-ramps in the legislation from the justice system is a concern.

At the same time, and I want to put this on the record about what I see is good about YCJA, and I think Canadians generally have accepted this, is that for the lesser offences the interventionists modelled the use of community justice. Those tough local consequences and making right the wrong can send a huge message to offenders that the court system has a record of not being particularly great at serving for the lesser offences, for the lesser crimes. I think that is positive.

Manitoba is well positioned and has been for many, many years and that I can say, I think, of the member's own riding, which is especially well positioned to deal with community justice. That is a positive aspect of the legislation, and we will see what kind of workloads increase or what the complexities are for the volunteers in our own communities in dealing with the offenders and in particular dealing with the victims who are owed justice no matter how

serious the offence may be in someone else's eyes. Every offence against a person results in victimization for which there should be some restitution or response.

Mr. Hawranik: My next question is with respect to the Milner Ridge Correctional Centre. I am wondering what the plans are for the Milner Ridge Correctional Centre in the near future and in the long term, whether there is any plan for expansion, whether there is any plan for enhanced programs and so on, in that facility.

Mr. Mackintosh: I am advised that, in terms of improvements, recently there was a new gatehouse. As I recall, there was a unit that was closed there a couple of years ago that was subsequently reopened. Unit 7 it is called. The current population, I understand, as of a couple of days ago, was 105 and the capacity is 119, so the committee can see that Milner Ridge is certainly an institution that is being used. In terms of its future use, there are no plans currently having been approved for expansion, but, obviously, Corrections will keep a close eye on capacity issues there. Given those numbers, it looks like that is manageable. Of course, at Ridge Point there has been an adjustment there because of the low youth numbers. I think there were five offenders in there, and the ratio of staff is the opposite of what one would expect. The ratio was 12 to 5.

* (11:10)

Mr. Hawranik: My next question is with respect to the courthouse that was built a number of years ago in Fort Garry. That is the one that was constructed, I believe, for the Manitoba Warriors' trial a number of years ago, I think 1999 or prior to that.

Is there any current use for that courthouse, and, secondly, if there is no long-term use is the ministry considering putting it up for sale?

Mr. Mackintosh: I would have to defer to the Minister of Transportation and Government Services (Mr. Smith) which has ownership of that facility. That facility was a temporary arrangement to deal with one particular trial, and when that trial was over and a guidance from the court received that trials should never be in

excess of 8 or 9 accused—that was built I think for 32 accused or a number in that range—its usefulness as a courthouse for that kind of trial ceased.

So that facility is under the other minister, and any update in terms of sale plans or other uses would be in the ambit of the Government Services people.

Mr. Hawranik: Mr. Chairperson, I take it from the minister's comments that, in fact, the Justice Department is not using that building. Is he aware of whether or not any other department is using that building at this point?

Mr. Mackintosh: The Justice Department is not using that facility, and its future use is up to Government Services.

Mr. Hawranik: In the August 10 edition of the *Winnipeg Free Press*, it was revealed that Winnipeg Mayor Glen Murray, in response to hearing that three men were stabbed outside of a Portage Avenue club in August, and, in fact, in May a 19-year-old man was beaten to death outside a nightclub, and in April a 32-year-old man was shot to death following a dispute with a gang member, and in response to all of this Mayor Glen Murray called for a task force to study youth violence.

Have you spoken, Mr. Minister, to the Mayor about this task force, and, if so, what is the nature of those discussions?

Mr. Mackintosh: I first want to say how pleased I was to see the City looking to see what it can do in its jurisdiction to deal with this international challenge but with a city focus. Presumably, it will engage discussions around perhaps municipal policing in Winnipeg, discussions around perhaps recreational programming.

But, as well, I understand that they may be interested in feedback or participation from the Province. I do not know if the federal government has been invited, but I think there is good value in municipal governments' taking part in this kind of inquiry. My office has had discussions, I am advised, with the City of Winnipeg, and I believe at the political level, with regard to

participation, which I was pleased to hear of that invitation.

Just yesterday I spoke to a councillor for the Point Douglas area, who, I understand, has a role with regard to this task force. We spoke about what kind of person the Province should best nominate. I will actually be passing those views on to the department.

Mr. Hawranik: I note that Mayor Glen Murray called for the task force. I am not sure whether it is proceeding or not. If it does not, would the minister himself consider calling a task force if the City does not, to study the youth violence in the city?

