

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

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Forty-Second Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
ADAMS, Danielle	Thompson	NDP
ALTOMARE, Nello	Transcona	NDP
ASAGWARA, Uzoma	Union Station	NDP
BRAR, Diljeet	Burrows	NDP
BUSHIE, Ian	Keewatinook	NDP
CLARKE, Eileen, Hon.	Agassiz	PC
COX, Cathy, Hon.	Kildonan-River East	PC
CULLEN, Cliff, Hon.	Spruce Woods	PC
DRIEDGER, Myrna, Hon.	Roblin	PC
EICHLER, Ralph, Hon.	Lakeside	PC
EWASKO, Wayne	Lac du Bonnet	PC
FIELDING, Scott, Hon.	Kirkfield Park	PC
FONTAINE, Nahanni	St. Johns	NDP
FRIESEN, Cameron, Hon.	Morden-Winkler	PC
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin, Hon.	Steinbach	PC
GORDON, Audrey	Southdale	PC
GUENTER, Josh	Borderland	PC
GUILLEMARD, Sarah	Fort Richmond	PC
HELWER, Reg	Brandon West	PC
ISLEIFSON, Len	Brandon East	PC
JOHNSON, Derek	Interlake-Gimli	PC
JOHNSTON, Scott	Assiniboia	PC
KINEW, Wab	Fort Rouge	NDP
LAGASSÉ, Bob	Dawson Trail	PC
LAGIMODIERE, Alan	Selkirk	PC
LAMONT, Dougald	St. Boniface	Lib.
LAMOUREUX, Cindy	Tyndall Park	Lib.
LATHLIN, Amanda	The Pas-Kameesak	NDP
LINDSEY, Tom	Flin Flon	NDP
MALOWAY, Jim	Elmwood	NDP
MARCELINO, Malaya	Notre Dame	NDP
MARTIN, Shannon	McPhillips	PC
MOSES, Jamie	St. Vital	NDP
MICHALESKI, Brad	Dauphin	PC
MICKLEFIELD, Andrew	Rossmere	PC
MORLEY-LECOMTE, Janice	Seine River	PC
NAYLOR, Lisa	Woleseley	NDP
NESBITT, Greg	Riding Mountain	PC
PALLISTER, Brian, Hon.	Fort Whyte	PC
PEDERSEN, Blaine, Hon.	Midland	PC
PIWNIUK, Doyle	Turtle Mountain	PC
REYES, Jon	Waverley	PC
SALA, Adrien	St. James	NDP
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SMITH, Andrew	Lagimodière	PC
SMITH, Bernadette	Point Douglas	NDP
SMOOK, Dennis	La Vérendrye	PC
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WHARTON, Jeff, Hon.	Red River North	PC
WIEBE, Matt	Concordia	NDP
WISHART, Ian	Portage la Prairie	PC
WOWCHUK, Rick	Swan River	PC

**LEGISLATIVE ASSEMBLY OF MANITOBA**

**Friday, October 4, 2019**

*The House met at 10 a.m.*

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

Please be seated.

**ORDERS OF THE DAY  
GOVERNMENT BUSINESS**

**House Business**

**Ms. Nahanni Fontaine (Official Opposition House Leader):** Madam Speaker, on House business, is there leave of the House to amend the Sessional Order passed on—by the House on September 30th, 2019 as follows:

THAT the Sessional Order passed in the House on September 30, 2019, be amended to replace item 1.(d) with the following:

- (d) The House shall not sit on the mornings of Tuesday, October 8th, 2019, and Thursday, October 10th, 2019.

**Madam Speaker:** Is there leave of the House to amend the Sessional Order passed by the House on September 30th, 2019 as follows:

THAT the Sessional Order passed in the House on September 30th, 2019, be amended to replace item 1.(d) with the following:

- (d) The House shall not sit on the mornings of Tuesday, October 8th, 2019, and Thursday, October 10th, 2019.

Agreed? *[Agreed]*

**Ms. Fontaine:** Madam Speaker, on House business.

**Madam Speaker:** On House business.

**Ms. Fontaine:** Is there leave of the House to waive rule 77(3) for the remainder of this session to allow members other than departmental critics, to be

permitted to speak from a place in the front row of the benches in the Chamber?

**Madam Speaker:** Is there leave of the House to waive rule 77(3) for the remainder of this session to allow members other than departmental critics, to be permitted to speak from a place in the front row of the benches in the Chamber? *[Agreed]*

In accordance with the Sessional Order passed by the House on September 30th, 2019, the House will now resolve into Committee of Supply.

Mr. Deputy Speaker, please take the Chair.

**COMMITTEE OF SUPPLY  
(Concurrent Sections)**

**EXECUTIVE COUNCIL**

\* (10:10)

**Mr. Chairperson (Dennis Smook):** Good morning, everyone. Will the Committee of Supply please come to order.

This section of the Committee of Supply will now resume consideration of the Estimates for Executive Council. As previously mentioned, questioning for this department will proceed in a global manner.

The floor is now open for questions.

**Mr. Wab Kinew (Leader of the Official Opposition):** I thought maybe I could ask a few questions this morning about liquor, lotteries, cannabis—some of those areas and, I guess, some of the revenue that's coming along there.

I just wanted to maybe ask a few questions about the—I think it's called the social responsibility fund, as a start. I did note, you know, some of the revenue lines in the budget and Public Accounts. I don't have them right in front of me at this moment. But I had more of a—I guess, a question first that's just about how this is implemented. I think there was a bill last Legislature to give this tax statutory authority. But I think that that was delayed and then died with the election call.

The revenue is still being collected, but I wanted to know how is that, you know, what is the status of that? Is that being collected without statutory authority, is it going to be brought back? How is that—like, I guess, my question is like, what is the legal standing of this fee right now?

**Hon. Brian Pallister (Premier):** I'd like to—we'll gather that detail here momentarily.

I just wanted to start by saying that I've enjoyed this Estimates process with the Opposition Leader because of the tone he's taken, and I wanted to put that on the record. In the past, I think when I was an Opposition Leader, at times, with Greg Selinger I was excessively partisan, and I regret that in hindsight because I don't—I've never disputed Mr. Selinger's sincerity, and so I want to put that on the record. I appreciate the tone that the Opposition Leader has taken in these discussions. I think it's a productive tone, and as he knows already, you get what you give around here.

And I'd like to—we—I think we're of like-mind on a number of issues, as when my brother and I used to argue on the farm, which brothers do—my—and we still do. I said before that, you know, I think the advice I got from my grandfather at that time was really good. He'd look at us when we were arguing sometimes and say, it's okay, fellas. And we'd say, well why is it okay to argue. And he'd say, well, if two fellas are always in agreement, it's good chance one of them ain't thinking. So we're going to have disagreements at times; that's okay. But the tone is important.

And yesterday, when the member was not here, the tone was different. It changed markedly. I've talked sincerely with the Leader of the Opposition and with the second leader of the Liberal Party about doing committee work together, which I still maintain was some of the most rewarding work that I had the change to do in Ottawa when I was there. When we shed the party stuff—and you never shed it totally, come on, you know—but, you know, you put it aside and you can sit at a table and work with people on something of shared interest and come together. And when we did that and the Finance Committee, and we worked very hard at it, we came up with some really good ideas. I'll give the member some examples.

The Registered Disability Savings Plan, which is a program that allows families who have a disabled family member to set aside some money in advance. Many conditions, many disabilities are ones which cause deterioration of quality of life over time, and costs are incurred because of that, you know, maybe a mobility challenge. I had a friend who's dealing with that type of condition now where there's going to have to be a lot of—let's just put it this way, there's going to be a lot of costs. You know, modifications to his place of residence have to happen, it's expensive stuff.

What the registered disability savings plan did is it allowed for his family to set aside a little bit of money on a monthly basis—they did—and benefit by a bit of an incentive initially, and then by the tax sheltering of the money as it grew—didn't have to report every year, so it wasn't eroded by the tax on the growth, right? So their net yield on the savings was much higher as a result.

This plan, this proposal came forward to our Finance Committee from a group advocating for the disabled. We debated it, we looked at it as a committee, we made the recommendation. In this case, it was to the departed-too-soon Finance Minister Jim Flaherty. It was—a good fellow who died too young. Mr. Flaherty took that as Finance Minister and advanced it because the Finance Committee had come together and said, you know, let's do this.

And that's an example of just one initiative, and there are others, that happened as a result of people's willingness to set aside their partisanship in a committee environment.

And so, again, I commend the—both leaders of the NDP and the Liberals for the approach they've taken in this committee. We saw yesterday, in the last hour, what happens when you don't take that approach. This creates reluctance on my part to use what I've just described as a mechanism to bring people together. It creates reluctance because if a member of our Chamber simply wants to use a venue of committee as an opportunity to make partisan attacks on another member, which is what we saw yesterday, then they're going to destroy the effectiveness of that type of work; they're going to make it nothing more than a political exercise when it should be largely a non-political exercise.

So I'd make that observation to the Leader of the NDP because he is the leader; he has the opportunity to change the approaches that some of this colleagues may have taken in the past to more modern, more effective, more co-operative approaches.

**Mr. Kinew:** So I do note that we have discussed, perhaps, some all-party work recently. I had sent a letter to the First Minister suggesting maybe an all-party committee examining—or all-party committees examining diabetes, type 1 diabetes, and coverage for devices and other treatments, medications. Also to examine type 2 diabetes, which I think, you know, that one would for sure examine some of the coverage but then also maybe prevention, diet, things like that.

We also discussed, I think, earlier this week—we had talked about perhaps examining labour market outcomes and the match with post-secondary institutions as potentially an area of joint inquiry. Actually, I had a bit of a back and forth on some of the ideas in that space, which I thought was productive.

I guess I'd note, you know, the First Minister's indicated that the mandate letters for the post-secondaries will be coming out today, so maybe we can—[interjection]—Monday. Oh, okay, sorry. I just note that I've been corrected there for the record. Post-secondary mandate letters are coming out on Monday, so maybe we'll take a look at those and then reassess.

But I did just want to, I guess, share with the First Minister, you know, I did step out briefly yesterday. It was my mother's birthday, and so I went to cook dinner for her, and my aunt and uncle are visiting from Markham and from, you know, the boys and, you know, my wife and everybody, so we had a really nice birthday celebration there, and so that's why I did duck out of committee for a short time, and it was good. Even the boys were well-behaved, though the baby's a little sick right now, so he's screaming from time to time, but, other than that, nice family evening, so I just wanted to update the First Minister as to my whereabouts.

So, just getting back to the social responsibility fee on cannabis that I was asking about. So I did actually pull up the page, and it looks like \$760,000 was collected last fiscal year in terms of this fee, but I was wondering—you know, I had thought that maybe the statutory authority of this fee had died with the election call, but then I'm wondering maybe it exists in another form.

So I just wanted to see what is the legal authority for this fee right now. Again, I do have some follow-up questions as to, you know, what's going on with this idea, but I did just want to check, first of all, whether—am I right in saying that the bill died that was going to bring this fee into law?

\* (10:20)

**Mr. Pallister:** Thank the member again for raising the topic. I'd first of all correct the first preamble in his initial inquiry when he used the word tax, because this is not a tax; this is a levy. And there is a difference between the two.

Secondly, on his assertion that the bill died, it does, of course, with the call of an election. All bills die with the call of an election.

Thirdly, of course you can introduce—and we'll be reintroducing the legislation in, not this two weeks, but in November or—when we reconvene, we'll introduce the bill at that point in time. So that'll be brought back in then.

And also, in terms of precedence, all governments are allowed to bring in legislation regarding fee measures, which they can apply, prior to the implementation and adoption of said legislation. This was done, for example, most recently by the NDP when they jacked up the PST. They brought in legislation to jack up the PST after promising not to, in 2012. It did not pass. It was delayed significantly, yet it was invoked. On July 1st of that year, the bill itself was delayed as we sat through the summer, as some here might remember, or perhaps, only two members of the committee will remember—three, I guess if you—four, if we include you, Mr. Chair. Four of us were here through the long, hot days of the summer, along with members of the NDP, who introduced the tax hike.

It was invoked on July 1st of 2012, but the bill was not passed until much later. In fact, even after it was passed, it was challenged in a court proceeding. The court proceeding was fought over the following year, yet, even then, with a questionable legality around the introduction of said bill, the tax was being withdrawn by the NDP government. So there is ample precedent for governments being able to introduce fee measures, or, in the case of my example of the PST tax measures, which come into effect prior to the passage of the bill.

In the case of the PST, of course, that meant, annually, about \$300 million. This one, the member, I think has—is in his possession of Public Accounts, documents—yes—so he has the numbers there. It would be fair to say that the purpose behind a social responsibility levy is to—as is similar with alcohol—it is to make sure that we have funds available to assist in offsetting the costs created by the distribution and consumption of the commodity.

And to some degree—and, of course, we—we're always dealing in a position—we're in a position of uncertainty, because we don't know—we can't predict the future with great certainty but we can hope that at some point we are better able to measure the degree to which (a) people are purchasing legal cannabis and related products and then (b) measuring on an ongoing basis, as we will, what the consequences of the distribution of that product are. So that we can, to some degree, balance out those things and make sure

that we're not distributing products which create a social cost which is not, to some degree at least, borne by those who benefit from the sale and distribution of the products. So that's the objective here.

Our pricing model is different, different from other provinces and other provinces have different models among them as well. But our model is designed to make sure, as I said, that we are aware of the social responsibility cost, that we measure them and that we place that burden not on the individual but on the companies or those entities who are benefitting from the sale of the product.

**Mr. Kinew:** So there are a few interesting things in the First Minister's answer that I'd like to follow up on there, Mr. Chair. And I do note that the First Minister says that they'll be reintroducing the legislation for the social responsibility fee in the next sitting.

I guess after this two-week one, we rise for a month, we come back November 19th or thereabouts. And then I guess in that sitting we'll see this bill come back. But, with the timing of that being up in the air and I guess, especially the passage of that bill and royal assent to that bill being unknown at this time, also recognizing, like, I guess, a lot of legislation that gets brought in doesn't pass until next year, 2020, I'm wondering if we could just revisit the Premier's (Mr. Pallister) rationale there about being able to put in place a revenue measure like this even before it has statutory authority.

I guess what I'm wondering about specifically—just asking the First Minister to clarify here—can—does that same logic apply even if the statutory authority comes in a different fiscal year? Because it seems like that might be an open question because it seems as though the fees being collected within one fiscal year—it's—yes, it's whether it matters whether it's in the same fiscal year or not, because it seems to me that the revenues being collected in one fiscal year, the statutory authority might not come until another fiscal year.

So I'm just wondering whether that creates any challenges around the collection of this fee, whether that may need to be revisited at some point, or would this be addressed with the legislation being written, just to clarify that if it does go back to a certain date. I'm just seeking greater clarity.

Again, I think the First Minister put on the record that the social responsibility fee doesn't currently have statutory authority. That law may come into play sometime in the future. But I'm just wondering

because the revenue is being collected right now; it was collected in the Public Accounts for the last fiscal year without having a law in place to justify it. Just wondering if the Premier can clarify, just to build on his earlier answer about the rationale he gave. Does it matter if that comes in a separate fiscal year?

**Mr. Pallister:** I'll thank the member for the question. No, it does not. The actual social responsibility levy is not—*[interjection]*—fee—I'm supposed to use the word fee, the clerk tells me—is due on June 30th, 2020. That's been known for some time, and that remains the date of remittance. So the sale, obviously, began much earlier than that. The sale of the product, distribution of the product. But the latitude was deemed to be appropriate given the fact that we're just in a start-up stage and wanted to make sure that the retailers had the opportunity to get going to establish themselves. And so this is akin to a deferral, I suppose, of the obligation for a period of time.

I would also emphasize that this is not solely a legislative issue but actually that this is in the retail agreements that are entered into with each distributor. So it's in the contract with each distributor that that's the structure that we use.

It is true that this came into force last October 17th. We're approaching the—you know, the first anniversary of this significant change. It's also true that we have—as a government had repeatedly urged the federal government to get their act together before they introduced it and legalized it in specific terms around the issue of production because the production licensing of cannabis, the levels that the federal government had achieved were very low relative to the projected demand. We felt that if they rushed to legalization, there would be a shortage of supply. And there has been a shortage of supply. So that has meant that the retailers who were contracted with not only Manitoba but across the country haven't been able to get the supply of cannabis products that they desire to operate their retail distribution or their stores.

And that has, I'm sure, been of considerable advantage to the underground distribution system for cannabis because they now have a complete and full understanding of the distribution models various provinces will be using—are using and are in a better position to compete with the legitimate distribution model. The federal government has said that they are addressing this issue and some small progress has been made, but the fact remains that in virtually every province in Canada, retailers are saying they haven't got enough supply of the product to run their stores.

And so it's created a—created different problems in different parts of the country, for sure. But what the retailers are telling us is that they would like to see a more assured supply, more licensed suppliers.

\* (10:30)

Obviously there's also a benefit to them in the sense they can shop more effectively with—you know, in partnership with—now is it Liquor & Lotteries that does the buying, or is it the other agency? Liquor & Lotteries? *[interjection]* With Liquor & Lotteries. They're not the—Liquor & Lotteries; what's the other agency called? The gaming authority? *[interjection]* They oversee the operations, so that the Liquor, Gaming and Cannabis Authority oversees the operations, but it's the Liquor & Lotteries folks that do the buying, and they work in partnership with the retailers. Retailers and they are in contact. They find additional suppliers that they'd like to pursue. They then notify the liquor authority. It's kind of the reverse—the old Canadian Wheat Board, I guess. You got a—in this case, a single buyer instead of a single-desk seller, you know.

So that's the model Manitoba chose to use. And with our framework—as the member knows—which we, you know, like all provinces, had to rush to set up, our framework seems to be working rather well—certainly compared to many other provinces. We established 19 as the minimum age for possession, and we prohibited smoking and vaping—cannabis vaping, of course, another issue that's coming more into light, some of the concerns about it lately—but we said not in public, and our act established the regulatory framework for the retail sale.

And I see the chair is going to cut me off, so I'll share some of the additional details on the distribution model if the member's interested in a moment.

**Mr. Kinew:** So I'd like to follow up, same area but maybe slightly different aspect. Just looking ahead a little bit, and you know, I do think, you know the Premier (Mr. Pallister) is probably thinking about some of these issues. You mentioned one of them just in passing there, vaping. But I guess edibles is another area that's coming up soon.

I'm wondering—maybe just as a starting point, is the Premier contemplating any sort of regulation here in Manitoba over and above what the federal government's going to do when the edibles are legalized, in the next—I believe that's in the next few months, actually.

So just wondering, as a starting point for this part of the discussion, could the Premier spell out, like—is there other sorts of regulations, are there specific aspects of edibles that, you know, the government's looking at right now?

**Mr. Pallister:** See, it's not exclusively the Health Department—the answer's yes, and it's not exclusively the Health Department, I am told, but others as well, but—that are certainly monitoring the situation, and—as it evolves, because it's evolving rapidly. I've put on the record before with my colleague my concerns about the edibles market and the impact it may have on consumption choices and the dangers it may have for not only those consuming the product, but for others because of the differential nature of a high under an edible product versus what someone who may have consumed pot for a long time under a different approach.

You know, smoking it—generally speaking—a high fairly quickly, and then you know, three hours later, not so much. You can go to a party, whatever—I'm told—and have, you know, an interesting time and then go home and drive. With the edibles on the graph, there's a danger (a) that a person used to getting high off a certain amount, a certain level of consumption isn't as high right away, and so they double-consume, double-dose, triple-dose. That's a danger.

The second aspect is that on the graph, this high then extends past say, two, three hours, and they're driving home in a different condition than they're normally doing. Just using that simplified explanation, I guess, is to say—and I expect there—very likely every other member of this committee has an anecdote or a personal experience with a tragedy in a vehicle accident, whether it first-hand, second-hand, or third-hand, and that's—it's—and it is always a tragedy, and I just don't want to see any of our stats on incidences of fatalities and injuries due to people being, you know, consuming edibles look like Colorado stats, because they're shocking.

So, yes, the member's hit an area I think he has probably very great concerns about, as do I, and I think the education piece is very important here. The federal government hasn't embarked on a very—to my mind—ambitious educational strategy here. We have done—we have taken some efforts to get information out there through liquor lottery—liquor gaming authority, and MPI in terms of advertising educational information being made available.

So, to date, liquor gaming authority, from my briefing note is dated June 12th and this is a moving

thing so I will ask for the member's indulgence because there may be some slight changes in the last two or three months in these numbers.

But, to date, liquor gaming has issued 23 retail cannabis licences: there are 13 stores in Winnipeg; four in Brandon; one each in Dauphin, Morden, Portage; four stores on First Nations—Keeshkeemaquah near Portage la Prairie—this is, if I'm right, this is my friends at Long Plain First Nation; Opaskwayak; Nisichawayasihk near Thompson, in Thompson I should say, on the urban reserve; and also Long Plains First Nation urban reserve in Winnipeg.

I would note that at the premiers' meetings in July in Saskatoon—for some reason the last three months kind of runs together. Maybe the Opposition Leader might agree with me on that one. The—July premiers' meetings, we round tabled on the issues around cannabis legalization, edibles, just as the member and I are doing now.

And, interestingly, not one other province has indigenous involvement in distribution of cannabis. We're the only one. And I think that's good. I think it's forward thinking, you know. I think it's a partnership that is leading to employment opportunities. It's leading to—I hope it's—I mean, it's a small part of the reconciliation effort, but I think it's important. Another—no other provinces are—have indigenous involvement in distribution of cannabis, which I find surprising.

So the private cannabis retailers were selected in two different phases and I'll just explain that process as I see the Chair is reprimanding me yet again.

**Mr. Kinew:** Well, I don't know if it's a reprimand, just a natural time limit on things. You know, I get cut off from time to time too and I try not to take it personally, you know.

So I am curious about maybe just a bit more detail as to what, you know, is being contemplated in terms of regulation of edibles. I guess what's interesting to me about the First Minister's answer there is that he did talk about driving and the impact on driving.

And, again, yes, I think there's like a different, I don't know if it's absorption rate or some other term of art like that that's used when it comes to edibles. I guess what that means in terms of driving is like the impairment sets in later and may last for longer. But, again, that would probably depend on the type of edible and the concentration, the THC and all that in there.

So just maybe just breaking it down first in to the area of driving, I'm not even sure whether, you know, it's possible to do the sort of testing on edible consumption at the roadside, but I guess that's a question perhaps the First Minister could answer.

But I think the broader question I'd like to ask is some of the—are some of the regulations being looked at with the edibles being brought in? Because the Premier (Mr. Pallister) did raise driving, does that mean that driving is one of the areas where there may be new regulations or laws brought in governing edibles?

**Mr. Pallister:** Yes, I thank the member for the question.

Again, I'll just quickly give background because I think for some of the new members in particular this would be interesting to review and it's always good to review. We deal with many issues sometimes; in the overlap of issues, we—it doesn't all stick.

So I'll just remind everyone that in early '18, Manitoba Growth, Enterprise and Trade, which oversaw the retail—the establishment of the retail distribution system, launched retailers, selected retailers through a competitive request for proposals process. And that was a bidding process which saw a tremendous amount of interest. There was a lot of participation there. I don't have those numbers here but I recall it being in excess of 100 expressions of interest from various individuals and companies.

I recall one of the expressions of interest was from a fellow, I won't say which community it was in because it might embarrass the member for Steinbach (Mr. Goertzen), but I will say this: the submission essentially read, I've been growing this stuff for years and my—and I'm good at it so I'd like to do it legally now. That was the submission

\* (10:40)

And, you know, quite frankly, you know, I laughed when I read it. I laughed when I was familiarized with this application. And then I realized, well, that's just being perfectly honest. Right? And it's an interesting issue and a tough issue because some of the people who are involved in the production and distribution of cannabis are some of the most—have the greatest level of expertise on the one hand. On the other hand, they were conducting an illegal activity, so how do you measure those two things and how can you displace all those folks who were involved in that black market industry—if I can call it that—certainly illegal—in a new legal industry. That's a question each



of the premiers, we've had discussion on. How do you marry those two things, you know? It's not an easy question. And that question alone took some significant thought and debate.

Anyway, so once selected, the prospective retailers entered into agreements with the Province, and they were then able to work.

I'm waiting for a list of the initial retailers I can share with the member so they can be familiar with some of the companies. You see the retail operations, but the—in—perhaps in your town or neighbourhood and maybe don't know the work that went into the establishment of these operations. But, anyway, then they worked with liquor gaming authority to obtain licenses, then that authorized the stores to open.

Right now, in addition to the ones I mentioned, there are nine additional retail cannabis store applications in various stages of licensing process.

In May of this year, phase 2 was completed. That was a selection process to determine the second phase of retailers. The goal here was to make sure that 90 per cent of the population could get to a retail outlet physically in less than 30 minutes. And so after the first phase was completed, we saw gaps in the process—not in the process, that's the—not the right word—gaps in the outcomes so that, in certain parts of the province, there was not a retailer available, not exclusively in the North, but elsewhere.

That selection process consisted of a randomized draw. And as a consequence of that, seven pre-qualified proponents who'd already gone through the eligibility process were selected to open retail cannabis stores in the designated communities as follows: Altona, Flin Flon, Lac du Bonnet, Niverville, Russell-Binscarth, Swan River and Virden.

And, again, these communities were selected—basically, you look at the map, you say how far would a person have to go to get access to a retail outlet and pin the tail on the B-7 and you got yourself to the commitment that we had made—which was, as I repeat, to be able to access retail cannabis—90 per cent of Manitobans within a 30-minute drive.

All seven of those proponents have indicated their intention to open a store. Some have already secured a location. Once confirmed, those proponents will enter into—as have all the others—written agreements with the Province. They can then begin the process to develop their stores. And this includes securing necessary municipal occupancy permits, obtaining a

retail cannabis store licence from the liquor and gaming authority.

Phase 3 is in our commitment to move to a third phase, and that'll be more open market for the non-medical sale of cannabis as quickly as national supply considerations can allow. I alluded to that before; there's not an adequate supply currently, so that's—we can't determine the date at this point in time. It would be presumptuous to say, well, let's rush ahead and have some more stores established when there isn't adequate supply for the stores we have now.

**Mr. Kinew:** I appreciate some of those comments.

But still, I'm curious about the regulations around edibles. I'm wondering if the Premier (Mr. Pallister) can spell that out. He did mention driving as an area of interest, so I'm wondering if there's a specific regulation or law that's needed around, you know, the driving side of equation when it comes to edibles entering the marketplace later this year, over the winter, and whether there's other, I guess, rules that are going to be coming into place.

It strikes me that when you're dealing with edibles, maybe the packaging is an area that needs to be looked at, but curious to know whether that's something that would need a law to pass, or if that can just be established through a rule.

So, again, curious for the Premier to help us understand a bit more as to what's being thought of right now when it comes to the regulation of edibles.

What—without getting into the specifics of what the rules are going to be, can the Premier tell us the areas that will be regulated when it comes to edibles being legalized?

**Mr. Pallister:** I thank the member for raising that topic. I'll just complete the background I committed to doing for some of the members who may not be aware, or for review for members who were initially aware and may have forgotten, and then we'll get into the edibles thing.

I just repeat, all the retailers—in terms of the social responsibility fee, all the retailers have agreed by contract to collect that fee. But they don't have to pay it until July of next year. So there's—it applies to all sales from January 1st of '18 to June of '19 to—and then it's only remitted after an 18-month period. But the purpose of those—retailers have the obligation to forward that. It's not a tax, it's a fee. And the fee use is to offset regulatory costs; for example, to offset advertising costs, public communications costs. In

essence, one of the benefits, actually, of the fee is that it's known in advance, that it isn't collectible until after the funds are collected. So from a cash flow standpoint for a retailer, that's advantageous.

And also, because there are restrictions, federal restrictions, on advertising and promotion, individual companies have a real difficulty in effectively designing an ad campaign—let's put it that way. We've heard some—we've got some input from some of the retailers that the—basically, you know, fine, we can sell it, we just can't tell anybody what's good about it. So those observations are there.

The communications through the use of the fee are not limited to just the costs of running the liquor gaming authority and administering and overseeing the companies, but also the cost of enforcement, cost of compliance, youth-specific education and, to some degree, public advertising; whether to educate on—as I referenced with youth—safer use, but for other purposes as well. So that's the—just to give a little more background on that.

On the compliance issue, I just would say this will continue and, of course, be even more important as we get into the marketing of additional products beyond the initial herb, if you will, and onto then edibles and various and sundry other related products. So the retail certification piece—anybody involved in a licensed store has to complete a responsible sales program. Their staff has to be trained, and that's got to be approved by liquor gaming—CA—control—cannabis control agency—the acronym is a long and complicated supercalifragilistic.

Anyway, the LGCA inspectors have already worked with the new cannabis stores to assist in providing that training to staff in person at no cost for the first six months after legalization. That was an important step to build the initial relationship with all licensees and the staff so that they have face-to-face, that each know who each other is, and they've been supported. We've had good feedback from the retailers, that they appreciated that. And it's an important thing to do, always to have your staff trained, obviously, but especially on a new product with the consequences now of expanding availability of different products, even more important.

So that is—and that—as a retail network expands, as it is, inspectors will continue to offer that—those training programs to staff groups at new stores, and also as new hires come in.

On the edibles piece—yes, okay. Thank you, Mr. Chair. I've got lots of different materials here I can share in my next 32 seconds. There's—I've got some specific information on the driving piece that I think the member might be interested in. I'll just say, Health Canada—on the edibles, Health Canada's published draft regulations governing the production and sale of additional cannabis products—this is going to come into play in two weeks.

\* (10:50)

And this is where I remain, with some—no small amount of trepidation, that this is going forward too rapidly. And I am concerned about the safety of those who consume this product, and those who do not when they come into contact with those who do.

Now, some have argued, well, if you're that concerned, why don't you stop selling alcohol. You know, alcohol is a problem on the roads. We all know that, and I'm concerned that this is new product. Use patterns are different.

I remain concerned and I appreciate the member's line of questioning on this issue.

**Mr. Kinew:** So I would like to ask again, what areas is the provincial government looking at regulating when it comes to the introduction of edibles over the next few months? The question is what is going to be regulated when it come to edibles?

**Mr. Pallister:** So I just get further clarification because I would think that there's a few items here that we should cover.

First of all, the fact that it comes into play legislatively on the retailing in a couple of weeks, doesn't mean it's going to be sold in a couple of weeks. That's if announced, they're going to have sort of a warm-up waiting period of two months, post-October 17th. So the actual slated date is well, the week of Christmas.

This—the rationale for this is has been they want Health Canada to do their due diligence. Apparently, the federal government believes they can do their due diligence in the—with that additional two months. So the products won't be available right away. They'll come on sale right in the holiday season, and I predict that that could be sad. Anyway, our officials are working on how that's going to roll out in Manitoba.

On the cannabis harm prevention act I'll just share with the members—and this one—is it on the government website? Oh, I see. Government Manitoba dot news dot index, blah blah blah.

Legislation provides tools to government, enforcement, and public health during transition to federal legalisation of marijuana.

This is the act which oversees—which is intended to reduce the harm that may come about as a consequence of the legalisation of cannabis. So this is the legislative action which was taken initially, is that there's a piece in here on driving—can you point me to it? *[interjection]* Yes, okay.

So just to review these, these are the driving components of the legislation, and I'll just give a high-level here, but—drug-impaired drivers—and this of course would be even more important in, I think, the estimation of many based on experience in US jurisdictions, most certainly, around the time of the introduction of edible and related products because the use patterns may change. The consequences of use to the individual may change in terms of degrees of impairment and so on. So it's that change.

It's not new for most users of cannabis to have it legalized. From—the stats are consistent across pretty much every jurisdiction that people who are using legal cannabis for the—in the vast majority are using legal—were using illegal cannabis before.

So it's not a change so much for them in terms of use. Perhaps in the quality of product. We would say with some confidence that the product that we are distributing and that is available to consumers now across Canada is a better product, because of the regulations associated with its production and distribution. A safer product. We would say it's more predictable for a consumer to be able to buy a product from a licensed government distribution agent, than it would be to buy it from the back alley behind the hotel.

And so the product itself is more uniform in its strengths—of relative components. And it therefore—it is more predictable for a consumer to use that product and know what the dosages are, know what the impacts may be to them.

The thing I'm pointing out, and I think the member is also concerned about, is the change going to an edible product, which someone may not have used, or used very infrequently in the past. And there is—that differential effect is very important. The laws in respect of driving of course apply—you know, they're on impairment, but were expanded to include better equipment, making sure the police were better equipped under The Highway Traffic Act to deal with

drug-impaired drivers because there's an anticipation of an increased need to be able to do that.

The new legislation we brought into effect would allow for a 24-hour driver's licence suspension if a police officer believes the driver is under the influence of a drug and unable to safely operate a motor vehicle. In other words, an expansion of the powers of the police officer to get the driver out of control of the vehicle because he or she—the officer—believes the driver is, in fact, out of control of the vehicle, to some degree.

Second thing is requiring the Registrar of Motor Vehicles to determine if graduated licensed drivers who receive the 24-hour suspension should face further consequences. This would—chief would be younger drivers. Create an offence for consuming marijuana in or on a vehicle that is on a highway. As well, require marijuana to be stored in a secure compartment, for example, the trunk, so it's inaccessible to people in the vehicle, similar to the rules around open liquor, and establish similar restrictions and prohibitions related to marijuana use for individuals driving off-road vehicles.

**Mr. Kinew:** So the edibles will be on sale the week of Christmas in Manitoba? That's a—unless the federal government moves it again, but that's still the plan, right? So I guess we're looking at December 23rd, the week of December 23rd.

So, the First Minister made reference there to legwork that's going to be conducted by the government in advance of that legalization of edibles, and then the on-sale date of edibles here in Manitoba.

I'm just wondering if the First Minister can spell out what that work is, what does the government need to look at, what is it contemplating right now. Are we talking about the packaging on edibles? Are we talking about the actual products themselves? You know, can the First Minister explain what the government's looking at prior to that December 23rd on-sale week or on-sale date?

**Mr. Pallister:** Sure. Well, I've answered that question previously. The Department of Health, chiefly Department of Health, I'm told, is monitoring and reviewing, in partnership to some degree, with the Department of Justice, that federal introduction.

The legislation that we have now, to a great degree, is designed—was designed in anticipation of the introduction of edibles because we had a signal from the federal government this was intended back some time ago.

So, for example, I referenced drug-impaired drivers and the legislation around that earlier, and that is, I think, legitimately should be addressed seriously as a real threat to the public. But I would say also in terms of other changes—the non-smokers protection act is one that's—that we've already acted on that would prohibit the smoking of marijuana or using e-cigarettes in any enclosed public space or indoor workplace.

The Public Schools Act was amended to clarify that students using, possessing or being under the influence of marijuana while at school—and, obviously, this would include edible products—could face disciplinary consequence regardless of whether the, you know, at the time we developed this it was pre-legislation so our wording was even if the federal government legalizes cannabis—we know they have—legalizing cannabis doesn't mean you can consume it at school. And so The Public Schools Act empowers disciplinary measures to be taken if students are in the school having presented themselves under the influence of cannabis, which gives the authority to the administrator, teacher, overseer in the school division to deal with the issue.

And The Mental Health Act ensures that residential patients who aren't allowed to receive illicit drugs will continue to be prohibited from obtaining marijuana, so just to simply broaden the Free Press's story this week about some THC concentrate in Stony Mountain of some considerable value—an inflated value—within the institution being discovered there. Obviously, the expansion of the legalization of cannabis had required legislative change to make sure that such possession was illegal as well.

\* (11:00)

The Child Sexual Exploitation and Human Trafficking Act was amended as well to ensure the legislation continues to apply to individuals who use marijuana as a tool—marijuana, or its by-products—in the case of what we're talking about, it's the edible piece the member's expressing interest in, I think—who use cannabis, in some form, as a tool to exploit or traffic another person.

These are examples of other legislation that we've enacted here. In some other jurisdictions, they've enacted similar legislation. On the 24-hour suspension piece, for example, which is a—some might consider it to be a contentious infringement on human rights, but I would say also that that act, that measure was enacted by an NDP government in British Columbia

as well, in almost identical form to the one we enacted. So it's not a, to my mind, an ideological issue. It's a practical issue of protecting people and empowering police officers, where appropriate, empowering prison guards, empowering teachers in the schools. That's—those are the consequences of that legislation. Legislative changes, some of the legislative changes that were enacted already.

I would say on the regulatory overview piece, it was some of our MLAs, I think from both the NDP and Conservatives, were involved in the Sioux Falls in legislative conference that was down there, South Dakota in June. And there was a panel discussion there on the impacts of cannabis legalizations. As well, this is a contentious issue wherever it's raised and it causes debate. So I think these—it's a good example of where these legislature—legislative forums are an opportunity to see what's learned about what's going on in other jurisdiction, share perspectives with different elected officials, whether its, you know, in the States or elsewhere. And also can be an opportunity for folks from different parties here in Manitoba to get to know each other better, so that's a good thing too.

**Mr. Kinev:** So some of the areas that all of a sudden pop up once edibles come into to the marketplace, I think, have to do with the product itself, and then, I guess, the packaging and the information that the product is sold under.

So I think there's questions about the dose that's contained in an edible product. We know that there's a bunch of different kinds of edibles, everything from, you know, brownies to, like, breath strips, to gummy bears, all sorts of different things, chocolate bars. But I guess information about the dose that's contained in there is one area of interest to consumers.

Another area has to do with whether there's contamination, and I guess that speaks more to the supply, the distribution. Are these things being produced in a way that's mindful of the health of the end-user?

And then you have the questions around packaging and information that's contained on the packaging, and I think that goes in two different directions. The packaging can go towards the direction of safety and, you know, child-proof, kind of tamper-proof packaging, and then the information on the packaging, I think, goes in a different direction. And that speaks more towards the dosage and to, you know, ingredients, stuff like that.

The concerns that I think people have around edibles, you know, people when it comes to edibles are wondering the purity of the product, they're wondering about the dosage, they're wondering about the packaging, they're wondering about the labelling on the product.

I'm wondering if the Premier (Mr. Pallister) can spell out how much of those areas are up to the Province to regulate, how much are going to be regulated by Health Canada, are going to be regulated by the federal government. So I think I highlighted a few areas, not an exhaustive list, but maybe some of the bigger areas when it comes to edibles, and I'm just curious for the First Minister to kind of share with the committee, which of those areas are under the Province's purview, and which will fall to the federal government to set the rules on.

**Mr. Pallister:** Yes, this is available—this is—I think it's fair to say we start with the framework the feds have provided—I think every province is doing this. The—Health Canada is principally the director of a lot of these regs. We start with that framework, but we're open to taking a look as we monitor—and this is under discussion now—as we monitor the impacts after legalization to see if there are additional steps that need to be taken. And I can go through the federal regs, but they are all available online at [www.canada.ca](http://www.canada.ca).

And there's a variety of, you know, follow-up there. But the final regulations that have been made available on edible cannabis—I'm just going to share with the members, because, you know, like every province, Manitoba has really developed a framework for distribution working in the dark, you know; you're working in—on speculation as to how things will work out.

There's been a lot of talk among, well, FCM, Federation of Canadian Municipalities, you know, they want their piece. They want to have their piece. Interestingly, they want to have their piece of what, the gross or net? Well, obviously, everybody wants a piece of the gross, but if you lose money, they don't want a piece of the net. Because the net is a negative for us, and we anticipated that would be the case, and it is the case, that our start up costs are significantly higher than the actual revenue it's provided. So, now the hue and cry from my municipal friends to have a share of the net is down pretty low, because they know the net is negative. They don't want any share.

This discussion is one—I'm not suggesting that we're not willing to have a discussion once the industry's established, and so on, but the industry isn't established yet, and we're just in the infancy of knowing what our actual costs are. We have calculated, obviously, set-up costs; some of those are one-time things.

So you know, hopefully your costs are diminishing over time. But that's a prediction at this point that is dangerous to make, because now with the edibles, as the member is addressing, there may be additional costs, not just in terms of legislative development of new strategies, additional costs to policing, additional costs, regulatory costs, oversight costs, inspection costs—we don't know. So we have done—we did projections; they were actually fairly close to what has ensued. We know that the costs of establishing the system of—by a significant amount of—you want to pull up those numbers, or did I have those? I think we have some one-time costs.

So, since October '17, the market's evolved. It's been a slow start—and again, persistent supply shortages will do that. So, you know, we're working on that. But federally, the federal licensing process has been, shall we say, glacial.

In Manitoba, the nonmedical cannabis retail model includes 'wholesale'—wholesale distribution of cannabis products by Liquor & Lotteries to provincially licensed cannabis retailers and administration and compliance by Liquor, Gaming and Cannabis Authority. And we have, as I outlined before, a number of retailers that are established now, and we've satisfied the initial goal of making sure the product's available to the vast majority of Manitobans—not all, but—within a reasonable time frame.

Our revenues, to put it in this form, the MBLL markup, it's about four and a half million. The social responsibility fee, which has not been collected yet, we estimate will be about \$760,000, for a total \$5.3 million of gross profit. But the costs are approximately, almost eight million—7.76, we estimate.

Now, this does not factor in any additional costs in a variety of other categories—health-care costs are not included in this. Costs that are in here—there's a more detailed outline I could give the members. But basically, to put it this way, about two and a half million dollars down, so far.

\* (11:10)

We anticipate because some of these costs are one-time set-up costs, as I alluded to before, that that may change over time. With the advent of edibles, we're not sure what the impact of that will be, and the other impact that we have to monitor is the displacement of the sale of other licensed products which produce revenue for provincial coffers, such as liquor. So there's an assertion some researchers have made that, with the legalization of cannabis that would displace the use of other alcohol products, for example.

And so, actually, your gross is not your net there either, because you're losing revenue on the other side with the reduced sale of liquor, variety of products, increased sale of cannabis. How those two interact has to be monitored.

So that's—there's a Coles Notes quick overview on some of the issues. Thanks, Mr. Chair.

**Mr. Kinew:** So, I'm looking at the same page in Public Accounts that the Premier's (Mr. Pallister) referring to there, and the gross, it is 5.3, but the annual costs are 3.6, so it does seem, after the, you know, start-up costs are dealt with, that this will net money. Again, this was just a—this was not a full year, I don't think, that revenue was flowing, so this wouldn't necessarily be an accurate representation of what future years are going to be, but it does look like there's going to be more revenue than costs on an ongoing basis.

I guess there might be some additional costs with edibles, but it seems that the marginal cost of those things will be less than, I guess, just starting from zero, as was the case in adding the enforcement and regulation in the year that's reflected here in Public Accounts. But, yes, perhaps we can revisit that in a future year, once the edibles are in place after that.

This is more of a question, I guess, of clarification. It's somewhat related but, again, I am just kind of searching for clarification here.