Mr. Mackintosh: As a provincial government, of course studying only the challenges in one particular municipality would be something that we would have to be careful about. It is my understanding that the task force is proceeding, and I had full understanding yesterday and over the last week or two that it is proceeding, and we look forward to participation.

When the City last looked at an area of criminal behaviour, that was around the challenges of prostitution; the Province, as I recall, did not have an active role in that group. I like the idea of having that sort of cross-fertilization, if you will. We look forward to playing some role in that city-specific initiative.

Mr. Hawranik: I guess what concerns me, Mr. Chairperson, about sentencing, with respect to possession and collection and distribution of child pornography is the fact that it seems that courts are only issuing fines for this type of offence. I will cite you several examples:

On April 1 of this year, Thomas Woroby received a fine of \$3,500 for possession of child pornography. He had 258 images in his possession.

On April 25, Gordon Watt got a fine of \$4,800 for possession of 3000 images of child pornography. That is less than \$1.50 per image.

On April 16, Richard Plato has 43 images of child pornography and received a \$2,877 fine, \$66.90 per image.

I understand that the minister has really no input or control over a judge's decision, with respect to a penalty, but can you tell me, Mr. Minister: What you are prepared to do about these lenient sentences, and what strategy you have developed, or you will develop, to deal with these lenient sentences?

Mr. Mackintosh: When we are looking at child pornography, it is critical to look at what the courts are doing, what the law is enabling the courts to do, and what prevention strategies are in place. First of all, as a beginning, I want to note for the committee that CyberTip.ca, that triaging and readily available complaint mechanism that has now been established in Manitoba, and which will, hopefully, be a national tip line, has, as of August 31, shut down 97 sites. There have been five arrests. Mr. Chairperson, 33 reports are under investigation. I might add that the breakdown of reports indicates that child pornography comprises 90 percent of the complaints that are then passed on. Luring comprises 8 percent. But CyberTip.ca also provides prevention and education information to the Canadian public or anyone that goes on that site. I think the future of CyberTip.ca is critical as to how well we have a criminal justice response to child pornography. I should say that 45 reports have been sent to police about material hosted within Canada, and some 25 reports have been received from the United States leading to appropriate referral.

* (11:20)

In terms of what happens in the courts as a result of the current criminal law approach to this challenge, it is my understanding that fines are what is the usual, if not the direction of the Canadian courts, when it comes to possession alone. And even in that regard, it is my understanding, and we will look further at this, but there was a recent fine of about \$10,000 or so, and it was reduced on appeal. That kind of experience, obviously, is frustrating, but again, that is the work of the criminal laws, the sentencing range that is set out in the law, and how that has been applied by courts based on the particular facts of each case. When it comes to possession coupled with distribution or creation, it is my understanding that a common consequence will involve jail. I have asked the

department, as a result of the question, just to provide further information on that. It is my understanding that there has been a recent appellate decision that provides more clarity, in terms of the consequences that the courts are prepared to decide on. And just, in conclusion, the member may know that we have worked hard to enhance the laws and sanctions for this kind of serious crime, there is possession, distribution creation and, I think, we have been able to move the federal government somewhat as a province and working with other provinces.

Mr. Hawranik: Mr. Chairperson, on May 1 of this year, the minister announced phase one of his Safety Aid program, which gives low-income senior citizens in poorer neighbourhoods basic home security kits. Beginning June 2 the kit was to be offered through the Age and Opportunity centres. Has this kit been offered through the Age and Opportunity centres and from what date has it been offered? Also, if he can tell me what the budget is for this kit for this year?

Mr. Mackintosh: I actually had some of these questions answered this week, co-incidentally, because of a television story on this program. I think that television newscast was very heartening, particularly hearing from a person who had received the benefit of the program. It can be a great benefit and has great potential in providing peace of mind as well for persons, particularly on fixed incomes.

It was launched in April and it has two parts. First of all it has the Safety Aid team. I want the committee to recall that the second part is the forgivable loan aspect. That forgivable loan aspect is a partnership arrangement with the federal government. So the Safety Aid team has been launched with Age and Opportunity as the host agency and the Winnipeg Police Service. There is a fully equipped van and it is staffed with an experienced tradesperson and safety auditors who will go to the homes of the low-income seniors to conduct the audits and will then install these security devices free of charge.

The first phase, the pilot phase of this is a rollout in Districts 1 and 3 in Winnipeg, but any person who has been the victim of a home invasion or B and E can ask for the Safety Aid team. The plan is to expand this to eventually a

province-wide initiative for low-income seniors. In fact, I am advised that this month there are meetings arranged with Manitoba Justice and the RCMP and the Seniors Directorate to strategize how we can grow this initiative, but we do want to see what kind of volume and impact this has in the pilot zone.