Reading the business papers and listening to business reports over the past few years I've noticed that there's a lot of interest in cannabis beverages on the horizon. You see a lot of the big brewing companies, for instance, like the parent company of Corona; you see, I think it's Anheuser-Busch, maybe, that, you know, they're snapping up some of these cannabis companies or they're making plays in publicly listed stocks to buy, you know, big shares of these companies, so I am interested in this area. Also, I guess, it's another thing that's on the horizon with the

legalization of cannabis. It has to do with cannabis beverages.

Is that—I guess the clarification I'm seeking is, does that fall under edibles, or is this going to be like yet another area that gets introduced, or once the edibles get introduced this year, then the cannabis beverage market will be opened up at the same time?

**Mr. Pallister:** Well, here's where my lack of familiarity with certain terminologies around the use of cannabis and related products is going to show up, but I'll just give an overview on some of these and it'll be clear to members I'm not sure on a couple of these things what I'm talking about, but I'll try it anyway.

**An Honourable Member:** You're going to try what anyway?

**Mr. Pallister:** I'm going to try to give you an overview on the anticipated—[interjection]—yes, the terminologies I should mention. What I'm going to try is to communicate the terminologies, not necessarily all the related products. I prefer beer.

Anyway, on the \$2.7 billion, is what we've got as the next stage, potentially, nationally, is what we're anticipating will be the revenue generation across Canada—\$2.7 billion. So there will be, as the member has observed, the potential for higher retail profit to emerge as a consequence of the broadening of the marketplace with new products, as one would expect.

There will be, to some degree, this placement bill of existing cannabis purchases, as people move from, what I'll call raw product, to processed product. So there may be a reduction in our revenues in that category, but overall there should be an—there is an anticipation of an increase nationally.

To—just to break that down a little bit, and, again, this is a projection, but this is the guesstimate: More than half of the estimated \$2.7-billion market would be for edibles, anticipated about \$1.6 billion, so you can do the math on that. But, you know, 60 per cent, roughly, would be on edibles, followed by the beverages the member alluded to—cannabis-infused beverages—about approximately \$500 million. So about a third as much as the edible product is anticipated would be spent on a beverage infused with cannabis.

Topicals—\$174 million is the estimate; concentrates—\$140 million; and tinctures—\$160 million. I have no idea what that means. Maybe the member can educate me on that, for sure. I'm sure that he would be able to because on this I'm expect he knows what a

tincture is. But I'm not sure what a tincture is. And capsules, about the same amount.

So there again, there's a breakdown of the products. Now, his question earlier, though, was, would you require a new set of regulations for each of the potential differences. No, no, not really. The fed's final regulations—and I can get into this after, when—the member's interested—or not, I can give this to him after, I guess, but I hope the members are interested in knowing what some of the federal basic rules are around each of these. And they are there. We're estimating a share of our national demand between 3 and 5 per cent.

We have—historically, we have had a slightly higher consumption level than our population on a per capita basis. This may be because we have a somewhat younger population. I'm not saying that's—I'm not implying all young people are using cannabis, by any stretch of the imagination. I'm just saying we have a younger population who tends to be a higher likelihood of consumption and a higher level of consumption at younger ages.

So what we anticipate here is that the total spend on edibles and related products would be in the range of between \$81 million and \$135 million. That would be the range. So that helps, I hope, to put it in better perspective when one is looking at this. Our total revenues—well, the members have the Public Accounts. I think we're talking about 16—not for cannabis, just overall, to put it in perspective, about \$16 billion of revenues. This is less than that. So, 17, you know, we're talking about a fraction of one thousandth of 1 per cent.

So, up to July of—I just wanted to say to the member, right on the numbers I gave him earlier, it's not for full fiscal, so exactly—because of course the legalization didn't happen at the start of the fiscal year. I'm giving you the numbers for a portion of the year. On July 19, retailers reported sales—I'm sorry, up to July 19 they reported sales of approximately 3 million grams of non-edible flower and oils to Stats Canada with a reported value of \$38 million.

There's lots of room for debate about this and we'll see lots of debate about it. Certainly, in other provinces, where First Nations have had no involvement whatsoever in the distribution regime, or the retail regime, there's a real concern there and they've expressed that. And Isadore Day has been one of those—former regional chief in Ontario.

You cut me off? Okay, I'll finish that in a sec.

**Mr. Kinew:** I'm always amazed by your subtlety with which you chair these meetings, Mr. Chair.

So I think we got most of the answer there. But I just wanted to maybe rephrase in my own words just to make sure that I'm accurately understanding the situation here.

So the beverages—we're just looking at the beverages here for a second. The beverages just fall under the federal regulation laws, et cetera, for edibles. So, once that comes into place, beverages will be governed by that. And I guess, essentially, just like de facto, they'll be governed by whatever provincial rules and provincial laws are in place there.

The Premier (Mr. Pallister) previously mentioned you know, regulations around driving impaired, public consumption of cannabis, things like that. So am I right then to, I guess, conclude that when it comes to beverages that the same regulation will apply to them, once they do become legal here in Manitoba? And perhaps best to illustrate with an example here. It won't be possible to go to the bar and buy a cannabis beverage from the bar, even if it is like, Corona cannabis, some kind of product like that, in the future. That won't be possible because of the Manitoba regulations—or Manitoba law saying, you can't consume that in public. I just want to just understand correctly, and I'm just trying to clarify how the rubber will meet the road, so to speak.

\* (11:20)

I think the Premier understands what I'm kind of getting at there. If there are these kind of Anheuser-Busch or Corona products that have cannabis in them, the existing law is saying you can't consume those in public. Nothing will change there, essentially. And I guess a bar wouldn't be able to sell them because they're not an authorized cannabis retailer. Is that fair? I just want to understand, you know, that I'm clearly grasping the situation.

**Mr. Pallister:** Well, just to say that yes, the number is, from a legal standpoint, what a person can buy at a bar is only partially regulated, of course, as we all know, so there are various and sundry other retail exchanges that occur in various establishments around the province we have, unfortunately, not—don't have total control over.

What we're trying to do, though, is make sure that we're not allowing the co-location at our end of retail establishments that sell alcohol with marijuana cannabis products because we recognize from the science it's a dangerous thing for consumers to mix,

but more than that, I guess, also because of differential ages, an added factor, that 19—legal age for cannabis purchase; is 18 for alcohol. Co-locating them would create additional problems.

We've also got restrictions in place beyond the federal ones—let's back up and say the federal government has rules against the co-consumption—how would I say that—so, in terms of the manufacturing of them, in terms of the product availability, you can't have an alcoholic beverage with THC or related products in it so that—*[interjection]*—yes, yes—so the feds have rules against that, but on the distribution side we have additional rules.

For example, seeing a former educator here, the new member for Transcona (Mr. Altomare) the challenges in our school system are many. It was—it is our belief that the distribution should be separate from the location of schools. This doesn't guarantee that one or another student might not come with a cannabis product or a derivative or an edible at some point into the school, but it is our position that they should—retail establishments should be distanced from the school. So we've added that as a requirement.

In terms of the rules, though, around various edible products, I'll just get into that a little bit. The edible cannabis—and these are the federal regulations—edible cannabis rules place certain limits which will apply to all provinces on the amount of THC so that 10 milligrams of THC per package is the max; on the extract, 10 milligrams of THC per unit, such as in a capsule or a dispensed dose of some kind; and in total, for ingesting purposes, 1000 milligrams of THC per package; on the inhaling, 1,000 milligrams of THC per package; on the topical the same thing, 1,000 milligrams per package—by topical, meaning applying to your hair, your skin or your nails—that type of use.

In terms of the edible products, no added vitamins or minerals, no nicotine and, as I mentioned earlier, no added alcohol is permitted, and there are also limits on caffeine. I don't have those here, but I suspect we could get those.

And similarly, with cannabis extract, the same types of rules apply with the addition. So no vitamins, minerals, nicotine, caffeine, but also no sugars, sweeteners, or colours, and these are the same rules that apply for inhaling—for products designed for inhaling.

In terms of topical, no nicotine or alcohol, not for use in the eyes, and not for use on any area where there is damaged skin.

In terms of the child-resistant aspects, there must be child-resistant packaging, must be plain packaging for all types of cannabis. In addition, for cannabis extract designed for ingesting, maximum package size of 90 millilitres for liquid extracts, must include a dispensing device of a liquid and a maximum package size of seven and half grams per extracts if they are over 3 per cent THC. So, smaller packages for more powerful product, to put it simply.

In terms of the packaging itself—the labelling, I should say, the standardized cannabis symbol must be applied. There has to be a health warning message. It has to outline the—both the THC and CBD content, and the equivalency to dried cannabis to determine public possession limits. Rules have to be observed.

**Mr. Kinew:** And so I do think I understand it more clearly now. Once edibles enter the marketplace, you won't be able to buy cannabis beverages in a bar, and you still won't be able, if you're a retailer or a bar, you wouldn't be able to sell booze and cannabis in the same place. I think that's clear now.

Okay, so that's interesting information. I did want to back up to a comment that the First Minister made earlier on in this morning, the morning session of this committee, and he just raised the issue of vaping, which is not necessarily to do with cannabis, but it does, I guess sometimes related to cannabis.

I think certainly we've all heard about increasing media reports around vaping, in particular, I think, you know, one of the first stories in North America was about a young person on Ontario who fell very ill, and you know, public health authorities basically came out and said, look, it has to have been related to vaping.

Seems like since that time there's been many other cases, a lot of them in the States, that have emerged. So it does seem as though there's a growing phenomena, at least, around vaping and illnesses related to that.

So I'm wondering if the Province is—for—just as a starting point on this discussion, what is the Province doing in terms of monitoring that situation, and what's the best information currently as to what's going on with vaping and potential impacts on health?

*Mr. Greg Nesbitt, Acting Chairperson, in the Chair*



**Mr. Pallister:** I've asked for a briefing note on that some weeks ago and I'm just—they're just, you know, recalling it for me.

While we're waiting for that, I'll just finish with the labelling piece because I think it's probably relevant to an earlier question the member asked. But on the labelling, I mentioned the standardized cannabis symbol that has to be on each of these packages. That's important, obviously.

The THC, CBD content, the health warning content, the health warning message. This applies across the board, right? So this would be on all derivatives, tinctures, topicals, you name it. Also allergens and nutrition facts, when it comes to the edible product, have to be on. And intended use has to be outlined for each of the other: the extracts, the—for ingesting, the extracts for inhaling, and the topical products, the intended use.

And, finally, in terms of other items—and this is an important one, I think—the federal government has said that it—these products must not be appealing to youth. Now this is one, and we discussed this actually at the premiers' meetings, must not be appealing to youth. That's a tricky term to define, right? So what will make it appealing to youth is a topic of debate; perhaps the getting high part might be what is making it appealing to youth; in other words, it shouldn't be available at all. If it must not be appealing to youth, it shouldn't be available at all. The fact is it is going to be legalized. These edible products will be legalized and therefore, to some degree, of course, they anticipate they will be, in and of themselves, regardless of any other factor, appealing to youth.

Yet, the federal government has a rule that says it must not be appealing to youth. So that's a little bit of a quandary. However, must not be appealing to youth. So we could have a debate about how the product could be made to be less appealing to youth, I suppose. You know, we have cigarettes that have pictures of damaged lungs, you know, inside them. That could make it—the product less appealing to youth, I suppose. But as far as eliminating the appeal to youth, you see my—I hope the members see my point anyway. I'm not making it very well.

\* (11:30)

This other thing that the federal government has said is that these products must not make health claims. And this is a factor to consider as well. That no elements that would associate this product with alcoholic beverages, tobacco products, or vaping

products will be allowed, and this would extend as well to the advertising of said products as we move forward. So you can't associate—as is often done when alcoholic beverages are advertised, you know, Captain Morgan, all the guys are having a great time standing around in the bar, making a funny pose, you know, blah, blah, blah. You can't link a cannabis product to people having fun with alcohol in a bar.

So these are rules that they've established, and as I said, we're monitoring. And we will continue to monitor the efficacy of these rules, to make sure they're working to protect our consumers here in Manitoba as best as is possible.

Every province is facing the same timeframe challenges with respect to this. The—do you know what month these rules came out? Was it just this spring? [*interjection*] June, yes. So we see a rapid—in June, these guidelines were introduced. We're talking about a product being legalized in October, with guidelines coming out in June.

*Mr. Chairperson in the Chair*

That's not a lot of lead time for the producers of these products to work with. You'll see—you have seen reported in *The Globe and Mail*, other financial periodicals, real concerns from the industry participants saying, you know, you guys have to get your act together because you're expecting us to put a product out in October, which is—and now you're telling us what the rules are in late June. This is not adequate notice, et cetera.

So—must not make dietary claims, must not make cosmetic claims. So those are the—there's a quick overview for my colleagues on the rules around edible distribution—edible—manufacture of not just edibles, of course, but the topicals, tinctures and various and sundry others.

In terms of the vaping—do I have any time to explain vaping stuff? Just a few seconds? I'll just get into that in a second because this is—on the vaping concerns the member raises, which I share—I think a lot of members share and not just based on recent news reports either, but there are real causes for concern. I'll give an overview to the member in a second if he would wish.

**Mr. Kinew:** Yes. Specifically, you know, I think there's probably a lot to talk about in this area, but specifically I'd like to know what sort of monitoring is the government doing right now about the health impacts of it and what's the best information currently

about the health impacts of vaping and, I guess, anything that might be related to that.

**Mr. Pallister:** So as I said to the member before—and I'm glad he's raised this topic, it's an important one—I'd asked for an update on any vaping-related pulmonary illness incidents. And we have been fortunate in Manitoba that we haven't seen the kinds of events that we've seen reported in various ways around the country.

It is mainly young people that are engaging in vaping. There have been—in the U.S. thus far, and the—what's the date on this spread? It's just the other day, I think—it just came back to me. Anyway, just—it's fairly recent, yes—September 23rd, yes. So I asked for this right after the provincial election and then they got back to me in a couple weeks. Anyway, in the States, have been seven deaths, but 500 cases of severe pulmonary illness reported. And this relates specifically to vaping.

In Canada, there are four cases currently being investigated. To date in Manitoba—Manitoba Health has not seen any evidence of similar illness clusters occurring, but we are—they are preparing gas specialists in hospitals to report any vaping-related illnesses. And that might result in some identification of some cases.

Health Canada has consulted on further regulations related to vaping products. And members of the committee may have seen reference to prohibiting certain flavourings that appeal to youth—back to our appeal-to-youth issue—so that is something they are consulting on. They have also been consulting on increasing the legal age to purchase to 21 for vaping products.

Our province and other provinces are working collaboratively with Health Canada and the public health agency on the surveillance and reporting of cases. I would say that there's a fed-prov. task group that's—that is also working on this issue and they have developed a definition, a case definition that can be used so we can identify cases of SPI, severe pulmonary incidents. So that's important to understand, that they are able to identify the actual related issue properly so it's consistent across jurisdictions so we can deal with the initial data that is—that has a fence around it, that's designed properly so that we actually know what we're talking about, we're consistent in that.

The Council of Chief Medical Officers of Health is working in conjunction with this task group, and so

across the country they're going to be implementing reporting mechanisms so that we get a consistent flow of information.

In Manitoba, we, in terms of trying to prevent the uptake of vaping by youth, Manitoba Health provides information on awareness on tobacco use and vaping through educational resources and I encourage members to review that and if they have suggestions on additional actions or upgrades of what is being done, I'd be interested in hearing those.

With regard to controlling the supply and use of vaping products, we have The Smoking and Vapour Products Control Act that prohibits supplies to minors. It restricts display, advertising and promotion of vaping products. It prohibits use in enclosed public spaces, and it also—the act also regulates vape shops with provisions aimed at preventing supply to youth and attempting to denormalize vaping.

So, I guess, there's an overview for the members of the committee. We'll continue to collaborate with other provinces. This is not a unique Manitoba or Canadian challenge. The popularity of vaping appears, statistically—an uptick would be a modest way to describe it. Additional cases can be anticipated, including in Manitoba, sadly, and so we continue to work with our partners to do what we can to prevent, monitor and act appropriately.

**Mr. Kinew:** I have a son—a few years ago, was telling me that he saw his, I guess, schoolmates, some of them are vaping like at grade 5 and 6 ages, which is, you know, by any measure, that's way too young. So there's definitely something going on in this space and it seems, you know, I think for a lot of parents they see these media reports and they're wondering maybe there's more to this product.

You know, I—we go back to the days of cigarettes, you know, 60, 70 years ago they were thought of much differently than today, and it took many years of seeing the health impacts before cigarettes were more responsibly regulated. And maybe we're in a similar situation with vaping. I don't know, but I guess, you know, the Premier (Mr. Pallister) shared some information there on the monitoring that's going on.

Is the first—so, longitudinal study—maybe I'll just spell that term out just for clarity for the committee here. Longitudinal study is like a research project that, not just within a year or two, monitors the health of somebody, but looks long term, you know, and follows somebody through the course of their life,

maybe for decades, maybe even over, like, 30, 40, 50 years.

Is there any sort of, like, longitudinal research that the province is funding or involved with, maybe through these fed-prov. tables, that is going to take a longer view as to the health impacts of vaping?

**Mr. Pallister:** Yes. I would—I guess we don't have sufficient detail to give justice to the member's query. I would—I am going to work on the assumption, because I've had some involvement with previous FPT studies of this nature, that they're going to begin with a historic analysis and trends are going to be evaluated, but I don't have evidence to support that. I just have past experience to say that I would expect that would be the case.

\* (11:40)

**Mr. Kinew:** So, you know, notwithstanding, I guess, the current regulations that are in place which seem to cover off, I guess, a lot of the ways that vapes would interact with the public, age and sale and display and I guess public use—all those other things.

Based on what's happening right now in these discussions that the First Minister's having with other First Ministers, based on what's happening in the media, are there any further laws or regulations that would apply to vaping that are being thought of right now?

**Mr. Pallister:** Yes. I would say not immediately, as we're just—we're monitoring the situation in partnership with other jurisdictions across the country. But I wouldn't rule out the possibility, either. So I guess.

There's a commitment to wait and see, to a degree. But also to monitor diligently what the use patterns and impacts are—both of vaping and of the previously discussed edibles and related products.

**Mr. Kinew:** So that kind of, you know, I think answers some of the questions that I had regarding cannabis and some of the related things like vaping and edibles.

So I was wondering if maybe we could talk about liquor sales in the province. I'm curious as to whether the province is going to move towards, you know, changing the way liquor is distributed in Manitoba. You know, I think what I've heard just talking to people is, you know, are we going to be able to buy liquor at Costco is the example there.

So I'm just wondering whether there's going to be a move towards that under this government.

**Mr. Pallister:** We'll just grab additional background in reference to the member's question. While doing that, I'll just elaborate a little bit further on the second-hand smoke aspects of vaping, because I didn't touch on that.

But our Smoking and Vapour Products Control Act prohibits smoking and vaping in enclosed public places. And that's been in place—the prohibition of smoking's been in place since 2004, I think. But vaping, just since October of last year. So we now have a prohibition in addition on smoking and vaping of cannabis in outdoor public spaces.

However, there's—despite the restriction, the public and employees are still exposed to second-hand smoke in certain places, such as hookah lounges and cafés. And in these places, they use water pipes, hookah, to smoke a plant-based product called shisha. And they've become more popular over time, apparently, with young adults. It's estimated Manitoba has approximately 12 of these hookah lounges or cafés. So the current definition of smoking is limited to tobacco. Because shisha does not contain tobacco, its consumption is not prohibited in indoor public places.

With the introduction of laws prohibiting smoking and vaping in enclosed public places, in their workplaces, fewer children and non-smokers are exposed to second-hand smoke. This is extended to home environments, where survey results indicate a steady increase in the number of smoke-free homes in Canada, which is good. But this is one issue I should point out that has not yet been addressed and maybe, I thought members might be interested in being made aware of that.

As far as the liquor, lotteries—I'll just say, this is a Committee of Supply briefing note, which was prepared for me in anticipation of these questions. It would mention that we have asked Manitoba Liquor & Lotteries to engage with the private sector to identify opportunities for increased participation in liquor retail and distribution sectors, but we have no specific plans at this point in time. However, I wouldn't rule out some actions as a consequence of that discussion happening.

So that, I haven't an update on the nature of the discussions. That was only recently asked of Liquor & Lotteries, but I would say it is currently—liquor retail, as the members know, is not an all-public distribution model. It is a distribution model which involves both public and private distribution.

So it is, in a sense, a partnership. In a way, similar to the cannabis distribution model we use, which has government oversight and regulation, certification and approval processes, but has retailers doing the distribution of the product.

Seems to be working—so far, so good. Better than most other provinces in the country.

With this one, we have 60 Liquor Mart—Liquor Mart Express locations currently operated by MBLL, but we have triple that many privately owned liquor vendors and we also have, in the province, eight specialty wine stores. So this is not a radical change over the distribution model that was used during the time of Gary Doer, but a significant expansion since the time of Howard Pawley.

So it's kind of—it's gone to a—more outlets over time and perhaps these gentlemen might—may not be able to do it today but they can—I've seen the historic distribution system versus today, some months ago. Perhaps these gentlemen can pull it up and we can look at how it used to be, how it is now. So it's evolved and it's evolved in most provinces, as well—different systems in use.

I can say to the member, I don't anticipate that we're going to be privatizing liquor distribution. This, I know, was a position—I believe was a position this campaign. The Liberal leader could verify that for me. I think that was the position of the Liberal Party in this campaign. That isn't our position.

Our position would be that a blended distribution model, such as we have in Manitoba, seems to work rather well for our purposes—never perfectly and certainly not in the case of theft lately, which is a problem. But that being said, the majority of beer, I should emphasize, is sold through 250 privately owned beer vendors specifically. These are located throughout the province. We also have liquor products supplied by MBLL to approximately 1,800 licensees all over the province. Forty-six per cent in the last two fiscal years—private operators have sold about 46 per cent of total sales, so it's about a half and half model.