This initiative was the result of some extensive consultations with the Seniors Directorate. Of course looking for the host agency, Age and Opportunity in Winnipeg wanted to do this, Family Services and Housing of course, and notably the police. The Manitoba Locksmith Association was involved. This all came from an initiative that was launched in the United Kingdom.

So it is my understanding that so far the Safety Aid team has installed safety devices in 33 homes. It is supported by \$120,000 from the Province. Of course, there are participation benefits from Winnipeg Police Service and Age and Opportunity.

I might just add in conclusion that the forgivable loans are now up to \$3,500, and that is for anything over and above the devices that can be installed for free.

Yesterday morning I had a senior come to my home at five to eight in the morning with a concern. She obviously had been up at night worrying about it, about a security issue. It was great to be able to say: We are going to set you up with a Safety Aid. The income level is \$20,000 or less for a single and it sounded like she qualified.

I think this is a program that will show some real benefit as it unfolds. I might add just that it was not an easy program to design. We had to work with the federal government on the forgivable loan aspect under what is called the HASI program to ensure that seniors are able to live at home. It was expanding an initiative that thought of safety in terms of bars in the shower. We had to think broader about safety obviously to encompass crime prevention.

* (11:30)

Mr. Kevin Lamoureux (Inkster): This is actually my first time from the past in which I

have had the opportunity to really get involved in some of the Justice issues. It is going to be one of my areas of responsibility. Over the next year or so I am anticipating that I am going to want to get more involved in trying to get a better understanding of the types of things that we need to do here at the Province to improve justice throughout the province.

Having said that, for today, my intentions were just to pick on a couple of areas. Depending on the responses from the minister will determine whether or not it is picking on him directly. I would ask for patience as I try to get a better understanding of the department. Next year, I am sure there will be a litany of questions and maybe a little bit higher sense of accountability coming from myself to the Minister of Justice.

A couple of areas I want to focus attention on, with regard to youth justice. That was going to be followed by just general court-type of questions, in particular dealing with stats.

Having said that, I have had opportunity to serve as a chairperson of the Keewatin youth justice committee. I believe the minister when he was in opposition was involved with youth justice committees. Over the years, I have had times in which I have been fairly active with the justice committee, other years maybe not as active.

There have been some things I have noticed over time that have really kind of had an impact on me in terms of a little bit of disappointment, thinking in terms of why it is that we are not necessarily moving as aggressively as we could in dealing with youth justice at the community level.

The first question that I would ask of the Minister of Justice is if he can know off-hand or maybe even just give some sort of a comment off-hand, then possibly if he does not have the numbers get the numbers to me at some point. The biggest concern I have with the youth justice committees is it would appear that the number and the types of cases that are going before, at least I know the Keewatin Youth Justice committee has gone down considerably since I first started.

I can recall that we would be dealing with a lot of minor issues of theft, as an example, the young offender that would shoplift at the local Zellers, if you like. Today what I have found, I should not say today, a year ago what I found when I was getting some sort of an assessment, a lot of those minor types of cases were not coming to the youth justice committee. More and more it was just the most common one was the term "joyriding," which is, of course, car theft.

I am wondering if the minister can just comment on what he believes is coming before the youth justice committees today, the different types of cases coming to him.

Mr. Mackintosh: This would be my first opportunity as minister to say this, perhaps as an Opposition member I have said this, but I think the role of the member and indeed the role of his former colleague in the Legislature that lasted until 1999 has to be commented on. I think the leadership role that MLAs can play in encouraging and even participating on a regular basis with local community justice initiatives is very important to the growth and legitimization and recognition of this as a tough and effective form of justice and a recognition of the value the volunteers are providing to their community.

I know of the member's involvement in the Keewatin youth justice council. In fact, I run into some of the people that he has worked with over the years. I know that the member has had a lot of other things to do, but I know that he has at a minimum maintained a real interest, if not participation, over the years in the Keewatin committee.

The YCJA is likely to have an impact and is probably having an impact as we speak on the kinds of cases that youth justice committees are dealing with. But I will say this: I do know that in St. Johns, Maples and Keewatin that there have been fluctuations year over year in the number and complexity of cases that have been referred to those committees. Sometimes it is because of the committee's capacity at one point in time whether it is chairing issues or training issues or trying to move to more complex cases, but there are different variables that play out locally.