**Mr. Kinew:** So I'll just return to this example because it seems to be one that's kind of sticky—sticky, if you will, in the minds of people in the public.

So, if I'm understanding the Premier (Mr. Pallister) correctly, when it comes to the idea of being able to buy a bottle at Costco, no specific plans around that right now but not ruling it out. Is that a fair characterization of—because I'm—I heard what the

Premier read into the record there, in terms of what, you know, government's mandated since the election but I'm just, I guess, searching for greater clarity.

Does that mean that something like that potentially could be the outcome of this consultation with the private sector but there's not necessarily a specific plan to push for that outcome right now?

**Mr. Pallister:** Yes, I—it's—I don't have a predisposition to an outcome. There's a consultation process going on with the private sector. I can't honestly say to the member I know that Costco's even part of that discussion but there'd be no particular reason for me to say they aren't.

**An Honourable Member:** It's just an example.

**Mr. Pallister:** Yes, no—it's fair but I just—I think the idea here—this is another one of these issues, hasn't been reviewed for a while and I guess, frankly, I would just suggest, makes sense to open it up and have a look at it—see how the distribution system's working. Is it working to the benefit of the customer? Could it be made to work better? The member knows of this government, we're not afraid to take a look at reviewing things and making them better, so we've done that in a variety of ways.

This one also has, with our model currently, the benefit of ensuring consistent pricing for liquor across the province. This, some have argued, has hurt, in the sense that there isn't consistent pricing on a number of other commodities that are available.

For example, I see the member here from Keewatinook and it's—you know—we have his delivery costs that are, to put it mildly, pretty darn significant in a number of northern communities and that creates a problem for things like milk and bread; whereas liquor, on the other hand, is relatively equally priced—so put it that way—across the province.

So that creates, in some communities, although there are a number of dry communities—and the member I referred to knows in his riding there are a number of dry communities, so it's not an issue—but it is an issue that is—it's a difficult one. It's a difficult social issue and so, you know, it's a concern I think that I've heard from not just northern chiefs but elders and committee members for some time—that food price issue—and it is one that I have raised with federal ministers and it is one we'll continue to be concerned about.

\* (11:50)

That being said, in terms of our liquor distribution model it doesn't punish people for living in the North. Just put it that way. People choose to buy a liquor product in a northern community, they're going to pay a price which is virtually identical as would somebody in St. James or Melita.

In terms of the private distributors, there's some flexibility there in terms. MBL is mandated on the distribution and selling, beverage alcohol issues and private distributors can distribute various types of beverage alcohol through agreement with them. Prior to a legislative amendment we approved last year—I think—third party distributors had been limited to just beer and malt-based products, and that has changed now.

So, again, I would say—and I'm not trying to suggest that the model we have is perfect. If it was perfect, we wouldn't need to consult with anybody to like—to make changes, but we need to review it. But it does work—overall, fairly well I think—with a strong mix of both private and public retailers—a significant number of privately owned liquor vendors, about triple what the government ones.

The government venues are often bigger obviously. A new store—for example—in Portage la Prairie that just established in the Co-op complex at the west end of Portage la Prairie. It's a fine-looking store.

So there are—is—has been some expansion and that's what I'm looking for from my colleagues here at the table. I'd like to get the historical and recent numbers in terms of the public and private balance there, I could share that with committee members. Either way, I'd be happy to undertake to provide it to the member if he's interested.

So, on the beer vendor side, that is the—certainly from my standpoint, the beverage of choice. That is the beverage of choice for Manitobans as well. And there are more than 250 privately owned beer vendors throughout our province. And again, consistent pricing for beer regardless of where you live, where you work.

And again, just in summary, the private retailers accounted for about 46 per cent of total sales in the past two fiscal years. So again, fair balance in terms of overall distribution by volume, by cash value between the government-run liquor stores and the privately run liquor outlets—liquor and beer outlets.

**Mr. Kinew:** So I think that provides some, I guess, general direction what's going to go with the review.

You know, I guess maybe we can dive into some of those points. I'm just looking at the mandate letter that the Premier issued to his ministers, and I guess—a related question.

Under Crown Services, one of the mandates is to make it possible for restaurants to deliver liquor directly to customers. I'm just wondering if the First Minister can explain what that means. Is it exactly as it sounds, like any licensed restaurant would be able to deliver a bottle to somebody at home, or is there something more specific that—*[interjection]* Skip? Yes, are we talking about Skip here? Just wondering what's going on with this mandate in particular.

I guess what I'm seeking is an explanation. Just we've got one sentence there and I'd like to better understand what it means and what's contemplated by it.

**Mr. Pallister:** Yes, I—the—and I'll just emphasize the mandate letters the member refers to is something we began which hadn't happened in the past. We choose to be transparent about our agenda and to communicate it to the public.

The mandate letter the member refers to is the 100-day mandate letter. It asks for the—to research, to look into the issues around legislative—what legislative changes would be needed to allow restaurants to deliver liquor directly to customers. We may or may not proceed, but we need to know what the legislative changes would be in order to proceed, and so that's the nature of that.

I would also assure the member that additional mandate letters, more specific mandate letters will be available in the not-too-distant future for each ministry. So I just tell him to anticipate that. So we'll have additional information of more detail in the not-too-distant future.

**Mr. Kinew:** Okay, so is there a timeline for this? Like, is this some that's been developed and we're just waiting for the right timing of the legislative sitting to see it introduced, or is this something that is going to take considerably more lead time and this is more like a two-, three-year kind of project for the Crown's minister?

**Mr. Pallister:** Just, Mr. Chair—we're just attempting to dig up a backgrounder, so I can share that with the member, too, because it's an interesting issue and has—may not be able to get it today but it—there has—there have been changes in other jurisdictions on this issue that I could share with the members.

I'll just say the 100-day mandate is to take a look, frankly, beyond that to see what implementation would occur. It would depend upon what we get back from the consultative process that's being developed around this.

The commitment is to get this initial research, and work done on another number of issues: 99 other issues there if that I could—I wouldn't really enjoy going through the 100-day plan in intimate detail, but there are—the commitment is to have this ready about the time, apparently, that edibles will be available, and that would be about the 100 days, that same week just before Christmas. This task should be completed by that time, and I have in front of me—well, I don't have much time remaining—I have to go through these, but I do have the 100-day mandate items here in front of me.

**Mr. Chairperson:** Three and a half minutes.

**Mr. Pallister:** Yes, well, that's okay. I can go through them but the member may not want to hear it. We'll see.

**Mr. Kinew:** Maybe we could just discuss another related area, which is gaming.

So there is a mandate to conduct a gaming review. I believe there was another gaming review in 2016 under this Premier (Mr. Pallister).

Just wondering, what's the genesis of this review? Like, what—because that one came back with—the previous one came back with recommendations about the size of the industry, whether there was a need for more VLTs, need for gaming venues, particularly in Winnipeg, if I recall correctly.

So I'm wondering, what would be the difference for this one or is it just the case perhaps that, like, the gaming industry has evolved and there is a need for a new review at this point?

I'm wondering if the Premier can spell out the genesis and rationale for what's leading to this call for the new provincial gaming review that the Crown Services Minister's been tasked with.

**Mr. Pallister:** Yes, just to clarify. I think the 2016 review the member's referring to—and if I'm not mistaken, that was an internal review done by Liquor & Lotteries. It was commissioned by the previous government. It was presented in '16, but it wasn't my government that commissioned it. I'm looking to get a copy of it so we can, you know, discuss that one but, you know, that was almost four years ago. Lots of issues have emerged.

\* (12:00)

Many issues that have been—talked to Grand Chief Arlen Dumas, for example, Southern Chief Jerry Daniels. They had raised concerns about gaming. There's a lawsuit under way because of the previous government's issuing of a licence—I think principally, I don't want to oversimplify, but I think the concern was First Nations were told that they couldn't expand their gaming by the previous government, but then the previous government issued a licence to True North, I think, for the Shark Club, very close to the Bell MTS centre, where—it's called this week.

The lawsuit centres around, I think, that issue and I don't—again, I don't want to do injustice to the nature of the lawsuit, but I know that First Nations communities were concerned about some inequitable treatment in respect of that. There's many, many issues around gaming that have arisen from various sources over quite a while now, that were not addressed in the internal study of the—which I'm hoping I can see—that Liquor & Lotteries commission, basically studying themselves, I think; studying the industry.

And there's also room, quite legitimately, for a perception of bias that Liquor & Lotteries—and not—and this is not to disparage anybody at Liquor & Lotteries, that's not my intention, but, there might be a perception of bias that their interests are not the same as others.

And so I think it's important to have a look at our gaming approaches in the province. How we're focusing them now has to be evaluated. How we could improve them in the future has to be evaluated. This is a multi-faceted challenge, and I think it has to be—it's healthy to address it.

Just saying, well, the status quo is perfect on any issue isn't likely going to be the approach that would result in a strengthened system. And so on this one, as with a number of others, whether it be health care, the justice system, childcare, the way in which we procure goods, the way in which we trade with other jurisdictions—you name it—we're taking a look at how things were done, we're taking a look at how they could be done better. So, that's the nature of the review.

As far as the previous model was concerned and the previous review, I'll wait for my colleagues—a copy of the MBLL's internal study.

I think also, if I recall, it wasn't that long prior that the Assembly of Manitoba Chiefs also commissioned a study and we might be able to share with members of the committee the results of the Assembly of Manitoba Chiefs' study as well.

So there have been studies. The question of whether they were satisfactorily done would probably be in the eye of the beholder. You know, there's a lot of different views on gaming issues around the province.

The one thing, though, I will reference for the member is that we did decide to do as a government is to proceed with raising, somewhat, the VLT share for our veterans' clubs. The veterans paid a great sacrifice and they deserve to be respected. A lot of the veterans' clubs—not all—but a lot of them are struggling financially, you know. And the VLT revenues to those clubs means a great deal to them. So we made a commitment which we'll act on, just to raise their percentage by 5 per cent of the total.

This is—has clearly been stated as an interim step until the study comes out, and then we'll see what the work of the gaming review comes up with for long-term purposes. But that is a sort of side issue the member didn't raise, but I thought I'd just share that with the member that that is, I think—and I hope he'd agree—not an unreasonable thing to do, given the challenges being faced by some of our Legions and army and navies and so on around the province right now.

**Mr. Kinew:** Yes, I did see that point in the mandate letter, also.

I was curious just about the new review, I guess. So this was not Liquor & Lotteries that's going to be doing that. So who is conducting this newer review?

**Mr. Pallister:** Yes, so there'll be a commission appointed. We'll leave—Agencies, Boards and Commissions has been overseeing the—Agencies Boards and Commissions is—accepts applications for—from across the province who want to be part of Agencies, Boards and Commissions, obviously. There are approximately 200 of these advisory groups, I'll call them as a general description.

So we'll take that process that has been used for those, which has—I think it's been very successful. The small office, but they do a tremendous amount of work, and I commend them for that. I would mention the work they've done has resulted in our—the most recent report I have is that right now, in summary, we have, on those agencies, boards and commissions, we have the highest percentage in the history of Manitoba

of indigenous people involved, of women, of disabled Manitobans.

And that has been a focus that was talked about for years in the past, but wasn't really acted upon. And so there are—there is a broader spectrum of Manitoba—Manitobans involved in advisory roles than has ever been the case in the past.

Oh, I neglected to mention for my colleague from St. Boniface: augmentation de 5 pour cent de personnes bilingues. Excusez-moi pour mon débutant français, Monsieur Président.

#### **Translation**

*A 5 per cent increase in bilingual people. Excuse me for my beginner French, Mr. Chairperson.*

#### **English**

Three per cent increase, indigenous; 2 per cent increase, persons with disabilities; and an increase in female representation—we're now at 49 per cent. That's an increase of 8 per cent since we came to government, of women. So it was 41-59, with the male number being higher; now it's 49-51.

**Mr. Chairperson:** Could I interrupt the honourable First Minister for a second? We don't have translation services available here today. If you could repeat it in English, that would be greatly appreciated for the members.

**Mr. Pallister:** Okay. Well, I would just clarify for members of the committee who are not as gifted in both official languages as the member for St. Boniface (Mr. Lamont)—what I just said with my extensive French skills was that we've increased the percentage of bilingual representation since coming to government by 5 per cent. And I'm happy to offer that clarification.

And just to elaborate, if I have a bit of time, I can give the members the summary numbers on this. The total number of boards—we committed to reducing the number of boards in total because there were—it was deemed to be too extensive a number of boards. So, since coming to government, here's the summary numbers, if the members are interested. I hope they are.

When we came to government, we had 189 different boards. We're now at 158. So, a 20 per cent reduction in total number of boards, with a commensurate number of appointments down from 1,507 to 1,272. That's a 19 per cent reduction, decrease in males, increase in females. I mentioned

previously, increase in visible minority, increase in indigenous, increase in disabled, increase in bilingual. In terms of the total number of boards changed over after the reduction of boards went from 157 to 144 in total.

In terms of the total appointments, again, down—the male number down, the female number up, et cetera. So there's a Coles Notes overview, from, you know, 3,500 feet. As far as the—[interjection]—no, we—just in the process. So to back to the member's query, we're just in the process of having agencies, boards and commissions address the selection of that committee.

So, again, the concerns that I've demonstrated we have for making sure our boards, agencies, commissions reflect the population of the province will also exist in the review of this. There would need to be a broad view represented on the group, on the task force, as well.

\* (12:10)

**Mr. Kinew:** Maybe we could we just ask for clarification on the term being used by the First Minister there. At the start, he was talking about a commission, and I'm wondering, is he using that with like the legal version of commission? There's going to be like an official terms of reference and all that, or is this just, maybe, like a more—I see him shaking his head no. So I guess it's the more—just everyday, this is a working group, this is a group that they're going to convene. It may—it's not going to have the legal force of a commission.

So that's the clarification that I wanted there.

In terms of—I guess they're going to go out, they're going to do this work, we're going to hear back from them before too much time passes, though I don't think there is a specific timeline attached to it at this point, if that's fair to under—fair to stay. So I'm just kind of thinking out loud there.

I guess one of the areas of interest to me, having spoken to some people, I guess—a gaming industry in the States is online gaming. And I don't mean online gaming in the sense of Fortnite or you know, games like that. I'm just—mean like—well, got one reaction around the table. I don't know who that was, knows what Fortnite is.

I guess there is some thought, and especially in the American market, that when greater prevalence of online gambling comes into place, that it's going to significantly change the way casinos and VLTs and all

that operate. So is that something that's going to be reviewed by this commission? Are they going to be looking ahead at some of those broader market trends in the gambling market? Are they going to receive a specific directive: Hey, look at online gambling; what should we do with that in Manitoba? How is it going to impact brick-and-mortar casinos? How is that going to change VLT revenues, things like that?

**Mr. Pallister:** I'll just—I think I know where the member was coming from earlier with the commission comment, because in the mandate—hundred day—number 11 was commission a provincial gaming review. That doesn't mean we're going to establish a commission, so I want to be clear on that, but there is going to be a review.

The nature of it, I would say that in preamble, that—as I said earlier, we haven't had—I mean the internal document produced by—we're having trouble getting it here—but the internal document produced by Liquor & Lotteries themselves is not to my mind an overview review of a consultative nature, with interested parties that it's about time we had.

The gaming industry is an important part of—well, like it or not—and I don't particularly like it—Manitoba has a higher dependency on gaming revenue than virtually any other jurisdiction, so it is an important thing to review, how that is managed. But beyond that, we have not looked at other aspects of how it is structured as people in our province for a long time.

Frankly, until we came into government, even things like Liquor & Lotteries capital expenditures were not reviewed at Treasury Board, which to me seems a rather significant oversight, given that the size of our Crown monopolies, whether it's Liquor & Lotteries, MPI, Hydro, is bigger than all of core government put together. And yet, we were not—under the previous administration, they were not looking at the expenditure proposals that were emanating from those monopolies, not overseeing them. So in other words they were left outside.

We changed that with—that structure with the crown governance act, which we introduced three years ago, I believe now, so that the Treasury Board and the Treasury Board Secretariat would work together to evaluate proposals for spending in those areas to make sure that things like an ill-advised, billion-dollar waste bipole line halfway around the province—that is going to cost Manitobans for decades to come—that things like that, hopefully, never, ever happen again.



So that there is oversight of Crown corporations, and that there is greater transparency in the reviewing of capital expenditure by an elected group, not just—with all due respect—not just unelected people over at the Hydro office or MPI, who are not accountable to people in Manitoba, but we here who were selected by the people in our constituencies, can have a look at those things, review them, make decisions, and be accountable for the making of those decisions.

In other words, to change the management of the determination of not just capital budgets—but largely capital budgets—to be dealt with in a way that is more transparent, where people are accountable for the decision rather than in a way where they are less transparent, where no one is accountable for the decision, quite frankly.

So this was the determination we've made as a government that we're going to deal with these things in an open way, so this is true, as well, with a gaming strategy review. There are a wide array of opinions and views around how gaming should proceed. Elected officials should have a role in—once this review is done and presented, I assure all members of the Committee all members of our House will have the opportunity, as will the general public, to see what these recommendations are, to venture in and have diverse views expressed, as we will, about how we should go from here.

But I am not content, nor is our government content to continue on a path that's simply (a) leaving all control on these important decisions to non-elected people over at a Crown corporation without any accountability mechanism for their spending decisions—or policy decisions, quite frankly. I would prefer, and I believe the people of Manitoba deserve to have, elected people accountable and held accountable for decisions of this importance and magnitude.

And so that is the approach we are taking and that's the approach we'll continue to take on this issue. This commission will make recommendations. They will not implement without oversight by elected people; rather, they will make recommendations regarding whether ML—MBLL mandate, policies, practices should be modernized to better reflect the priorities of Manitobans and the expectations of Manitobans with respect to gaming.

And we're going to adopt best practices which have been adopted by other jurisdictions as a consequence of this work. So this is a—I think, an exciting challenge. It is not without its potential for

disagreement and differing views, but as I said earlier, if two people are always in agreement, probably one of them isn't thinking.

**Mr. Kinew:** I just wanted actually to return to the issue of edibles, if we might. I just, you know, just looking up a few related news articles while we're talking about this other topic, which is also a very important topic.

But I'm looking at a story from last year that says that there's actually loophole in the current law here in Manitoba around how the public consumption of cannabis regs or law wouldn't actually cover homemade edibles. So the reason why I want to just ask for clarification on this is because earlier in the discussion here today we had, I think, a very kind of productive discussion there, and what my understand was was that existing laws and regulations governing cannabis would apply sort of de facto when the edibles come into place, which I think, I guess, maybe if I'm reading this article correctly, means that that will cover the retail sale of edibles. But maybe there's still this grey area or loophole when it comes to homemade edibles.

So I'm wondering if that is an area that the government is contemplating addressing, specifically to do with homemade edibles, or perhaps the government feels as though that's already covered off with the existing laws and regs. So I'm wondering if the Premier (Mr. Pallister) can—if we could just back up, because I don't want to leave the issue, you know, over the weekend without kind of clarifying some of these details here.

So I think the Premier understands what I'm getting at there. It seems as though it's been publically reported that there's a loophole around homemade edibles. Is that, in fact, the case? Is the government going to address that, or is that actually, maybe, the government's position that that is not actually the case and that the laws and regs cover it off currently?

\* (12:20)

**Mr. Pallister:** It's a good question, and I'm going to await the response here from my colleagues.

I'll go back to clarify on that study, on the gaming study, because I now have a copy of the report that was issued, and I spoke in error. I referenced two studies: AMC did a study; Liquor & Lotteries did a study. They did it together, so they commissioned it jointly. And the company that did it was HLT Advisory Incorporated. And it was to conduct an independent assessment of the potential market for

additional First Nations gaming facilities in Manitoba. So the study wasn't a broad study looking at every aspect of gaming, it was specifically on the issue around First Nations gaming.

I won't read you the whole report except to say it was an update on a market assessment that was done back in 2007, commissioned again by AMC and the Province. The base data for the 2007 study was used—was the data from 2005. So there's a need. It was deemed to be appropriate to upgrade the evaluation from basically a decade previous. The updated assessment was on issues like casino style, gaming devices, and all VLT-related gaming. A joint steering committee, a working group, which had representatives from the Province, Liquor & Lotteries, LGA—liquor gaming authority and the AMC was formed to oversee the market assessment.

And I'll skip to the conclusions that they reached, which if I can find them here were on page 24 of this study. Is this available online? Should be available online. Just go on liquor gaming authority, the Manitoba Gaming Market Assessment Key Findings Report. You'll be able to read it there, in detail, you don't need to have me read it all. But, basically, it went through an analysis of trends, macro gaming trends, the Canadian gaming industry, Manitoba industry and how it differed, total gaming market performance, casino style, VLT gaming, future outlook, gaming market performance, gaming market areas, socio-economic profiles, gaming supply issues, potential size of market issues, et cetera, supply base adequacy and then conclusions.

The conclusions—I'll begin with the conclusions: the gaming industry—says it's a mature industry across Canada. It's been flat for five years. The date on this report's presentation was '16, but I don't see—January of '16. So it was presented to the Selinger government. Mature characteristics—it says Manitoba's industry mirrors the national's. So it's a plateauing industry. Mature characteristics include demand growth phase. Giving customers what they want as opposed to simple supply increases. And investment decisions have higher risks as growth is not certain.