It may well be that the YCJA means that very low-level, what are called low-level, offences may not get to youth justice committees but may be dealt with depending, across the province, on the approach by police to offences. There has been, I think particularly in Winnipeg, some interest on the part of the Police Service to become more engaged in providing some consequences, referral to programs, or perhaps a police officer's intervention in a family for very low-level matters.

In fact, we have actually provided some direction to police who want to use extra judicial measures to make sure, though, that serious matters are not dealt with in that way. It remains to be seen that a visit by a police officer to a family and sitting down with that family may be very influential in changing behaviour for the better on a very timely basis, within a matter of hours. I think we have to be open to that. The police are certainly encouraging us to be open to that and to have that more historical role of the police reintroduced to a greater extent. But that will depend on the decisions of the police.

There may be a shoplifting case, for example, that might have gone to a youth justice committee now that will be dealt with early on before charged. We will see how the figures bear out.

Therefore, I think that we will see more vigorous use of youth justice committees for more complex cases. I think that has started already anyway. I think committees have said they want more complex cases.

My experience over the last couple of years is that that is happening with or without YCJA. The training levels of youth justice committees in Manitoba have, I think, gone up significantly. We have provided them with funding to get training, and they are taking us up on that, not only mediation training but more specifically training in community justice forums which engage victims and victim supporters. That also takes a bit longer, then, to deal with those cases.

So I think in terms of volumes we should not think that if there is less volume there is less local community justice. It may be that there is just more work being done and more complex cases. I think then, in my view, it would

probably mean more meaningful consequences for some of the more serious wrongs rather than say just a mere conditional discharge or being told by a judge not to do it again, or probation for that matter.

Turnabout is a new initiative the member may not be aware of that now has been in operation for a year that provides help and consequences for offenders under age 12. The member will recall that the one experiment that took place under the former administration was, hopefully, to deal with offenders under 12 through a justice committee process. I think Keewatin tried that, once or twice or something—*[interjection]* One actually went through.

There is currently a consultation process ongoing to use youth justice committees for the form, for the consequences aspect of Turnabout, in addition to, of course, any interventions from existing agencies, including Child and Family. So we may see that dynamic because it is unfolding in a structured province-wide way right now. I understand that some committees are very eager to get involved in that.

* (11:40)

In conclusion, I want to just say that we as a government want to do all we can to grow community justice. We want to see both the number of community justice organizations increase, and we want to see them empowered to deal with more complex cases. The Member for Lac du Bonnet (Mr. Hawranik) is a member for an area where there has been real leadership in community justice. They have actually been doing some domestic violence work out there, and they say they have been doing it really well. I have no reason to question them, although as a department we have some concerns about that and we have expressed that to them, but they are very active. They have formed a regional organization; they are doing really good training. But there they are saying to us give us more complex cases, you know, we can do it. We can make a real difference. We can do better than the courts for the lesser offences where there is accepting a responsibility.

So we can learn, and we are, for example, from the Beausejour committee. We have established now for the first time a branch within the

Justice Department to co-ordinate the growth of community justice. The people on the Keewatin committee, for example, will know and the people in Eastman justice will know of these people. In fact, I was out to G'News Restaurant a while ago for an annual meeting there where all the committees were represented, and I was very pleased to see Mr. Grindey there from the Community Justice Branch.

Anyway, the thinking behind the Community Justice Branch's establishment is to make sure that we are co-ordinated. We have the expertise to grow this, that we can empower, that we are out there making sure that the committees are functioning, that they have the supports they need to do the job they want to do. As well, it is to finish bringing together all of the Community Justice initiatives in the province because I discovered on coming into office that they were being administered through all different divisions: some through Corrections, some through Prosecutions, some through Courts. So we are bringing them all together.

I can go through some of those examples, but Manitoba is a leader in community justice already. The former administration, of course, recognized its value, but I think we have to go to the next level.

I look forward to advice from the members as to how we can better grow them. But the member is right. When it comes down to it, it is what is happening in my own neighbourhood. Is it strong? Has it got the volume of cases needed? Are the cases interesting enough to keep the volunteers involved? I am hearing good things out there, and I think that we have to just continue this.

We have seen, I think, a reinvigoration of the Winnipeg chairs committee and they are engaged in a project right now to grow community justice in Winnipeg.

In addition to that, because I met with some of the staff, in addition to that initiative, which is federally funded, there is a Neighbourhoods Alive!-funded initiative in the North End to grow community justice. I know in the William Whyte area they are looking at a justice committee there, and I know that there is

unfolding the successor to Ganootamaage, an Aboriginal community justice initiative, which should see some significant volumes in Winnipeg.