An emerging trend in this growth phase is that gaming expenditures are not keeping pace with both adult populations and income growth. That's a challenge facing the industry. And the challenge is embodied by the mix of products and the facility-delivery channels which it—according to this study—are losing their appeal. So future growth is not certain.

Further, it is becoming increasingly difficult to continue to assess the Canadian gaming industry from a sector perspective due to overlapping consumer appeal, which the member has alluded to, like the growth of new delivery channels. Some of those might be online. Provinces like Manitoba with both casino and VLT games are grappling with finding a balance between giving customers what they want and profit maximization. And this impacts casinos, as they have higher investment requirements and lower operating margins, as compared to VLT gaming.

Over the past 10 years, Manitoba's total gaming industry performance has increased. Manitoba and the other two prairie provinces represent three of the most penetrated gaming markets in North America. This means there is limited growth available in the province. Since 2005, the Manitoba casino, VLT sectors grew by approximately \$133 million. This was driven by operational improvements and enhancements of casinos, player card program and so on, entertainment centre at the MBLL Winnipeg casino—and I'll finish this in just a second.

**Mr. Kinew:** So I just kind of wanted to again return to the topic of edibles and cannabis that are coming in. And, you know, I made reference to, I guess, one loophole that was mentioned with the existing laws here in the province. I think that the issue there is that the legalization of cannabis began; the government legislated and regulated some changes—or, I guess, legislated and regulated on top of the federal rules around cannabis. But, at that time, what was only available was home-made edibles. And they appeared to maybe slide under the radar of that first round of rules and laws that were brought into place here.

And so now I think it stands to reason that there'll be edibles available in retail settings that they might also be, I guess, able to fall under that same loophole, if you will. So the public consumption of edibles, once the retail—once they're available in retail settings, they may also be consumable in public based on the current wording of the laws and regs. So I think it's an interesting topic for further discussion.

Again, and maybe I'll just ask for the Premier's (Mr. Pallister) help in ensuring that I'm understanding the issues here correctly. So edibles are going to be coming to Manitoba the week of Christmas this year. It seems like most of the rules for edibles are going to be governed by the existing laws on cannabis, and based on the revenue projections that the First Minister shared with the committee today, the revenues from edibles might be between, say,

18 to 25 million dollars, using that 3 to 5 per cent figure that he used, and looking at the national stats. So that's some interesting new information.

But I just want to also just seek clarity, because I think the Premier (Mr. Pallister) already put those comments on the record and, you know, just wanted to ensure that I'm understanding all that correctly.

But then when it comes to the edibles themselves, is there a concern on the part of the government that there is going to be that loophole around the public consumption law and that edibles won't be captured with the way the current law's worded? And, if so, if that is a concern on the part of the government, is the government going to look at amending the law or just, I guess, other changes to ensure that this thing is covered off?

If I could maybe just clarify. I think initially the loophole arose because it was smoking. The law was written around smoking, and then edibles which, up until this Christmas were only available if they were home-made, are not smoked, and so may not be captured under the public consumption piece.

So I want to know if the government intends to just leave that as-is, or is the government going to bring into place maybe new legislation that would extend that public consumption ban to edibles as well.

So that's what I'm curious about.

**Mr. Pallister:** So we're digging up the legalese around this.

But I'll just conclude here on the conclusions on the gaming study—and I guess this is by way of saying that I think that work we're embarking on is important, because this is really a study specifically around First Nations gaming, and what we're talking about is a broader analysis that includes all aspects of gaming—

**An Honourable Member:** That would be province-wide.

**Mr. Pallister:** Yes. But not excluding First Nation gaming, so what's in the—it'll be examined as well.

And I think it's important, not just because of a current court case AMC has launched in respect of them getting a no, and True North getting a yes, which, you know, seems on its face to be kind of unfair, I think, to most people. But rather, on the basis of where we're going with, you know, VLTs in our province. To what degree do we want to have dependency on VLT revenues moving forward?

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

### FINANCE AND CROWN SERVICES

\* (10:10)

**Mr. Chairperson (Andrew Micklefield):** Will the Committee of Supply please come to order.

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

The floor is now open for questions. *[interjection]* Oh.

Well, then, Honourable Minister, why don't you start off the morning?

**Hon. Scott Fielding (Minister of Finance):** As per some of the questions raised yesterday, I think there's questions on vacancy rates, so this is a listing of the vacancy rates for each member or each vacant position in the Department of Finance, so I'll table that.

**Mr. Mark Wasyliw (Fort Garry):** Yesterday we sort of ended off talking about regulatory accounting secretariat, and we were talking about page 37 in the Estimates book under other operating, and I believe the minister was anticipating the question and was beginning to answer it. I'm wondering if he can explain that line item and why, from a year-over-year comparison, it's almost doubled.

**Mr. Fielding:** Yes, the difference is made up of four different areas: incremental central information systems licensing, hosting and supports for \$12,000; RAIA training—so I'm not going to ask what RAIA stands for, but essentially it's training, certification, design and development for \$35,000; online RAIA—and I could give you the—what the acronym is, or someone can help me with what the acronym is, and we'll both understand what it is—training course design and development.

So it's training—another training element for \$60,000, And the final is incremental operation set-up costs, for \$13,000. So, again, \$12,000 for kind of licensing, hosting, central information; looks like close to \$95,000 for two different training initiatives online and certifications; and \$13,000 for incremental operating set-up costs.

**Mr. Wasyliw:** My understanding is last year the minister noted under this operating—other operating

line, that it contained five additional staff members that were now not accounted for as part of the unit's full-time equivalents. Given the increase of \$120,000, are any of that staffing costs?

**Mr. Fielding:** Sure, I just—for the acronym piece, it's regulatory impact analysis. And, sorry, the question again was the five other positions, what are they doing, essentially?

**Mr. Wasyliw:** Again, my information was in the previous year, in the previous budget, under that budget line, that actually was—amounted to five other positions. And my question for the minister is, is this year, with this budget, with that budget line, are there any positions included in there?

**Mr. Fielding:** There's four additional—how should I say this? That—there four additional FTEs that are there, but they have come from existing departments. So there are some for health, some for other departments. So those are positions that were in other departments that are now assembled together under kind of one regulatory area that deals kind of as a whole—with government as a whole type of thing.

**Mr. Wasyliw:** But now my understanding is that when the regulatory accountability secretary began its work, it had three staff. What is the current staffing letters—levels for that secretariat?

**Mr. Fielding:** Eight.

**Mr. Wasyliw:** How many staff numbers are there in Priorities and Planning or Intergovernmental Affairs?

**Mr. Fielding:** There's 16 positions in P&P, one vacancy. In Intergovernmental, there are 21 positions and five vacancies.

**Mr. Wasyliw:** Getting back to the regulatory accounting secretariat, are there any current or former technical officers—political staff—appointed since 2016 serving in that secretariat?

**Mr. Fielding:** No.

**Mr. Wasyliw:** In dealing with the budget for Santé en français, we're looking at the 2017-2018 budget. The Finance Department provided \$287,893 in funding; Health provided \$254,500.

Under this 2018-2019 budget, Finance appears not to be providing any money at all. Health has reduced its contribution to \$190,875 and Sustainable Development included \$148,350.

I'm wondering if the minister can explain why money is moved around in that way and why there's

been almost a 200,000—or over \$200,000 reduction in funding for those services.

**Mr. Fielding:** We can take that one under notice.

**Mr. Wasyliw:** Public Accounts includes lines for several personal-care homes under Finance that I've been told never appeared before.

I'm wondering if the minister can provide an explanation about why that's now falling under his budget.

\* (10:20)

**Mr. Fielding:** Could we just some clarification what page of the budget you're referring to, and then we—and actually, maybe just—like if there's technical questions like that, that you guys are pointed to in the budget, maybe just point us to the page because then I could have our technical officers just kind of review it.

**Mr. Wasyliw:** Can the minister provide a list of any fee, user fee, penalty increases that have occurred over the past year?

**Mr. Fielding:** Yes, I'm going to read off a number of—and this is from Budget 2019 fee changes—first one was in Agriculture. So agricultural Crown lands, \$200,000—I think you asked about the cost differences, and I'm assuming this is fees that we're charging as opposed to fees we're being charged, I guess. Is that—

**An Honourable Member:** Point of clarification.

**Mr. Chairperson:** The member for Fort Garry.

**Mr. Wasyliw:** What we're seeking is what list of user fees and penalties that have changed in the course of the year, either have gone up or gone down, and if you're able to give revenue estimates one way or the other, that would also be helpful.

**Mr. Fielding:** Right, so Crown lands, \$200,000; veterinary and diagnostic services, \$120,000; Education and Training apprenticeship fees, trade qualification—actually I think it looks like—I'm going to look to our officials, but it looks like we're collecting less, \$261,000; apprenticeship, personal tuition contributions, I don't have a number here for that, so I'll say that maybe is neutral; distance learning, miscellaneous fee, \$30,000; Families, looks like there's \$1,000 from Manitoba Development Centre, things like staff meals.

Children's special allowance, it looks like it's \$32,000 less; it's a decrease, actually; Growth,

Enterprise and Trade, Office of the Fire Commissioner, \$369,000 more; health service—Health, Seniors and Active Living for the Selkirk Mental Health Centre institution and daily authorized charge, \$30,000 more; Justice, Residential Tenancies Branch fee, \$7,000; Vital Statistics, \$76,000 more; Municipal Relations, \$47,000 related to Water Services Board, salary recovery; Sustainable Development, petroleum storage fee; it's actually a reduction of \$10,000; and transition—translation services, I believe that's status quo.

**Mr. Wasyliw:** I'm wondering if the minister can advise whether his government supports cost-of-living increases for government workers.

**Mr. Fielding:** There is a bill in the Legislature that speaks to compensation levels.

I'm not going to get too much further into that because before the courts. So I would suggest that we support the legislation that's in place, Bill 28.

**Mr. Wasyliw:** So my understanding of that legislation, it has frozen government wage levels and have removed cost-of-living increases from government workers' pay packet for the last three years. So I take it, given the minister's support of that legislation, the minister does not support cost-of-living increases for government workers.

**Mr. Fielding:** Well, I guess it just really depends on the way you look at it.

What we believe is putting more money in people's pockets through things like tax cuts, PST, things like a 2020 rollback for individuals, we think, puts more money in individuals' pockets. And getting rid of the education portions of things, once we're in balance, will provide more money for, not just government employees, but people really all through the province.

**Mr. Wasyliw:** Removing cost-of-living increases from government staff takes money out of their pockets.

So how does the minister deal with that contradiction where this is a government move that is actually making Manitoba workers and their families poorer?

**Mr. Fielding:** Well, I guess it just depends the way you look at it.

When the previous government was in, they jacked up taxes 14 times in 15 years. Then what they did is they, well, they said they weren't going to

increase the PST, which costs an average family, you know, I would say, over a number of years, thousands of dollars out of their pockets.

And then not only did they break their word of increasing the PST, what they did before that, they actually expanded it. So, for instance, if someone would go get a haircut, that would cost them more because they weren't paying for that before. Or things like you're preparing a will, or you're doing other things like that. That didn't have any fees associated with it—didn't have the PST associated with it.

So I guess the question might go back to yourself with you and your party, is the fact that you were making life less affordable. You know, so there is a con—there is really a difference between the two parties. One supports taking money out of people's pocket, the other puts money back into people's pockets. And that was a big part of the campaign which we won a majority with.

**Mr. Wasyliw:** I'm wondering if the minister can give me a non-talking-point answer on this and actually just answer the question.

**Mr. Fielding:** I'm talking the truth.

I mean, it's a fact that you guys increased the, you know, the tax. Probably shouldn't have done that. Got kicked out of office because of it.

So you can look at it in two different ways. So we feel that putting more money in people's pockets really across the sector is an important approach, you got a lot of other levels of government that are coming at you with more money—things like carbon taxes, the changes at the federal level in terms of some tax rates. I'd say municipalities and school divisions—school boards have been jacking up taxes at exponential rates.

So our concerns were valid, and so we think that a tax rollback of 2020 over the next number of years will put a little bit more money in people's pockets.

**Mr. Wasyliw:** Is this government planning to extend the wage freeze for a further three or four more years?

**Mr. Fielding:** Well, there's current legislation that's before the House, so I'm not going to speak further to that.

But I would say, you know, there's negotiations that would be going on. It wouldn't be right for me to make a comment in respect to that.

**Mr. Wasyliw:** Negotiations with whom, and between whom?

**Mr. Fielding:** Yes, I'd just like to also reference that we still get long-term-long-service steps and merit increases under Bill 28.

**Mr. Wasyliw:** Negotiations with whom, and between whom?

**Mr. Fielding:** There's collective agreements that are established that talk extensively.

There's a bill before—that is the current law of the land. What I would say is the bill speaks for itself.

**Mr. Wasyliw:** Which bill is this that you're speaking of?

**Mr. Fielding:** Bill 28.

\* (10:30)

**Mr. Wasyliw:** Now, this government has supported indexing income tax rates, and I assume the reason for that is you don't want people to pay higher rates of taxation because their wages bump them up through sort of tax bracket creep. And in your mind that is a fair way of doing things. Is that a fair characterization?

**Mr. Fielding:** Well, I think we are the highest tax jurisdiction west of Quebec for far too long. And so what we think is providing Manitobans with a break, that includes kind of a tax rollback, 2020. You know, I've gone through some of the points that we think is important. So we think that providing Manitobans with a break is really important.

**Mr. Wasyliw:** That didn't answer the question. The question was whether or not you believe that income tax rates should be, obviously, go up with inflation because you don't want to see people pushed into higher tax brackets because of cost-of-living increases in their wages.

**Mr. Fielding:** I would suggest that when we came to office, what we had—came to a situation was that, there wasn't an increase in tax brackets. There wasn't an increase in the basic personal exemption, which is important, specifically for people that are lower income, because basic personal exemption is the amount of money that you—before you actually have to start paying taxes. So Manitoba is far below any other provinces in terms of what the basic rates are. So we thought it was important to increase the basic personal exemption, which we have done on a yearly basis, as well as items such as the bracket creep. So there's—you could look at it two different ways.

**Mr. Wasyliw:** Now, dealing with the bracket creep issue. So if you're concerned about inflation eating up the value of somebody's income tax rates, why would

you not support cost-of-living increases for government workers?

**Mr. Fielding:** I'd say our focus is to provide tax relief for Manitobans. And there's a variety of ways you can do that. And one, again, is the basic personal exemption. Another is the bracket creep. Another is the PST, right? When you go—I mean, at the end of the day, you know, you have expenses and you have revenues, right? You bring in revenue whether you're work in a job or work in a business and you take a salary or however you structure your pay structure from it. The reality is we think that the tax measures and the approach that we've taken will make life more affordable for Manitobans.

**Mr. Wasyliw:** Well, I'd say as a lawyer, it's certainly my opinion that Bill 28 is unconstitutional and will be struck down shortly. And when it does happen, I'm wondering if the minister can advise this committee what is going to be the liability to the Province of Manitoba of three years of cost-of-living deferred payments, with interest, that will have to be returned to the pockets of Manitoba workers.

**Mr. Fielding:** Before the courts that I'm talking—I don't speak to hypotheticals.

**Mr. Wasyliw:** The question is a budgetary one. What is the liability to the budget should the case not be successful for the government? How much money, how many tens of millions of dollars, will this government now have to replace in lost wages?

**Mr. Fielding:** My answer is, it's before the courts. They're going to make a determination on that. We don't know what their judgment would be and, you know, so that's a hypothetical question. I can't answer a hypothetical question.

**Mr. Wasyliw:** Okay, with the greatest respect, a Finance Ministry answers hypothetical questions all the time based on projections. So this is a potential projection and it's a potential liability.

Is the government's position that they are not planning for this possibility and are not setting money aside to replace these wages, should they be ordered to by the court?

**Mr. Fielding:** I'll refer you to my previous comment.

**Mr. Wasyliw:** Why is the minister refusing to answer this question?

**Mr. Fielding:** I answered the question. I suggested that you refer—I would refer to my previous comment. The comment was, if you didn't—if you want to refer

to Hansard, you could refer to Hansard. My point is, No. 1 is before the courts. I can't make a determination of what the courts will say or what the rulings would be. You're a lawyer; I'm sure you'd appreciate that and understand that, so I'm not going to be able to answer hypothetical questions based on something that there may or may not be a court decision on.

**Mr. Wasyliw:** This is not a question for the minister on his legal acumen—far from it. I certainly wouldn't be asking that.

What I am interested in is the finance numbers of how much revenue Manitoba taxpayers will now be on the hook when they have to pay back three years of cost-of-living increases plus the interest. This ministry must have that number and must know what it is for planning purposes.

**Mr. Fielding:** I answered my question. I'll refer you back to my previous comments. Once again it's before the courts. I have no clue what the courts will make a determination on it. We feel very strongly in our position.

I can't tell you what sort of remedies the courts, if they would make a decision, would have impacts, so it's impossible to make that determination, and I'm not able to speak in a hypothetical nature of these things because, quite frankly, the courts have not made their decision on things, so I don't know how you'd expect me to have information that I just don't have.

**Mr. Wasyliw:** Would the minister take this issue under advisement? This is a simple math problem. Your ministry officials could probably do it on the back of a napkin and provide it to us. I see them nodding their heads, so they're certainly capable of doing this.

Would the minister just provide that information in the future?

**Mr. Fielding:** I'm going to refer you back to my previous comments on this. It's a hypothetical question. You know, we'll have to see what the decisions are of the courts. We feel passionate about our position and the courts will have to make a determination. It's impossible to give theoretical things on—based on decisions the courts may or may not make.

**Mr. Wasyliw:** Now, this wage-freeze law not only affects direct employees of the Manitoba government. It also affects all the employees in the school divisions, the regional health authorities. Those authorities have huge budgets as well. I know the

Winnipeg School Division's \$420 million a year, 5,000 employees.

Will this government commit to replacing their budget shortfalls once this legislation is declared unconstitutional and repay the regional health authorities and the school boards the money that they're going to be liable for to pay back for cost of living increases with interest?

**Mr. Chairperson:** I would just indicate to all members that questions that speculate on current matters before the courts are not the purview of this morning's discussion, this morning's Estimates, and we should probably frame questions in such a way that stays closer to the budget Estimates and leaves the court process independent of the goings-on of these committee rooms.

**Mr. Wasyliw:** Well, with the greatest of respect, the question is about planning for potential pitfalls in future budgeting, which is an absolutely relevant question in these proceedings, so I will ask that question again:

Has the minister or will the minister commit to replacing the money that school boards, regional health authorities would be out should they be required to pay back that money?

\* (10:40)

**Mr. Chairperson:** Just to clarify, the caution I was attempting to issue was not about relevance or the legitimacy of the question. It had to do with drawing in discussions or speculations about a matter currently before the courts and the results and responses to results that are yet unknown.

The member is in bounds to ask questions of the government, but probably best to leave the courts and matters before the court there for the time being.

**Mr. Wasyliw:** All right, this question is no different than asking a government is that given the economy is going into recession under this government, their income estimates most likely have been very generous and most likely will be much less as a result of that. So what planning have you had in place to deal with that potential contingency?

That's a similar question to what I'm asking here, is what is the contingency in the situation where school boards and RHAs are going—or, regional health authorities are going to be out tens of millions of dollars for cost-of-living increases that they are going to owe, including interest.

**Mr. Chairperson:** That question is in order.

**Mr. Fielding:** Well, there's no question that, under your leadership at the Winnipeg 1 school division, costs skyrocketed. There's absolutely no question. And taxes went up exponentially.

But what I would say from a government point of view, we always—in fact, we went through a number of different contingency budgets that are in place. And things happen in budgeting. As I gave you an example, last year the federal government made a decision on things like writing off tangible and intangible capital assets. Now that made a lot of sense in their fall economic update. My point is that cost the Treasury \$60 million. Again, it was the right decision, but things happen in budgets. You have floods. You have a variety of things. You cannot always predict what is going to happen and what isn't going to happen, but you need to make sure as a government that the contingency is in place.

I would reference the fact that over the last three years in government—which didn't happen under the former NDP government—we came in under budget for three consecutive years. We're in the realm of about \$150 million—our expenditure in this fiscal year in terms of 2018 Public Accounts was \$258 million below budget. We put close to 35 per cent more in our contingencies, and that more related was to things like floods.

But, as a government, you can't control things that are out of your control. I would suggest to you that a court case like this is something that is out of our control. And the fact of the matter is we always planned for unexpected events through contingencies.

**Mr. Wasyliw:** If the government can't control this event, even though they're the ones who've made these decisions, surely school boards and regional health authorities are even less control.

So, giving your control principle, would this government commit to indemnifying any losses to the budgets of school boards and RHAs in relation to cost of living increases?

**Mr. Fielding:** I'm going to refer you back to my previous comments.

Number 1, this is something that is before the courts. It's hypothetical. I don't—I have no clue—as well as yourself have no clue how the courts would make a ruling on this. So it's impossible to me—for me to give you answers, hypothetical answers to something that

I don't know what the courts make the decision on, if there's a judgment or not.

You're a lawyer; you would know that.

**Mr. Chairperson:** Just encourage all members to direct comments through the Chair and try to avoid, if possible, you and your.

**Mr. Wasyliw:** I'm wondering if the minister can provide a definition from this government's perspective of what is strategic infrastructure.

**Mr. Fielding:** I'm going to give you—going to refer you to page 103, and this is of Public Accounts 2018-19. It identifies strategic infrastructure.

The Manitoba government is committed to spending at least \$1 billion on strategic infrastructure annually. That includes things like roads, bridges, flood protection, hospitals, schools, universities and colleges, as well as municipal projects and other infrastructure.

In 2018-2019, strategic infrastructure was expanded to include capital spending in Manitoba Liquor & Lotteries. Strategic infrastructure investments from March 2019, you know, are highlighted on that respective page.

One thing I would add to this, really, is, as a government level, when you look at summary budgeting, there's close to actually about \$2.6 billion of projects that are happening, when you take in consideration things like Hydro Keeyask and other projects that are ongoing right now.

**Mr. Wasyliw:** I wonder if the minister can outline for this committee how the definition of strategic infrastructure has evolved or changed since this government took office.

**Mr. Fielding:** Well, I would suggest to people that, really, infrastructure is infrastructure, no matter what it is. Whether you're spending it on Hydro—I think the point we're trying to make, No. 1, is we committed to spending over a billion dollars on things like strategic infrastructure. We also know that as a—when you include the Crowns—it represents almost a \$2.6 billion.

One thing that I would also reference—the fact which I think is really important to this is—if you look at Public Accounts through some of the economic data, the construction sector actually grew by about 4 per cent, and that isn't just by government means, in terms of infrastructure that's spent. That's also things like the private sector, so we have a number of projects that are on the go.



As mentioned, we're leading the nation in private sector capital investments. So that's things like Roquette, Simplot, Maple Leaf; things like HyLife Foods. Of course, you had global—Paterson Global that just made, I believe, a \$93-million commitment. So that is real dollars that come in—over a billion dollars of infrastructure dollars—that come in. They bring not only their jobs and growth to the economy, but they bring their infrastructure dollars, as well.

And also the fact that in some of the stats, we're looking—in fact, Manitoba is, in terms of the housing starts, we had about 7,000 units that were brought online over the last two years, which is a 30-year high. So you're having construction that happens in the private sector that's helping to grow the economy.

We think that's important when you measure and the fact you're—No. 1, infrastructure spend, which committed to a billion dollars, things like the private sector capital investment; things like the real estate or industries, you know—through the construction sector—which has shown a grow by about 4 per cent, which is about four times the growth of the economy right now.

**Mr. Wasyliv:** So the minister keeps throwing around the term strategic infrastructure but he hasn't defined it yet. So I'm wondering if he can define what strategic infrastructure is, tell us what it is, tell us what it isn't, and what infrastructure falls outside of the definition of strategic infrastructure.

**Mr. Fielding:** I'll refer you back to the page which I quoted and that gave what the definition essentially included in strategic infrastructure.

I guess the global point that I'm trying to make is whatever your definition of strategic infrastructure, the reality is there's about \$2.6 billion worth of construction happening in the province, when you include the core government, in terms of things like summary. You know, just the fact that things like Keeyask and other things that are happening through the Crowns doesn't necessarily mean it's not construction. We think it is construction. So, it's \$2.6 billion. We committed to a billion dollars, as well as the private sector; with the private sector having growth in things, again, like the retail sector, the private sector capital investments.

You have a great announcement that happened yesterday. They're bringing—that's real dollars—they're bringing their construction dollars to Manitoba and that's why in Public Accounts, through statistics—The Manitoba Bureau of Statistics—I had a hard time

saying that—and also Stats Canada, showed that the construction sector grew in Manitoba by 4.1 per cent in 2018 and again, that consists of not just the government infrastructure spend but monies being spent in the private sector because of the strong growing economy.

\* (10:50)

The reference point that I would make as well, that was pointed out in our public sector, was that corporate and personal income taxes went up by \$193 million above and beyond plan. So it shows that there's a resilient economy, and the fact that the construction sector group by 4.1 per cent, compared to about a 1.2 per cent for the economy, shows that there is a lot of construction that's happening.

**Mr. Wasyliv:** Is the government still anticipating spending \$1.488 billion on strategic infrastructure?

**An Honourable Member:** Are you talking about for the 2019 year?

**Mr. Chairperson:** The Honourable Minister.

Sorry, sorry, I actually have to recognize you.

**Mr. Wasyliv:** Yes.

**Mr. Fielding:** We always want to get as much infrastructure spent as we can. We do recognize the facts, and the fact that we built on our Manitoba jobs strategy during the last election campaign to build about 40,000 jobs, and we identified one of the pillars is infrastructure, so we committed to increasing our infrastructure spend on highways, you know, a good portion of money. But also creating jobs.

Also the fact, if other sectors are growing, right, you have, you know, residential growth that's happening. So for instance, as I mentioned, real estate—not the real estate, the construction sector, with multi-family in it. So you're building condos, or anything else downtown—were at a 30-year high over the last two years. But the good news is this year we're tracking to about a 22 per cent increase in the amount of single—or rather, multi-family units. So it's tracking to around 7,200, which is higher than it was last year. And also the fact that permits have gone up by about 15 per cent.

So, what I—my long-winded story would be we would love—we want to make sure the dollars are being spent. The concern that we had in the past from the previous NDP government was that there was really only one department of government that was underspent with the former NDP government, and that

was Infrastructure. It actually was underspent by about 28 per cent every year. There was only two years where you 'meeted' or exceeded that number for Infrastructure spend. And, unfortunately, that was an election year.

So our concern was that, you know, maybe it was just more of a show to somehow get a number of construction jobs done in maybe an election year, to help out, you know, your election chances.

**Mr. Wasyliw:** So, if the minister, if I take you at face value of what you said, you are not committing to spend the budgeted \$1.488 billion on strategic infrastructure, but you will not go lower than \$1 billion in a single year?

**Mr. Fielding:** It's almost like we're playing gotcha politics here, somehow. It's—that's not really a process I'd like to go. If you want to ask the question, I can answer them. I'm not into the whole gotcha politics or cat-and-mouse approach you're taking here.

But what I would like to say is that we want to make sure as much infrastructure dollars are spent. And what we are proud of is that, in a variety of areas, we were able to spend the allotted amount. So I think we are within \$5 million of the roads and bridge projects.

So I didn't say any of the words you're mentioning. Those are your words, not mine.

**Mr. Chairperson:** Just to remind members to direct their comments through the chair.

**Mr. Wasyliw:** Will the minister indicate whether he anticipates underspending the \$1.488 billion that is currently budgeted for strategic infrastructure?

**Mr. Fielding:** Well, again, we'd probably be spending upwards of \$2.6 billion when you consider all the infrastructure spend that government has a say in in terms of some of the Crowns. What I would suggest to you is that you get a better indication of where your spend happens—and I mentioned this, I guess, the first day of our discussions for Estimates—after Q2.

**Mr. Wasyliw:** Has the government calculated the cost to Manitoba for all the deferred maintenance for infrastructure spending that is not occurring?

**Mr. Fielding:** Are you talking about the deferred maintenance under the Housing budget, when the former NDP government underspent it by over a billion dollars?

**Mr. Wasyliw:** What I'm requesting is the amount that the Province of Manitoba currently estimates is going

to cost taxpayers for all the deferred maintenance on every asset owned by the Province of Manitoba, or controlled by it through its Crown corporations.

How much is the total, deferred maintenance number for the Province of Manitoba, and is there a plan to start addressing it?

**Mr. Fielding:** We are saving about \$34 million on debt-servicing charges because of a prudent budget. So if your question is related to interest charges, because what happens through projects—this isn't all related to capital, but a good portion of that is related to debt servicing. That's how a lot of the structuring of the financing happens. So what I would say is that \$34 million—taxpayers are saving about \$34 million every year by more of a prudent budget.

**Mr. Wasyliw:** The government is able to save that money by failing to upkeep the current infrastructure that is already in existence. And the continual degrading of those assets will lead to higher replacement costs in the future, costing taxpayers longer and more money in the future.

So, again, can the minister state for this committee what the cost will be to catch up on the deferred maintenance in this province?

**Mr. Fielding:** Well, the problem was that the former NDP government went on a spend spree prior to being kicked out of office. What happened was that the debt-servicing charges, the net debt to GDP—so that's the—it's kind of a gold standard that the bond-rating agencies that evaluate our money—it went from about 22 per cent to about 34 per cent. So my point with that is we are taking on a whole bunch more debt. So, for instance, we're spending right now over \$1 billion on debt-servicing charges. So that's money that you can't spend on health care and education.

We want to go to a sustainable level for infrastructure spending. That's why we committed to over \$1 billion of infrastructure spending. We believe that is an important number mixed in with things like the Crowns as well as mixed in with the private sector, where you're having, again, some of the highest growth in terms of private-sector capital investment that's coming into the province, bringing their construction dollars and things like the real estate—or, rather, the construction industry that are building some of these multiplexes, you know, kind of with the condominiums that are coming online.

So you add that all together, that's probably some of the reasons why the construction sector has grown by about 4.1 per cent.

What I would refer to, the fact is we want to make sure that the situation that happened before of not funding perpetual maintenance on things like housing that we—when we came to office, we found that that isn't there. So we do want to make sure that we're fixing—to answer directly your question—fixing the maintenance and preservation. If you can take care of your buildings or your assets, you're right; on the long-term basis, it's going to save government money.

**Mr. Wasyliw:** Does this government have a strategy in place to draw down the deferred maintenance issues across Manitoba government?

**Mr. Fielding:** Yes. As a government, we recognize that infrastructure is important part of building the Manitoba economy. Through the election campaign that we recently had, that was one of the pillars. But we also committed to longer term—a long-term plan of infrastructure. So I guess the answer is yes, we recognize that, and that was something that we ran on as a party to make sure that you have a strategic infrastructure that is sustainable for the long period of time. And that's one of the big parts of the Manitoba JobWORKS program, where we're going to create, you know, close to, well, thousands of more jobs. So the answer would be yes.

**Mr. Wasyliw:** Will the minister now share that strategy with the committee and the targets on a year-per-year average to eliminate the deferred maintenance deficit for Manitoba?

**Mr. Fielding:** Well, we committed to, I believe, a five-year plan in our election campaign. So that will be coming out in the coming months.

What I would suggest to you is that, as a party, we committed to spending over \$1 billion of strategic infrastructure, so we have met that on a—you know, on a yearly basis. But we—what we also think is important, not just the amount of money that the government is spending on infrastructure; it's how you're promoting things in the private sector because they have a big play in this. If you can grow the private sector, you know—and a couple of the examples, again, are things like, you know, housing. Housing starts are—again, have gone to a 30-year high over the last two years. It's tracking towards building new starts—around 7,200 new units, which is about a 22 per cent increase.

\* (11:00)

So what I would suggest to you when you're having the construction sector through the private means, and you're having these private companies that

come in like Roquette—I think Roquette was somewhere in the neighbourhood of \$400 million of expansion that's happening. You've got Maple Leaf, you've got HyLife Foods, you've got a number of things that are going on. You've got a big building that's happening here, at the end of Main Street. You've got a number of things that help the global economy.

So, if that—what the government spend, which we think is sustainable, plus the growth is happening in the private sector, we think is something that can help grow the economy, because we do value and we do appreciate that growing the economy consists of construction.

But it's not exclusively just the government, right? It's also the private sector. So we're happy with those trends. Again, a 22 per cent increase in terms of multi-use development, tracking towards 7,200.

And what it also shows actually, that permits and inspections—or, permits—the permitting fee has gone up this year by about 15 per cent. So that's something that we think is important. If you measure in the—our commitment to our infrastructure, our long-term plan, plus what's happening in the private sector, that's something that's going to be good for Manitobans and taxpayers.

**Mr. Wasyliw:** As a former school trustee, I can speak with some authority about—the Winnipeg School Division has a deferred maintenance deficit of \$260 million, of which the Province of Manitoba is responsible for \$200 million of that deficit. And that's just one school board, and we have 33 in Manitoba. We've heard from the City of Winnipeg that their deferred maintenance deficit is somewhere in the area of \$9 billion.

I'm wondering if the minister can tell this committee whether or not there's going to be a plan in place to help school boards and municipalities catch up with their deferred maintenance deficits.

*Mrs. Sarah Guillemard, Acting Chairperson, in the Chair*

**Mr. Fielding:** Well, our government was very pleased that we're able to announce the building of 20 new schools. That should've happened a long time ago. And so we think that's also part of a long-term strategy.

But you can't just be building new schools. That's the mistake the previous government made where you would have all these new, great projects that would

come online, but you didn't take care of the maintenance portions of things. So there will be appropriate money that is dedicated towards making sure infrastructure is being invested in. But we also think that building 20 new schools is an important investment.

I know we've got a lot of positive feedback from residents of the schools and when they're going to be built. So, again, they'll be about 20 schools built over the course of a number of years. And we think that will help the education system to have more appropriate places for schools to prosper.

**Mr. Wasyliw:** The Winnipeg School Division has 10 schools that are over 100 years old, three of them older than the Titanic disaster. We need to repair those schools.

So what money has this minister set aside in this budget to repair the schools that we actually have, not the ones that may get built 10 years from now?

**Mr. Fielding:** I'm going to refer you to the capital budget element of things on page 18.

So what we actually saw—a year-over-year increase. We saw about a \$56-million increase. And I'm just going from my old budget notes. I'm going to make sure I get the right number.

But it represented almost a 30 per cent increase year-over-year towards K-through-12 education. So that made up an increase of \$56 million, from \$146 million in 2018-19 to \$202 million in '19, the last budget for K-through-12 education. So again, it went from \$146 million to \$202 million, which is a \$56-million increase. The allocation to provide infrastructure renewal for mechanical systems, roofing, structural integrity, and accessibility—so those things I would say is the maintenance of things.

It also provides for renewal of science lab, gymnasiums, and vocational, industrial, and shops classrooms, and addition of renewal of in-school child-care centres. So funding is also provided for major renovations and additions to existing schools, building new schools. And so I'll give you some in a moment, the numbers there.

Also, I do want to recognize the fact that part of the 20-year-old school that we committed to, there's child-care centres going to be in those, which is, you know, we're going to construct those, which, I think, is a big part of, you know, being a parent. Child care is an important part of your everyday life, right? Especially if you've got two working parents. Just to

add on, approval funding includes \$152 million for *[inaudible]* to ongoing projects, including 2019-20 cash requirements. Five new schools in Winnipeg and Brandon for \$73.7 million, totalling 142.7; new school in Winkler—they've been waiting a long time for that one. K-through-8 schools, well, \$13.2 million totalling about 30 point—\$30 million.

New Niverville school, 9-through-12 school for \$10.4 million; total cost of \$23 million. They—kind of a multi-year project. Neepawa college—or Collegiate, rather, major school additions of \$7.9 million; total of 16.3. And La Salle School addition; there's one addition and renovation, \$4.7 million, for a total \$11 million. So I guess my point would be, on a year-over-year basis, we increased the funding for things, just as you mentioned, by close to 30 per cent—\$56 million.

**Mr. Wasyliw:** Given the current level of funding by this government, can the minister tell us how many years the deferred maintenance deficit for the province would be eliminated?

*Mr. Chairperson in the Chair*

**Mr. Fielding:** Well, I would say—suggest a couple things. Number 1, I guess, depends on the definition of deferred maintenance. I would suggest that a 30 per cent increase, year-over-year increase—a \$56-million increase from last year to this year is a big number.

But I would also suggest and point you to is some of the references—I mean, don't believe me as a politician. Believe what the bond rating agencies have said, and what they're concerned—and actually the Auditor General has said this as well—that had talked about two things—that the making of debt, existing spending is made up of two different things: No. 1, deficits on a yearly basis, but also the infrastructure spent.

And so, what, you know, quite frankly, the money the infrastructure spend that the deficit or the debt that was brought out previously has led us to three credit rating downgrades. So we want to move to a sustainable, and make sure it's sustainable approach towards infrastructure.

That's something that credit rating agencies have said. The fact of the matter is, because of the skyrocketing debt that happened going—when you look at the net debt-to-GDP, it's gone from 22 per cent—I think it was around 2008 or '09—went up to about 34 per cent, and that's substantially higher.

It was an issue that the credit rating agencies had brought up.

Now our plan is to reduce that, and we've actually seen some highlights where it's going to go down about—go down to about 32 per cent, which is a good positive trend. My point is that's deficit financing. And so for the first time in the government's history, we're spending about a billion dollars in debt-servicing charges. So that's like the fourth-biggest department of government right now. If you mesh in the fact that there's probably about \$800 million of debt-financing service charges for Hydro. We as a—taxpayers are spending about \$1.8 billion a yearly basis on debt-servicing charges.

\*(11:10)

So what our plan is to, No. 1, get ourselves back into balance. And, once you're in balance and you're at a more sustainable level of your infrastructure spend, which we believe we're at, debt-servicing charges would be—would come down.

And you know what that means, if you're not spending \$1 billion through—on what I'll call kind of the core functions of government on debt-servicing charges, then you're able to spend that money like it's real money, right.

So that's money you could spend on health care, in education, social services, these types of items. And so that would be real money we can do it. So it's kind of like a balanced budget dividend, I would say, because once you're into balance you're not borrowing money essentially for your operations of government. And, if your infrastructure spend, what the Auditor General as well as the debt—the credit-rating agencies have said, needs to be more sustainable, then you're able to have more money in the long-term for capital and operating-related government expenditures.

**Mr. Wasyliw:** I think the minister should be very careful quoting bond-rating agencies. I imagine he's aware that they don't consider the value of Manitoba assets in their analysis. So it's very much an incomplete picture.

But my question for the minister and this government is what departments are you anticipate underfunding their budgets—or underspending their budgets this year.

**Mr. Fielding:** Just a point of clarification, you had said that the bond-rating agencies don't consider our assets on the balance sheet.

**Mr. Wasyliw:** The value of our assets?

**An Honourable Member:** Really?

**Mr. Wasyliw:** So I'm wondering if the minister can answer the question: What departments will be underspending their budgets this year?

**Mr. Fielding:** What do—just a question I will ask you about what do you mean by that. I don't quite understand, so you could expand upon how—what the bond-rating agencies, they don't—I don't follow. So could you expand upon they don't consider that on our balance sheet?

**Mr. Chairperson:** Just a friendly reminder to direct comments to the Chair.

**Mr. Wasyliw:** All right, yes, I have very limited time with the minister, so I'd kindly ask that he answer these questions and we can have this discussion later at some other time.

What departments will you be underspending the budget?

**Mr. Chairperson:** And another friendly reminder to please direct comments through the Chair.

**Mr. Fielding:** Well, in the last years of Public Accounts we increased spending by about 1.7 per cent. What we are very proud of in the '19 budget, we're here to talk about '19, we're spending about \$414 million more budgeted on health care every year, annually, more than the previous NDP government ever did. We're spending upwards of around \$300 million annually more in things like—in terms of education as well as social services. I think the Public Accounts said for education it is around \$250 million, and that takes into consideration, some re-budgeting, right, revenues and expenditures. And I think the Department of Families was somewhere around \$300 million. I could be off on my numbers a little bit.

So my point is we are spending more. In fact, on this '19 budget, I believe it was somewhere in the neighbourhood of a \$57-million increase, so what I would suggest is that that's inaccurate information.

**Mr. Wasyliw:** In this budget, we're aware than Health was underspent by \$215 million. Will the Health budget again be underspent in this coming year?

**Mr. Fielding:** That's inaccurate information. What Public Accounts indicates is that on a year-over-year basis there was \$103 million more spent in the health-care field, in health care in and itself. That's a public document. That is in our Public Accounts. It's

a fact that there was over \$103 million more spent on health care from 2017 Public Accounts.

**Mr. Wasyliw:** Now governments recently are been moving in the direction to promote principles of equality and inclusiveness, and they're beginning to consider gender and diversity in taxation and resource allocation decisions, including in respect to direct spending and transfers to person. We saw an example of this in the federal government's budgeting process. They have a gender-based budgeting report that they include with their budgeting process that shows the impact of budget decisions on the female population in Canada.

Would the minister indicate whether his government would be prepared in the upcoming budget to have a gender-based budgeting process in Manitoba as well? And if not, why not?

**Mr. Fielding:** You know, the budget process is just getting under way right now. In fact, we'll be starting consultations in, you know, in the next few months. Budgeting are about making decisions. I'm not as familiar with exactly how the federal government did their approach to different things, so I guess I'm just not at the point where I can say yes or no right now.

**Mr. Wasyliw:** Would this government be prepared to include, in the next upcoming budget, an impact analysis of how that budget impacts low-income Manitobans?

**Mr. Fielding:** There is a poverty paper that's associated with the budget that was introduced by the former government which we've, every year, is part of the legislation that talks about the initiatives that we have, you know, go towards poverty reduction, so that is currently a part of the budget process.

One thing that we are extremely proud of is the fact that, for a long period of time, Manitoba was the child poverty capital of Canada, and we're not anymore; we're about the middle of the pack. I don't have exact, you know, numbers here, but I think it's gone down to about six. I think it's upwards more than 20 per cent reduction in the amount of people living, like children living in poverty, and I think it's made up of two different things: some overall from Canada.

The Canadian child benefit has, I would say, has benefited and brought more people out of poverty, but what actually Manitoba has actually gone from being the child poverty capital to about fifth or sixth, and we did an analysis when I was the minister for social services, and what we think that it was narrowed down to, why Manitoba gained, was something called the

Rent Assist program. So the Rent Assist program, we were able to provide supports for about 3,000 more individuals than when we first came to office. That's kind of a subsidy for people that are, you know, that want choice of where they want to live. That's part of it.

And the federal government actually just, with their portable housing benefit that they announced to the—through the health—rather the housing strategy, kind of emulated it.

So, I guess my point is it's included right now in the budgets, the poverty elements of what we need to do for poverty, and we've actually seen some pretty good results in it.

**Mr. Wasyliw:** Would this government support including an analysis in the upcoming budget of how that budget would impact environment and emissions levels in Manitoba?