So things are really happening. I mean, this is a time of I think significant growth. I leave it at that.

Mr. Lamoureux: I think in order to really get into some sort of dialogue, of discussion and debate, getting some of the numbers would be really important, but time will not necessarily allow for that on this particular occasion.

I reflect, like, 10 years ago or 9 years ago, in a committee we would deal, let us say, with 40 cases. Out of those 40 cases in a year, 30-plus would have been of a relatively minor nature, and I can recall people saying, yeah, we would like to have the car thefts which is joy-riding or we would like to have the more difficult cases and so forth, and we did start to see them, but the overall numbers have gone down. I think it is positive to have a mixture because for some committee members, they like the complicated ones. Others they do not necessarily want the complicated ones or the tougher cases. Volunteers will come and go. It is always nice to have that variation.

But, ultimately, I believe the real benefactor is, in fact, the community that that justice committee services because you have a teacher who happens to be a volunteer on the committee who knows some of the young people. There is a face to the alternative measure that is being given to the young offender, as opposed to a courtroom setting or something of that nature which I think has many positive spinoffs.

So I would be interested sometime in the next six months just to get a sense of in 1995, the Crown would refer 400 minor theft-type crimes to the youth justice committees, and where is that now?

I can appreciate our community constables, they just do a fabulous job. I commend them on their efforts. Quite often you get community constables that take a very active interest in a youth justice committee, and they can use it as a tool. So I see them more so complementing each

other as we try to get the community more involved.

Because of the time, I really do not have that much time to get into long dialogues on questions and answers, but suffice to say that I would welcome an invitation from the minister, sitting down in his office to come up with some ideas. I have some very strong ideas on how we can move forward on enhancing and giving more strength to our youth justice committees in a very apolitical fashion, to sit down with him and share with him what my thoughts are, and I get my thoughts from other committee members and just through experience.

The minister made reference to the Turnabout program. Manitobans, in fact, Canadians as a whole, will acknowledge that young people today know the difference between what is right and what is wrong at a much earlier age than 12. I was on that particular case that the minister referred to with the under 12. It was quite interesting in the sense that you could see the maturity level of that particular individual, the youth that I was dealing with prior and to capture the attention. I thought the disposition worked out quite well. It was a number of years ago and I believe the youth actually did that.

What was good is that we were able to communicate with one of the parents who was there, and that is really where I believe the justice committees and the interest of community members can really have an impact. He calls it the Turnabout program. I can recall one of our members, Janice Toledo [*phonetic*], who is very much keen on young offenders under the age of 12.

There was always an active interest, but for whatever reasons, it never really came about. Maybe there needs to be more co-operation or consultation working with some of the schools in the area. It is an area that we do need to further explore because Manitobans as a whole want to see us do that. I just think there is so much potential that is there. Having said that, I wanted just to go on, because then the minister can comment on my remarks. I have to be in the Finance committee at five too, so if he elaborates upon my departure, I will be reading Hansard. I will be able to pick up on all of his comments.

But having said that, the other area which really frustrates a lot of people is, and I heard the member from Lac du Bonnet talk about the issue of our court backlogs, do we have enough Crowns, and so forth. There was an article, and I have heard it and I have even used it in my own material, where it seems that we see too many cases where it appears that it is almost like justice by plea bargaining, and you wonder to what degree we are really getting justice in the province.

* (11:50)

Maybe it is because we were going through negotiations and it was heightened and there is always a little bit of bargaining, a different form of bargaining that takes place when you are in contract negotiations, but I believe that the perception of many is that we are plea bargaining, maybe a little bit too much. Is that a fair perception that some have, including myself, I must say? It is because of the court dockets and the load that is there.

We have what they call courtroom junkies, I think is what my father used to call them. He used to attend the courts on a daily basis. There are some laypeople, if you like, and it is interesting, I sat down with a number of them at one time and they were talking about remands, you know, a case comes up and it is remanded, a case comes before the court and it is constantly remanded. All of this consumes a great deal of time, causes frustrations at all levels. We all appreciate the need at times to have things remanded, but to what degree does it actually take place? To what degree does it become destructive to the overall justice system? I think that is something that needs to be looked at.