**Mr. Fielding:** I'm going to defer this question to the Minister of Sustainable Development (Ms. Squires). She'd be more appropriate to answer that. I think in their annual reports they would talk about that. The one thing that I would mention that the government has done, we introduced a climate green—a climate and green office.

Anyways, it basically is a—kind of an element of government that looks at government as a whole, if you will, on climate green initiatives as it relates to all different departments, so that was announced in our last budget. So that, I guess I would say, has a lens on any environmental aspect. Of course, we know we feel passionately about our green plan that will make a difference for Manitobans, but the actual related question that you mention, I'm going to refer that to the Minister for Sustainable Development.

**Mr. Wasyliw:** My understanding is there's been some previous discussions that we were going to break at this period of time for a very short recess in order to switch to Crown Services.

**Mr. Chairperson:** Is it the will of the committee to recess for five minutes in order to change to the Minister for Crown Services? *[Agreed]*

The committee is thereby recessed for five minutes.

*The committee recessed at 11:19 a.m.*

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*The committee resumed at 11:29 a.m.*

**Mr. Chairperson:** Will the Committee of Supply please come to order? This section of the Committee of Supply will now resume consideration of the Estimates for the Department of Crown Services. As previously agreed, questioning for this department will proceed in a global manner. The floor is now open for questions.

**Mr. Adrien Sala (St. James):** I'd again like to thank the minister and the wonderful team of folks he's got beside him there to help provide technical support. Thanks to everyone here today. Also, I'd like to say hi to my colleagues around the table. Bonjour.

\* (11:30)

So, to start, we're just going to, again, focus in on Hydro and the DSM program, the recently developed Crown corp, Efficiency Manitoba. And I'd just like to start by focusing in on some of the discussion that happened yesterday.

So yesterday, in relation to the failure of this government to finalize the roles and responsibilities record for the new Efficiency Manitoba, the new Crown corp that's been created, the minister confirmed that his government is in contravention of the Crown Corporation Governance and Accountability Act section 4.1, which states that Crown corporations need to submit a roles and responsibilities record within three months of their establishment.

Is that correct?

**Hon. Jeff Wharton (Minister of Crown Services):** Well, good morning, and good to be back at the table to talk about a very important issue for Manitobans.

Again, I'd like to quickly introduce, if I may, some of my team members here today: Scott Sinclair, Deputy Minister of Crown Services; Robert Marrese as well, executive director of Crown Services Secretariat; Inga Rannard, senior financial officer; and of course Matthew Penner, special assistant to the minister, myself.

And—yes, good morning, and I will endeavour to get that answer to him shortly.

**Mr. Chairperson:** The Honourable Minister.

**Mr. Wharton:** For the member from St. James, I'll certainly refer him to roles and responsibility record 4.1, the corporation must, within three months of becoming subject to this section, have roles and responsibilities record that is jointly developed by the

corporation and the minister responsible, and the corporation has completed that process.

**Mr. Sala:** So just to confirm—and I apologize if I'm a bit confused—yesterday, as far as we had understood, there was no roles and responsibilities record which had been submitted, as per section 4.1, within three months of the establishment of Efficiency Manitoba.

Just to clarify, is the minister stating that the efficient—that that roles and responsibilities record has actually been submitted as required as per the act?

**Mr. Wharton:** I think, for clarity as well and for the record, I think there's two questions here at play. And for the member from St. James I'll endeavour to look at yesterday's comments that were mentioned, that yesterday he had asked if I had approved the roles and responsibilities, and today he's asking essentially, referring to the regulation of 4.1, and I have answered the fact that the—Efficiency Manitoba has obviously moved forward with their roles and responsibilities and I certainly have not approved, as indicated yesterday, roles and responsibilities of Efficiency Manitoba.

**Mr. Sala:** I thank the minister for the response, and I'll take that as a confirmation that the minister has not approved the development of that roles and responsibilities record as was required in 4.1 in the act. So I appreciate that response and the minister clarifying that.

And just further to confirm, the roles and responsibilities record is over a year late. Is that accurate?

**Mr. Chairperson:** So, although nobody had spoken since you previously spoke, I apparently needed to recognize you a second time so that Hansard understands that.

So the member for St. James, if you could just repeat your comments.

**Mr. Sala:** Thank you. And just to—thank you, Mr. Chair.

And in—just further to the question, I just wanted to clarify that that was based on the fact that Efficiency Manitoba came into being in August 2018.

\* (11:40)

**Mr. Wharton:** Well, thank you, and again, as I mentioned yesterday, I'm ensuring that—'endeavouring' to make sure that I answer your question appropriately and, of course, factual. And

that's something our government prides ourselves on, so we will continue in that process.

And to answer your question, the corporation again, has compiled by—has complied, pardon me, by submitting the roles and responsibility record. Efficiency Manitoba is a new corporation, as the member from St. James knows, and is, of course, transitioning and growing.

We talked a little bit about that yesterday, with start-up companies and drawing comparisons to whether it—didn't matter whether they were multi-million-dollar companies or small ma-and-pa companies, there are some growing pains in transitioning.

So, of course, this would impact some of the roles and responsibilities going forward. You know, essentially, this, combined with mandate letters that have been sent out and the government's intention to issue updated mandate letters, of course, reflects the government's new mandate over the next—over to next fall—in the next—in the fall. So—and fall's here, obviously, by the weather outside.

But, of course, my intention—and minister needs more time, of course, to—being six days on the job now, to work with the board to ensure roles and responsibilities submitted are still current, of course, and accurate and aligned with our government mandate.

**Mr. Sala:** So to just re-ask the question one more time, can the minister confirm that the plan is, in fact, at this point, over one year late, given that Efficiency Manitoba was brought into being on August, 2018, yet clearly states—The Crown Corporations Governance and Accountability Act clearly states that within three months, the roles and responsibilities record needed to have been developed.

Can he simply confirm whether or not this is, in fact, as is easily determined by—to some quick back-of-the-napkin math here, over a year late?

**Mr. Wharton:** Well, I certainly appreciate the reference to back-to-the-napkin-math. The NDP are famous for back-of-napkin-math and they were, over the last 17 years, and—failure to be good stewards of Manitoba taxpayers' dollars.

To be clear, the board was appointed in May and the roles and responsibilities were submitted in August. I think that's a three month time frame.

**Mr. Sala:** So, just to clarify then, it sounds as though the board and executive of Efficiency Manitoba had,

in fact, submitted the roles and responsibilities record as requested, likely to the previous minister. Yet, however, that sat with the previous minister for an extensive period of time and now continues to sit with this minister's office without having been approved.

Is that what has just been clarified there?

**Mr. Wharton:** So I guess the simple answer is, and I'll make it very clear, that the government is not time-bound to assessing a course of moving forward. So, yes, we are moving forward with that and ensuring that we are aligned, as I mentioned earlier, and certainly the member can check back on Hansard that we are looking at again ensuring that the board is aligned with the government of Manitoba.

**Mr. Sala:** So I'll take the non-answer as more confirmation that, in fact, we are seeing a delay of that roles and responsibilities record being approved by the minister's office, even though it is over a year late, as per The Crown Corporations Governance and Accountability Act. So I thank the minister for that clarification.

Yesterday we also confirmed that the government is de-funding the furnace replacement program, even though that program was created as a result of an order of the PUB—so want some clarity on whether or not it's the minister's position that the orders of the PUB can be disregarded.

\* (11:50)

**Mr. Wharton:** I just wanted to, again, clear up the record on a comment the member for St. James (Mr. Sala) had made trying to tie us to a delay.

And just to be clear, on the record, there is no delay. Essentially, there is no timeline for government to approve. So let's be clear, on the record, that there is no timeline for the government to approve the roles and responsibilities. So I want to make sure that's clearly on the record.

Further to the question on the funding availability for the furnace replacements, the funds are not—it's not being defunded. The funding is simply being moved and transferred from Manitoba Hydro to the new Efficiency Manitoba board.

**Mr. Sala:** I appreciate the response of the minister and the attempt at clarification there.

I'll just reiterate section 4(1) of The Crown Corporations Governance and Accountability Act, which states a corporation must, within three months of becoming subject to this section, have a roles and



responsibilities record that is jointly developed by the corporation and the responsible minister.

So from what we understand, the record—roles and responsibilities record is yet to be finalized, which essentially, translated, means that at this point in time, we are currently in violation of the act. So I'm not sure how that served to clarify anything relative to what it spells out here in the act, but I do appreciate the attempt at trying to—to try to create more clarity there.

I'm going to move on here to another area of focus. We spoke a bit yesterday about the efficiency plan that is currently—has yet to be submitted to the PUB, as was required by this government's own law that they passed.

We've learned that the efficiency plan is, at this point, is going to be late by a month, although we know that the government did, last minute, change the law to allow themselves another month to be able to work on performing whatever review process they've got in store.

And so we understand that, yesterday, that we confirmed the efficiency plan, which was due for delivery to the PUB by October 1st, had actually been produced on schedule by employees and board of Efficiency Manitoba and delivered to the minister's office on September 11th, yet its submission to the PUB has been delayed by the minister's office in contravention of the government's own law because, according to the minister's office, as described yesterday, they would like to ensure the new plan accounts for outcomes of the power smart demand-side management program, which the CEO and board of Efficiency Manitoba apparently were not in possession of.

So is that correct, that, at this point in time, the efficiency plan is yet to be sent to the PUB because the minister's office is in possession of information which the CEO and board of Efficiency Manitoba were not in possession of?

**Mr. Wharton:** And, again, I thank the member for the question, and I'll certainly open my comments again referring to the October 2nd news release that our government put out, and Crown corporation put out—Crowns put out.

Efficiency Manitoba, Manitoba's new Crown corporation focused on energy efficiency, will submit its first three-year plan to the Public Utilities Board for review on November 1st while maintaining an implementation date of April 1st, 2020. Crown Services minister had mentioned.

And this is, again, verbatim as per the October 2nd news release, just in case the member hasn't had an opportunity to review the news release: Efficiency Manitoba has made significant progress in starting a new corporation from the ground up. The work done by Efficiency Manitoba's board of directors and staff has been exemplary, and we appreciate all their hard work.

Efficiency Manitoba is required by regulation to submit its three-year plans to the PUB for review. Government—it will be working with Efficiency Manitoba to gain a greater clarity of—on comparisons to program delivery under the former Power Smart program and the whole of government implications on summary budgeting.

While Efficiency Manitoba has received focused direction provided by government through legislation, regulation and a mandate letter resulting in a sound government plan—needs to confirm alignment of how Efficiency Manitoba will be more streamlined and program-driven, added Wharton.

Manitoba's Crown Services is taking immediate steps to require Efficiency Manitoba's plan to be submitted for the new November deadline.

\* (12:00)

So, again, that certainly gives us a good overall and allows us to put on the record the mandate of myself as a new minister on day 6 and continuing on and looking forward to next week as well as we go forward with this exciting announcement and working in collaboration with Efficiency Manitoba.

Again, the department will continue to work collectively and collect necessary information from Manitoba Hydro to finalize the comparison of the three-year plan to be submitted by Efficiency Manitoba and, of course, the former demand-side management program run by the Manitoba Hydro in the past.

So we're excited about that. You know, the member obviously is excited too, because he continues to go on this question, basic questioning. And I certainly appreciate that because I know he shares our excitement on when the plan will be rolled out. And Manitobans will benefit substantially with new directive in energy savings as we go forward in reducing our GHGs.

And, again, this is an area that is important to all Manitobans, certainly important to me and my family, and as I mentioned to the member from St. James, my

five grandchildren. And looking forward to this exciting new Crown corporation moving forward for all Manitobans.

**Mr. Sala:** I appreciate the response of the minister, and I can state that I certainly do share his excitement for this efficiency plan which is to be put out by Efficiency Manitoba, as I know are a lot of Manitobans who are eager to start planning for their own energy efficiencies that they're looking to implement in their homes, whether that be through new insulation or new furnaces.

This is critical not only for reasons tied to helping reduce our overall GHG emissions but also because, at the end of the day, this is an issue that will be felt by Manitobans in their pocketbooks.

And so what I'd like to clarify here is that I think what's really at issue is that we've got an efficiency plan that has been—apparently been completed, signed off upon by the board of Efficiency Manitoba, by their executive—who, by the way, the CEO was, of course, the head of power—the Power Smart program previously—who have put forward a plan that I assume is going to be focused on ensuring Manitobans can keep more money in their pockets and ultimately reduce their GHG outputs.

And yet, for some reason, this plan is being held in the minister's office for reasons that are, at this point, unclear. We continue to, sort of, dance around the fact that there is, at this point, a delay in submitting this plan to the PUB.

Instead, there—I know that the minister has referenced that there is a desire to ensure alignment to government priority, to alignment to the previous Power Smart program or some outcomes or outputs from that program that apparently are not at the disposal of the Efficiency Manitoba board and executive—who, again, by the way, were the same people who were responsible for—or the CEO was the same individual responsible for the Power Smart program.

However, the question at hand is, given that the section 12 of The Efficiency Manitoba Act states really clearly under 12(1), after receiving an efficiency plan and the PUB's recommendations respecting the plan, the minister must (a) approve the plan as submitted, or (b) refer the plan back to Efficiency Manitoba for further action.

So, again, while I appreciate the minister's emphasis that it is something that he's placed a lot of emphasis on in seeing this move forward, why are we

working in violation of the clear directive as outlined within The Efficiency Manitoba Act, which that the minister's office should be engaged in this review process after the PUB has approved and made their own recommendations?

So, to summarize the question, why are we working simply in contravention of section 12(1) of The Efficiency Manitoba Act which states that the minister's office is to perform their review after it's been reviewed by the PUB and the PUB has had a chance to offer their own recommendations?

**Mr. Wharton:** Certainly, the member and I—from St. James—can agree that we share the goal of ensuring that Manitobans—we're saving Manitobans money, so we do agree on that front for sure. Reducing energy consumption while saving taxpayers' money is obviously a goal, not only for energy costs, through ensuring energy efficiency programs are delivered at a low cost. So, again, it's about being—ensuring that the program and the plans, going forward, are leaner and more efficient, again, to ensure that those savings are back on Manitobans' kitchen tables, where it should be. And that's exactly what the goal is, for sure.

And there is no delay, again, as I mentioned—little bit of repetitiveness going on, but that's okay—appreciate the member's new and we'll certainly help him through the process—but the three-year plan will still be in place by 2020, and certainly a very prudent on us as government and—work in collaboration with Efficiency Manitoba board, to ensure that there will not be delays for April 1.

So the goal is to ensure that Manitobans can recognize those savings sooner than later.

And, you know, again I'll refer back to 2014, where—we would likely not be having this conversation today if the NDP acted on recommendations from the PUB to move forward with reviewing the demand-side management of Manitoba Hydro and Power Smart and moving towards Efficiency Manitoba.

Here we are now, five years later, and our government, as we say, we're going to do something, we commit to do it, and we deliver, and that's exactly what we're doing in collaboration with the board at Efficiency Manitoba. I mean, as a result of NDP mismanagement—and we can—I can certainly spend the next 20 minutes, but I know the member probably wants to move on to another line of questioning, but certainly remind the member that NDP mismanagement of Manitoba Hydro

Power Smart program—you know, they spent almost half their budget on administration.

Obviously that's not sustainable, and how can you spend half your budget on administration and recognize savings for Manitoba families? I'm sure the member will agree with me that that's certainly not the way to go. And we're moving away from that to ensure that Manitoba families are taking full advantage of the savings and cost energies and reductions in GHGs as we go forward.

So, again, I think the member and I share the fact that we need to ensure that Manitoba families are reaping the benefits of good, solid management with respect to energy consumption, and I know the member has mentioned a number of times that he does share that, being a young parent of two young children, as well, as I mentioned, with my five grandkids, we want them to enjoy a wonderful future here in Manitoba, and we're going to do our part, as we committed to when we formed government in 2016, to ensure that we are moving forward with eyes fully focused on the climate and moving forward with Efficiency Manitoba and their mandate will be a wonderful start to move forward there.

Thank you.

\* (12:10)

**Mr. Sala:** Appreciate the response from the minister. And just for clarity: I—the minister's suggested that there is no delay in the efficiency plan that was required to be delivered within—six months prior to April 1st. The plan had not been delivered as of October 1st, so in fact, just for clarity on the record, the—this government was late in the submission of that plan.

And that's quite clear, and I know that it's not something that we want to be highlighting too clearly, but that this government did, in fact, move on October 1st to change the law, or change the regulation to give themselves another month.

So, just to be clear, on the record, we can agree that in fact, as it had been written, that the plan needed to have been submitted six months prior to April 1st. We can see with clarity that the plan had not been delivered as had been committed and as had been required.

So I appreciate the member's—or sorry, the minister's concern about my being a new member and my—the risk of me asking questions repetitively, but I can assure the minister that I would prefer not to have

to continue trotting over this ground repetitively, but unfortunately I haven't been able to get a clear response, so that's necessitated a somewhat painful line of questioning here.

So I'll proceed with, just to get clarity on this and hopefully we can move beyond this line of questioning, which is although the minister's office has delayed that submission of the plan to the PUB, as has been clarified here today, to apparently ensure that the plan accounts for information which was unavailable to the CEO of Efficiency Manitoba, or some information which has been referred to which was unavailable to the CEO and board of Efficiency Manitoba in the development of the plan which they created, even though that—the CEO of Efficiency Manitoba was previously in charge of Power Smart program.

The minister is suggesting that his office will offer no direction of any kind which will alter the nature of the plan. Is that correct?

**Mr. Wharton:** Just, again, to clear the record, the member had mentioned that the current member—or the CEO of Efficiency Manitoba was the head of Power Smart. Well, that's simply not the case. So just some clarity for the record there: the CEO was a member of Power Smart, not the head of Power Smart.

And, again, this allows us—this one-month process will allow us to make sure we do a shoulder check and allow some more visibility into the old Power Smart program that was quite convoluted. Obviously, as I mentioned earlier, over 50 per cent of the funds in power—the old Power Smart program were for administration. So, again, I highlight the fact that it is simply is not what Manitoba families deserved, that what they were looking for in an energy-efficient program, and, you know, again, the former government was advised by the Public Utilities Board in 2014 to move forward with Efficiency Manitoba and chose to do nothing.

So we're proud of our government and the progress we've made moving forward. So I hope that those couple of areas are cleared up now, and, you know, as the member mentioned, perhaps the line of questioning, it was painful for him, but I'm certainly enjoying the process. I'm learning as I go forward.

And I know I made mention of the member being new to the Legislature, and I congratulate him on his election, and certainly never was there a slight of me simply saying that the member was new. The member is very well-spoken, and I certainly appreciate the

effort that he's putting forward during this process, this very democratic process of Estimates. It's important to all Manitobans to ensure that they are getting value for their tax dollars, and I certainly appreciate the efforts of the member from St. James to take part in this.

**Mr. Sala:** I appreciate the response of the minister, and just to be clear, no slight taken. I appreciate your clarification there.

And I appreciate, also, your clarification on the role of Ms. Kuruluk, who's now the CEO of Efficiency Manitoba. Just to clarify, she was the manager of Power Smart programs at Manitoba Hydro where she was responsible for a large and diverse team of engineers, technicians and marketing professionals.

So, distinction aside, I think it is fair to characterize her as being responsible and quite intimately aware of the Power Smart programming and the relationship between that program and what we might want to consider strategically in advancing Efficiency Manitoba.

So, just going back, again, just—we didn't really get a clear answer to the question because I think what's at issue here is there seems to be a lack of clarity as to why this government and this minister needs to review the efficiency plan in advance of its submission to the PUB when they're stating, and they did state yesterday, that there would be no alterations to that plan as a result of that consultation with his office.

So I'll restate the question one more time, and hopefully we can just get clarity on this right here. Is the minister suggesting that there will be no direction of any kind which will alter the nature of the plan after the review from his office?

\* (12:20)

**Mr. Wharton:** Again, I would like to provide the member from St. James with some further information regarding the head of Power Smart program at the time, Lois Morrison, who also co-led marketing and customer service. So that would be good information for the member for his records as we go forward as well.

The member may be aware, but I can certainly enlighten him on what our government is all about, and that's about evidence-based information. I mean, we don't act on a whim and I think the member knows that. He's probably paid attention to our first mandate over the last three and a half, four years, that we make

decisions that are well-informed and we ensure that, when we do move forward, that programs are sustainable for the long haul and for generations to come.

So, you know, the member keeps going back on delays. Well, quite frankly, when you're an evidence-based government, you definitely want to make sure that, you know—to really bring it down to layman, dot the i's and cross the t's to ensure that this moves forward in an evidence-based fashion.

So, you know, we, again, we want to ensure that—Power Smart was a very confusing and over-bureaucratic system within Manitoba Hydro. It's interesting that you would have a, you know, an energy seller and—trying to save money. Well, it's kind of redundant because I mean, what would be your motivation to save money when you're trying to make money?

So—and I can appreciate what the PUB did. They saw that and they said, look we've got to move away from this Power Smart model. It's not efficient and it's not delivering on its efficiencies, as far as reducing greenhouse gases as they go forward and putting more money in Manitoba families' pockets.

So, you know, as mentioned earlier—as early as yesterday, I believe, in the House by the Premier (Mr. Pallister), I mean, the only green that the NDP are interested in is the green in everybody's pocket. So, you know, I appreciate this member perhaps has a different outlook than maybe his party does, with respect to green.

Certainly, we do share, as we mentioned, the importance of, you know, climate change and the visibility into that. And obviously moving forward with initiatives like Power Smart, at recommendation of the PUB almost five years ago, is the right thing to do.

And that's why we commenced this quite some time ago, to ensure that we get it right, again, based on evidence and information and factual information, not anecdotal, which I know the former government relied on in many cases.