The other issue of police, you know, during the elections or the lead-up to the elections, it seems to be a common thing that what we need to do is increase the City of Winnipeg Police force and maybe lobby the federal government about getting more local enforcement officers in rural Manitoba. I think what we need to be looking more at is how we can assist our law enforcement officers, whether they are rural or urban, to the degree in which they spend less time in our courts or doing the paperwork and more time out into our communities, because it

is too easy for us to say, let us just increase the number of police officers. I think the real challenge is coming up with the ideas and the initiatives that are going to assist our law enforcement officers in spending more time on the streets and less time on paperwork and within our courts.

Another thing that I have found goes along with the whole issue of statistics. I had opportunity to meet with others within the law profession, and, as I indicated, some lay individuals that are quite familiar with what happens in our courts. What I found, to my surprise, is to what degree there is consistency of sentencing. Everyone is very unique, and I can appreciate that, but I was interested in getting some sort of idea or a sense of stats.

For example, how many home invasions were there last year? What is typical, if there is a typical sentence? I will use home invasions because hopefully they do not happen quite as often as many think that they happen. I have very strong feelings. Personally I think a home invasion is a crime that is far underestimated in terms of the serious nature. Home invasion is something which we need to come down hard on. Any home break-in is a potential home invasion, but I digress but it is only because I feel so passionate on this being more of a personal crime. It is a crime against a person. It is not a property. When someone walks into a home and there is someone that is there, but, as I say, I digress.

Mr. Daryl Reid, Acting Chairperson, in the Chair

What I was really trying to get at is you have different types of crimes, break-ins. How many break-ins are there in a year? Are we talking about a thousand break-ins? Are we talking fifteen hundred, even if it is just a best guess-timate of a number. Along with that number, we should be able to get a sense of first-time offenders that are tried on first-time offences. This is the type of consequence that is given to that sort of crime.

What about a minor assault, vehicle thefts? I will go to the youth justice committee. We would sit and wonder: if this person was going

through the court what sort of a disposition would a judge have ruled? Carry that forward to the general population, to our general courts. What sort of dispositions are we seeing on average. The other day I was reading in the paper about, the minister will recall, where the cab driver was murdered. I was surprised with what they were speculating would be the disposition of the person up for trial. I was wondering, here is someone who has taken a life and this is the type of numbers that they are talking about, in such a violent fashion.

People like myself read the newspapers and follow the media and they hear of the types of dispositions. It is no wonder that they believe: Are we really providing justice to the victims? Are we trying to have an impact on providing dispositions that fit the crime? Maybe it is isolated cases that we are hearing about only. That is where it would be nice to be able to have some sort of tangible numbers. Even in the past I might have attempted to draw out some of those numbers but, again, those are numbers that would allow for and facilitate, I believe, good debate on very specific issues. Through that we might be able then, as legislators, to come up with ideas on how we can try to have an impact.

I do not necessarily believe judicial independence means that we advocate any sort of accountability in that area of justice. That we do not, that we respect judicial independence, but we do have an obligation on accountability. On that note, I appreciate the member from Lac du Bonnet allowing me the opportunity to say a few words and the next time through, I will have more specific, detailed questions. As I say, I will read through Hansard to catch the remarks from the minister. As I say, an open invitation, I would welcome the opportunity to sit down with the minister any time to share in more details some of my concerns leading up to the next Estimates. With regard to the Justice Committee, I am quite eager to do that anytime.

Mr. Mackintosh: I would look forward to the opportunity. What I will do is get some information on any trends that we are aware of with the youth justice committee in question. I look forward to his views and input and insights in that area and of course, my Opposition critic as well.

In terms of some of the issues raised, plea bargaining, of course, is a fact of the justice system. As they politely call it, resolution discussions, as I recall. One check on the use plea bargains that has been introduced by the administration is the Victims' Bill of Rights which actually requires the consultation with the victim, the registered victim, at plea bargaining. Of course the Victims' Bill of Rights is being phased in, beginning with the most serious offences. There, under the Victims' Bill of Rights, the prosecution will speak with the victims about the elements of the offence and the available law and evidence, and they will unfold a sharing of information, both to the victim so there is a better understanding of what the considerations are of Crown attorneys and recommending a plea bargain or not recommending it, and as well to the Crown attorney from the victim, where there may be, for example, information and relevant evidence that had not been known earlier.

Mr. Chairperson in the Chair

The reason for moving in this direction was a case in Manitoba in the 1990s called *Bauder*. There a law professor in that case said that interviewing the child and her parents would have rectified falsehoods and introduced substantially dissimilar facts from those found by the courts.

* (12:00)

Earlier in Ontario in 1993 the Martin report recommended consultation at plea bargaining. Set out there as I recall there were some excellent reasons as to why it was urged that the Ontario government move in that direction, but of course the consultation is a voice not a veto. Prosecutorial judgment and discretion is retained.

I do not know if I should go on more but I know the member said he would be reading Hansard, so I will perhaps try to deal with his issues as briefly as I can.

I think issues around victim safety as well may be discerned from the consultation. The intentions and the views of the victim about testifying will become known. One thing I am

discovering from my review from time to time of child victim cases is concern about the child testifying can make a significant difference in the strength of the case. There is, as there should be, a sensitivity about putting a child on the stand in a child sexual assault case. We have tried to reduce that concern on the part of both Prosecutions and the victim or the victim's parents or guardians by establishing the child-friendly courtroom so that there is a barrier between the child victim and the accused, which of course not only can be intimidating but it can also skew the evidence. In fact the courtroom is accompanied by a separate waiting room and a separate entranceway. There is even the provision of closed circuit television within the courtroom if the court so orders.

I think there is better built-in accountability when it comes to pleas, with the introduction of the Victims' Bill of Rights and the new role for the victim I think will be a very positive one. I am hearing some really good things about it. I know, too, there is a built-in methodology for review of the VVR as it unfolds.

When it comes to remands, the remand culture, as I call it, is certainly one area of the justice system that is very frustrating. Of course, the frustration is enhanced by the limited ability of attorneys general across Canada to unilaterally put a stop to it because the different and independent roles of the defence bar, the justices and prosecutions branch prevent the solution coming from any one single office or partner. So that is why I am so pleased that the chief judge is brokering and involving the police as well and the courts in looking to see how this challenge can be dealt with.

In child victim cases, Prosecutions was asked to make every effort to fast-track the cases by, among other things, in addition to one prosecutor per file approaches, challenging excessive requests for remand. Of course the downside then is that the matter is set down and the trial time and courtroom preserved and then there is a resolution of the case in advance. So what it all comes down to is it is necessary to have early review of the files, early discussions with the defence. That, I think, will be a solution that will be discovered in the Front End Project.

As well, I have heard from other jurisdictions different approaches.

In terms of policing and numbers of police, it is not just a matter of the numbers of police or the complement, even though we have certainly paid attention and enhanced the complement under provincial jurisdiction with the RCMP and facilitated enhanced complement for the City of Winnipeg. It is a matter of the type of police. We have funded a pilot project to put police officers in schools, in certain schools of Winnipeg School Division No. 1, as a result of a partnership between the city police, the school division, Manitoba Justice and representatives of the community.

For the second day in a row, indeed yesterday evening I had a chat with the police in schools officer, the liaison officer in the North End. She was at one elementary school two nights ago. Last night she was at St. John's High School. She is an integral partner of the school community. She arguably receives the largest applause when she is introduced along with the teachers and administrators and other helpers and partners in the school community. It is just an extraordinary change that is happening in these schools with the resource officers. Yes, there is a formal evaluation, but I am getting some early indications that this is a very, very positive program.

Two days ago I heard from a principal who has a police officer in the school remarking on how much easier the job of the principal and the teacher is in dealing with some of the very serious matters that come into the schools. I hear from the officer anecdotes about how she actually was invited by a parent and went to the home of a child who was not coming to school, went into the child's bedroom. The next day I saw the child, as I was speaking to her, come up to the officer and look up with this look of great respect at the officer.

I have seen the students walk by the officer and the friendliness and respect that they show. It is showing children and youth that officers are on their side when they are doing right, that officers are problem solvers, that they are part of the community. So that is one example of our approach to policing.

As well I just remind the committee that it is also a matter of how police are organized in terms of specialized units. We have enhanced our efforts to encourage that kind of organizational change in law enforcement. Of course, Winnipeg Police has had units historically, but we are now looking at more integrated units. Indeed, in the election we have committed to the establishment of three new units of specialized approaches to law enforcement throughout the province.

I think too when it comes to policing, the partnerships are critical, not only with regard to integrated units but partnerships with, for example, Manitoba Justice, when it comes to The Safer Communities and Neighbourhoods Act; partnerships with Manitoba Justice as we look at law reform in the area of highway safety, for example, impaired driving and auto theft; partnerships that also engage in some areas Manitoba Public Insurance.

When it comes to getting police on the street and out of the waiting rooms of the courthouse, we started for the first time in Manitoba an initiative with Winnipeg Police Service, starting in one division at a time what is called the overtime initiative that hired a Crown attorney and a clerk to work at deciding at an early stage what matters indeed will be set down and which ones will not so there is not unnecessary scheduling. I remember seeing the statistics from that pilot that unfolded in District 11 and it was phenomenal the number of police hours that were saved by that program.

The member talks about statistics. Statistics Canada is there now providing crime statistics. Manitoba is by leaps and bounds positioning itself to provide the data from this province that is necessary for a better interpretation of basic stats and new statistics by way of its automation that is unfolding. In fact in this budget year the automation initiative that has been started and largely concluded in Prosecutions and Corrections will now be extended into Courts so that we will have a greater participation by Manitoba in those national Canadian criminal justice statistics reports. We are not the last to join but unfortunately there were not the investments that one might like in the nineties in terms of getting

away from just paper in the courts and modernizing information.

*(12:10)

Home invasions, yes, the most serious crime. Of course, Manitoba demanding a separate offence. The federal government has responded. It was my first experience with Minister Cauchon. Although I did not like the answer, I appreciated his candour when he said they would oppose that at Ottawa. I was glad that he at least put it on the line that he told us that he would not accept Manitoba's position of a separate, stand-alone offence for home invasions. All he would do is support home invasion being an aggravating factor in looking at what would likely be a robbery charge or break and enter. The problem there, I do not want to get too far into it, the member may have some further questions, but if you do not have home invasion as a stand-alone offence there cannot be the proper record-keeping then, as the member asked, in terms of the incidents of home invasion, the profile of offender and the profile of victim. I am disappointed but I know now we have to move our priority in criminal justice reform demands to other areas.

Break and enters, again those kinds of statistics are available through justice stats. They compare province over province. I know in certain areas Stats Canada does do more detailed profile of these matters but I cannot recall whether one has been done for break and enters, for example. I think that was just offered as an example.

Perhaps if the member has other questions we can deal at another time with them but those are my responses to his questions.

Mr. Hawranik: We are only allocated, unfortunately, 100 hours for Estimates this year. I can tell you I was allotted by my caucus five hours and we have already gone over seven. So the more hours that I continue questioning, obviously, the fewer hours are going to be available for other departments. I think the balance of my questions can probably wait until concurrence. I plan to talk to the minister in concurrence further with respect to some of the issues that are out there.

At this time, unless the minister objects, I would like to ask the Chairperson to go through the budget on a department-by-department basis as opposed to line-by-line, to save some time.

Mr. Mackintosh: Just in order of scheduling, the member may keep this in mind, that the national meeting of Justice ministers takes place during the last week of our meetings here. So, if the member could keep that in mind when having those scheduling discussions with his House Leader, that Monday and Tuesday we are in Québec, but the week before I look forward to concurrence questions.

Resolution 4.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$93,777,900 for Justice, Criminal Justice, for the fiscal year ending the 31st day of March, 2004.

Resolution agreed to.

Resolution 4.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$23,100,500 for Justice, Civil Justice, for the fiscal year ending the 31st day of March, 2004.

Resolution agreed to.

Resolution 4.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$93,206,500 for Justice, Corrections, for the fiscal year ending the 31st day of March, 2004.

Resolution agreed to.

Resolution 4.5: RESOLVED that there be granted to Her Majesty a sum not exceeding \$37,027,100 for Justice, Courts, the fiscal year ending the 31st day of March, 2004.

Resolution agreed to.

Resolution 4.6: RESOLVED that there be granted to Her Majesty a sum not exceeding

\$1,434,700 for Justice, Amortization and Other Costs Related to Capital Assets, for the fiscal year ending the 31st day of March, 2004.

Resolution agreed to.

The last item to be considered for the Estimates of this department is item 4.1. (a) Minister's Salary, contained in Resolution 4.1.

At this point we request the minister's staff leave the chair for consideration of this last item.

Does the honourable critic from Lac du Bonnet have anything more to add?

Mr. Hawranik: No, I have nothing further to add.

Resolution 4.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$5,567,500, Administration and Finance, for the fiscal year ending the 31st day of March, 2004.

Resolution agreed to.

This concludes the Estimates for this department.

The next set of Estimates will be considered by the section of the committee on Monday.

The next Estimates will be Industry, Trade and Mines, on Monday.

Shall the committee rise?

Some Honourable Members: Rise.

IN SESSION

Mr. Deputy Speaker (Conrad Santos): The hour being 12:30 p.m., this House is adjourned and stands adjourned until next Monday at 1:30 p.m.

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, September 12, 2003

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