And, you know, simply drawing some comparisons to that, you know, the NDP lost multi-million-dollar lawsuit that costs taxpayers multi-million dollars—millions of dollars to have to pay because they decided to rip up gaming contracts with the Manitoba Jockey Club in Assiniboia Downs.

So, you know, the NDP have a history of essentially flushing Manitoba taxpayers' money down the toilet. And, you know, quite frankly, you know, the member—I believe we do share some commonality when it comes to efficiency as far as the Efficiency Manitoba, their mandate and we're looking forward to moving forward with an evidence-based process.

And again, having eyes in and doing a shoulder check at this stage is not unusual. And again, whether you draw a comparison with a start-up business like this or a business that maybe has been operating for several years.

When I was in business, I was—I operated my business, as I mentioned, for over 27 years, and from time to time you need to do a shoulder check in your business. You need to remain competitive. You know, cultures change. Environments change. Conditions change. And if you don't recognize that change is coming, you fall behind and you get lost and essentially you're done.

So I think the member in the short time I've had to meet with the member and talk to the member, I think he really appreciates that, and I know he—his interests—best interests are with Manitobans, and I appreciate that, and I appreciate the fact that we're—when it comes to energy efficiency, we're—it sounds like we're rowing in the same direction. So, again, I'd like to thank the member for that, and remind him that we will move forward in an evidence-based fashion to ensure that Manitobans reap the benefits of an efficient, less top-heavy, more program-related and private-sector involvement going forward to ensure maximum return on investment for Manitobans and their families.

**Mr. Sala:** I thank the minister for the response, and I would agree completely that we need to be ensuring that we do shoulder checks in advance of putting forward significant plans, like the efficiency plan. However, the minister undermines his own argument, because the role of the PUB, as we all know here, is to provide expert understanding, expert recommendations on plans such as the efficiency plan, which was to be put forward. I would imagine that the minister's office and his government would only stand to benefit in doing said shoulder check to have the benefit of the perspective of the PUB as experts on the quality of the plan, on how that plan may align to ensure that Manitobans get the greatest benefit from it, that it delivers the greatest degree of GHG reduction possible for Manitoba.

And so, again, I would agree that a shoulder check is important; however, I would suggest that the shoulder check would be much more effective with the benefit of having the insights provided by the PUB. So what I'm hearing is just more confirmation that this government is willing to undermine the process that has been outlined in the law that they've—was recently passed, and that apparently have a willingness to subvert the role of the PUB as is clearly outlined in section 12(1) of The Efficiency Manitoba Act.

At this point, we are only two minutes away from closing, so I'd suggest at this point I'm done with my questions.

**Mr. Chairperson:** Is it the will of the committee to call it 12:30? *[Agreed]*

The hour being 12:30 p.m.—the hour being 12:27 p.m., committee rise.

#### HEALTH, SENIORS AND ACTIVE LIVING

\* (10:10)

**Mr. Chairperson (Doyle Pivniuk):** Will the Committee of Supply please come to order.

This section of the Committee of Supply is now resumed, consideration of the Estimates for the Department of Health, Seniors and Active Living.

At this time I—we invite the ministerial and opposition staff to enter the Chamber.

I will have the minister now introduce his staff that came into the Chamber.

**Hon. Cameron Friesen (Minister of Health, Seniors and Active Living):** Good morning, Mr. Illustrious Chair of the committee.

I would like to introduce this morning. With me at the table I have: Deputy Minister of Health, Seniors and Active Living Karen Herd. I have resources and performance, assistant deputy minister, Dan Skwarchuk; and I have Nathan Clark, special assistant and Rocketman and proud holder of tickets to tonight's Elton John concert.

**Mr. Chairperson:** Thank you, Minister, and I'll get the honourable member for Union Station to introduce their staff.

**MLA Uzoma Asagwara (Union Station):** Good morning, Mr. Chair. With us this morning, we have Chris Sanderson, policy analyst.

**Mr. Chairperson:** Thank you.

Okay, as previously agreed, questions for this department will proceed in a global manner.

The floor is now open for questions.

**Ms. Danielle Adams (Thompson):** Yesterday, I had asked a question regarding the tender for the roof. I was more specifically looking for the tender for the announcement to replace the system that leaked the—there was an announcement made that that system was going to be replaced the previous year.

**Mr. Friesen:** Mr. Chair, could the member just repeat the question?

There's just a lot of background noise this morning, and I wonder if we could have the microphones turned up at the front desks, just so we get less ambient noise and more direct—I know this Chamber is echoey but it's hard to hear across the aisle.

**Ms. Adams:** I'm looking for the tender that was announced the previous year to replace the HVAC system at the Thompson General Hospital.

**Mr. Friesen:** We're discussing at the table, and I understand that there was actually more than one tender posted in respect of the work for Thompson General Hospital, to which the member is referring.

Can she clarify which of those solicitations for bids that she's thinking of in specific?

**Ms. Adams:** All of them, please.

**Mr. Friesen:** We're aware that the request was made by the opposition party today that there will be global questions for regional health authorities and because of that we've tethered, remotely, today individuals in those regional health authorities who will be assisting us remotely.

In this case, we are right now looking for the information the member is requesting, but I can indicate that there was indeed a tender posted on MERX last year pertaining to the—to HVAC improvements at Thompson General Hospital. I will confirm, but I'm led to believe, that the first posting failed to return any—the solicitation failed to return responses. Then I believe the work was re-scoped and a second contract posted.

Now, can the member indicate, was she looking to receive copies of these RFPs?

**Ms. Adams:** I'm looking for the copies of the RFPs. Also, could you indicate why the tender was not—why was there no applicants for the tender?

**Mr. Friesen:** We are still seeking additional information from the northern regional health authority, but what I can tell the member is, first of all, yes, we will provide those postings as they were posted on MERX when we locate those. We may have to provide that information in a subsequent day. We're not sure we'll be able to have it sent to the Chamber this morning. But we will provide that information.

And here's what we understand about the process. So as the member understands, each region responsible for its own owned and leased assets regularly undertakes to invest in those assets, and there's a broad array of capital investments for ongoing capital as well as new capital.

\* (10:20)

Those needs across the system are organized. They are measured according to the acuity of the need and then decisions are made, on the basis of that information, about which to invest in. In this case, our government had prioritized the work for that HVAC repair at Thompson hospital.

We—the region posted that work, and that posting failed to return any applicants for that work. Now that can be due to a lot of reasons. I can tell you we were very proud, a year earlier, of capital repairs that we made—similar repairs—at the Churchill town centre.

And I was there to see the work being performed at the Churchill town centre; millions of dollars invested. But at that time, I spoke to Mayor Spence, as well as members of the northern—or at that time, members of the WRHA's capital planning area, who talked about the complexity of these challenges in letting contracts in the North.

Because, as the member could understand—I don't know today exactly what the population of Churchill is. I believe it's under a thousand people. You can imagine that when you're posting contracts, it can be difficult to procure a company locally to do—to undertake that work.

The larger the contract, the more complex it becomes, in a smaller community or in a northern community, for that work to be marshalled locally.

Now the same is true for Thompson; much bigger a centre than Churchill, we all understand. But the work that was posted had to do with the air conditioning system, upgrades in piping, upgrades in equipment. And while I cannot speak to the materiality of that contract right now, I don't know

what the scale of that contract was, in essence, ultimately, it failed to return contractors.

So let's speculate for a moment. That could be because companies who would have bid would have been busy with other contracts because we know that work ebbs and flows in that industry. It could be because there were companies that were calculating their cost to come from the south to the North to undertake that work, and they were unable to make that business case for themselves.

I don't know. Those are private companies. It could be that there was a lack of interest on the part of local contractors to be able to accommodate this work, or to build workforce in order to accommodate it.

But what I can tell the member is, for whatever reason, it happens all the time, in government and private industry, sometimes a solicitation for work fails to return applications to bid on that work.

And in this case, what was done subsequently is that the work was—and I'm guessing—re-scoped or in some way changed or in some way perhaps there could have been interim work to actually work with potential vendors to see how they might be able to make the tender, the solicitation for work read better.

And that work goes on all the time: in Infrastructure, in Education, in health care, in Sustainable Development, in Agriculture, right across the landscape of government. And it did in the past and will continue to in the future.

Anyways, the posting was put up again a second time on MERX. We can commit to get both of those postings to the member and we're working for a fuller explanation behind the scenes right now.

**Ms. Adams:** I would—has the new tender been awarded? What is the current status of the repairs in the Thompson operating room, and what is the estimated time of the work being completed so Thompson can have access to all four of its surgical units?

**Mr. Friesen:** I thank the member for the question.

We are just soliciting for that answer. I had a briefing just weeks ago from Helga Bryant, the CEO for northern region to indicate the status of the mitigation work.

I do want to say that the, as background information, the operating room area of Thompson

General Hospital was originally built in 1957. The area, the space was actually renovated in 1967.

\*(10:30)

But, when I asked about reasons for the failure, I was told that there was actually just engineering flaws in the original design of the building, that it was unwise for the original building schematics to have arranged to run handling units directly over the operating room.

I was told that modern engineering design would never have contemplated such a routing of systems, and I would imagine that now with programs like CAD and AutoCAD, they are able to, in a much more efficient way, run systems past and not over one of the most crucial parts of a hospital.

Nevertheless, we were told in August that northern region health authority predicts a five-month, possibly six-month complete mitigation path and, of course, that's not starting now. That was starting from the mitigation. I have instructed for this work to be undertaken with a very high priority. The CEO is completely aware; the board of directors is completely aware of the need for this to happen.

I remind all members that this is not the first time in our province when we have capital programs with competing demands. Our government inherited from the NDP assets of government that had been badly neglected.

As a matter of fact, I know that in the first few years of government, our government activated hundreds of millions of dollars of capital repairs to exactly address areas of oversight and neglect by the previous NDP government.

We had a press release less than a year ago that talked about roof and HVAC and boiler repairs to schools that were in the hundreds of millions of dollars; in health care, hundreds of millions of dollars of capital repairs for neglected NDP projects.

Let me read some of these very good investments into the record, and these include in the—I'll be specific to the member's question—in the northern region health authority.

In Flin Flon, the emergency department re-development by our government for \$24 million; a 1938 wing basement sewer main replacement in Flin Flon hospital, a quarter of a million dollars; floor, ceiling, and lighting upgrades in that hospital for \$16,000; an emergency power upgrade, phase II,

at Flin Flon hospital, \$1.5 million. I'm only going to hit key highlights because there's so many on this list.

Thompson: the Northern Crisis Services for Youth at Thompson, a \$7.8-million contribution by our government; the redevelopment of the MDR at Thompson General Hospital, at \$3.5 million—that's medical device reprocessing; the chiller rental at Thompson, a provincial contribution of almost 300,000—or \$200,000; vacuum pump replacement at Thompson General Hospital, \$137,000; kitchen ceiling repairs at that hospital of over \$12,000; sewer lift station at Thompson, provincial contribution \$18,000.

This does not even get into capital upgrades and repairs that our government is making at places like the The Pas and other northern communities, including: the Misipawistik Cree Nation, \$8 million nursing station upgrade; nursing station replacement at Moose Lake, \$10 million; lighting retrofits at The Pas; we have Gillam Hospital, moisture infiltration mitigation at \$300,000; Lynn Lake EMS facility, \$678,000.

I might actually task my assistant at the table to do a rough calculation of these global investments we're making to address issues that were left unaddressed, neglected, and ignored by the NDP for years. And we're investing hundreds of millions of dollars in northern health, including Thompson, including Thompson General Hospital. We're proud to do those things.

**Ms. Adams:** In July, Gordon Jebb had to wait 12 hours to be transported to Winnipeg on Lifeflight, where he later died. This came just days after the government chose to ground the government-owned jets that rely on—and rely on privately operated planes.

Given the situation of the Thompson operating rooms, where now only non-urgent surgeries are being redirected to other places, is the government going to reconsider and un-privatize Lifeflight, a service that northerners depend on?

**Mr. Friesen:** So I'm very happy to have a discussion at the table on the subject of Manitoba's Lifeflight service and discuss all of the ways in which this government is improving that service—a legacy service that was constructed back in the 1980s and has never modernized—and all the ways in which this government's attention to that area is getting better services for Manitobans.

Now, the member makes a number of categorical errors in the assertions she just made. She asked

whether the government would reverse the privatization of Lifeflight. So we need to start this discussion with a very important clarification for the member. There has been no change to the Lifeflight service, to privatize the service—no change. There's no change.

What has been privatized in Manitoba is the platform. It is the provision of planes; fix-winged turboprop and jet engine planes. We still have in Manitoba, in the same manner we had before, an array of medical experts, nurse experts, respiratory therapists. Principally, the doctor—the model is doctor-driven and doctors, emergency doctors, and other doctors—doctors with expertise in things like burn management and dermatology and experts who are internalists and experts who are cardiac experts essentially, in the system, signal a desire to work in the area of Lifeflight and become part of that cohort of doctors, who then take shifts on-call, and then are scheduled for flights as need arises.

So, to be clear, that system continues—that system continues. The taking of calls and the dispatching—the prioritization essentially—it's all of that triage that takes place in the same manner as before—doctors as the principal means of having medical expertise on planes, but not limited to doctors.

We're very proud, by the way, I should say, of the fact that we've been continuing to hire into open positions at Lifeflight. I can provide this update to the member. I believe that we have filled all the vacancies when it came to those nurse experts who serve in a Lifeflight platform, and I'm very pleased to see those positions filled.

\* (10:40)

But, to be clear, then, we've delineated no change to how the Lifeflight service operates, but what we have done is finally, in this province, come in line with eight out of 10 provinces—including I would add, Alberta, where for years the NDP government was in power and continued to proudly operate an emergency aviation system whereby the private sector provided the airplanes.

So, when it comes to critical air ambulance, private carriers are used in the following jurisdictions: BC—do you know that BC actually right now has an NDP government and yet I have heard no signal from that Health minister that somehow they want to immediately move to a government system to own all their planes. The BC government proudly continues to operate a service whereby there is a private provision



of planes to operate a provincial service which is called critical air ambulance.

But it's not just BC: BC, the Yukon, Alberta, Nova Scotia, Ontario, New Brunswick, Northwest Territories. I would also remind the member that for noncritical ambulance–air ambulance, no provinces have government owned and operated air services.

Here's what I can tell that member. When it comes to the operation of Lifeflight, we're improving that system. Finally, we are delimiting our risk of government. We are going to the private sector. We are finally ensuring a minimum standard of plane that will be used for basics and other flights.

Under the NDP, no such minimum standards were actually in existence. One could go as far as to say that at times flight crew, professionals and patients were put at risk because the government failed to ensure a minimum standard of safety. We are proud of the standards that we can now enforce through the contracts. The system is better than ever, and it's not an ideological debate against private or public.

**Ms. Adams:** Does the minister agree that waiting 12 hours for a Lifeflight or—a death situation is too long, and does the minister agree an inquiry into Mr. Jebb's death should be completed?

*Mr. Andrew Smith, Acting Chairperson, in the Chair*

**Mr. Friesen:** Just subsequent to the answer that I offered previously, because the member had asked a question about privatization of the service, I think it would be appropriate for me to also indicate to the member that even the NDP government previous to this one seemed to not be in agreement with her premise, because I believe it was probably 2011 when the 10-year contract was granted by previous Health minister Theresa Oswald not to buy Sikorsky or Bell or Airbus helicopters, not to procure its own respiratory therapist, not to procure its own flight teams and build a rotary-wing service in this province, rather, what the former NDP government did is they went to the private sector. They went to the private sector and built, in the province of Manitoba, a rotary-wing service that they gave a contract to STARS.

*Mr. Chairperson in the Chair*

Now, we could have a long conversation about the nature of that contract because it wasn't tendered. It was a \$10 million per year contract on 10 years—\$100 million that, two years later, the public may not know, was built even further and with the extension of that contract, to 24-hour service and with the

application of night vision capability, which sounds pretty cool when you think about it—night vision capability. That service actually became a \$120-million service, untendered on 10 years.

As an equivalent, Saskatchewan, at the same time, their government was paying approximately one quarter of that amount for a more robust service for that province of approximately the same number of people on the approximately same size of geography as Manitoba.

Bad value—but, even so, the NDP seemed to be a little less ideological than this member because they didn't build the system within the Department of Health, they didn't build the system within the WRHA, one of the regional health authorities, they went to the market. Why did they go to the market? I can only assume that they would have understood that the private sector would have been able to take on all of the risk like pilot training, licensing and standardizing; federal aviation standard compliance; payroll; salaries; back-office function; never mind procurement; never mind inventory and fleet; never mind airport authority fees and all the regulatory requirements.

Now, only think, beyond the flight crew, what the implications of operating that service is when it comes to a medical provision of care. Building a model—now, that model's built on a respiratory therapist model, which uses a high degree of nurse expertise, respiratory therapy expertise, and then doctors. Many people don't recognize that STARS model uses doctors.

The issue is this. In Manitoba we had a legacy model built in the 1980s, which, at the time, was probably the Cadillac version. Two—I actually believe that originally they could have been Learjets, but I could be wrong. It could have been Citation jets from the beginning. I believe that initially one and then a second one, owned by the Province, operated by provincial pilots and a system built within the system, a system built within the health system.

But 30 years later, when it came time to add a rotary service, a service that we're, as a government, agnostic about—let the evidence lead the need for rotary wing and I think that many communities would now say, yes, this rotary-wing service has proven to be a vital part of our overall response in the system. However, think of the inefficiency of the system—building a rotary-wing system by the NDP when they couldn't even land a helicopter at a hospital. They had

to land at Winnipeg international airport and then drive across.

There are so many conversations I could invite with that member about this issue of private versus public, where what should be the focus is not the ideology of private versus public, but the focus of results and value and reinvesting into the health-care system.

\* (10:50)

I only regret that I may have failed to remember the original question asked by the member, so I will invite her patience with me if she could reframe that question. I'm happy to respond to the most recent question she asked about, I believe, an inquiry.

**Mr. Chairperson:** The honourable minister's time is up.

**Ms. Adams:** I would ask for a direct response. I was asking if the minister would consider—if the minister would un-privatize the Lifeflight.

**Mr. Friesen:** I believe the member had asked whether the minister would consider an inquiry into the situation that has arisen. She should understand that according to the rules, the minister cannot call for an inquiry.

The Chief Medical Examiner has not called for an inquiry in this matter.

**Ms. Adams:** The minister is correct. That was my question.

If ideological means that I stand up for northern health, then I'm proud to stand up for northern health. I have seen first-hand what the cuts and privatization has done to the North. I've had grieving families at my kitchen table.

So I would, once again, ask the minister to reverse the cuts to northern patient transport and un-privatize Lifeflight, at—which are—their cuts are putting northern lives at risk.

**Mr. Friesen:** Well, the member is quite wrong. There have been no cuts to the northern patient transportation system and this government has not privatized the Lifeflight program. The government has gone to the open market; is very proud to have had the market respond.

Here's what the member fails to realize: in our discovery work that was undertaken, a very, very significant exercise to understand what was this model—for so many years of the NDP expressed an

irrational—and almost irrational allegiance to—a failure to modernize that system.

What we realized is when it came to Manitoba's basic and low-acuity air ambulance program, but also that higher acuity emergency ambulance—air ambulance system, that the NDP government had created a system by which they would simply go to the market and get a plane.

And they were essentially getting a plane—whatever was available—without entering into any contracts or any kind of attempt to make the market respond to sharpen its pencil and to give a competitive bid. They went to the market at market rates on the day of and got what the market would deliver.

If that member would go right now on her iPad and try to book a flight to Toronto on Air Canada, she can get one. I bet you she can get one same day, but that member and I know that she is going to pay an inflated value for the failure to plan. Today, that price is worth far more than the price would have been three months ago, had she booked it using an online service.

We know this because we're trying to fly two children home at Christmas time. One is—studies at University of Waterloo in Ontario and one studies at—in BC, at university there. Now, doing that in advance is way more economical than doing it on the day of.

I cannot imagine what it would cost to fly Gwendolyn and Evan home if we booked that flight on December 13th. It'd probably cost like 13 hundred bucks a ticket, and so that would be very expensive but it would also mean there would be a lot less value there.

And this is the way that the NDP was running the Lifeflight service, but it's also the way the NDP was running the Northern Patient Transportation Program. The NDP had lost discretion over that program and it was hurting the North. It was hurting patients in the North.

By failing to go into contracts, by failing to modernize a system by which we take patients and move them to appointments and move them to priority appointments in the south and then back again—because, remember, the northern patient transportation system is not Lifeflight.

This is a lower acuity. These are scheduled patients. These are dialysis patients who might be coming for checkups with specialists. They are

cardiac patients who may be coming to see their specialist or undergo 'diagnosing' testing that isn't available in community—and I would invite a conversation about how we're expanding that in places like Dauphin and across the whole province as well, including the North.

But in this case, the Northern Patient Transportation Program, as that member knows, is a subsidy; it's the medical transportation costs for eligible residents in the North, and the NDP had lost discretion on that program, whereby they were allowing the kinds of accompaniments that was never intended. I know this because I reread the rules of the northern patient transportation system.

The only thing that officials have done now is said, okay, what did the program initially say, what is it designed to do, let's make sure that we're expressing fidelity to the model of the northern patient transportation system. And we're doing that. And, by doing that, we're creating capacity in that system.

I would welcome a conversation with that member about how we envision in future, an ability not to just build things like medical capacity in the North, eHealth and digital health to allow more people to stay home and receive their health care in a digital way, and also about how we are modernizing the northern patient transportation system, working with FNIHB, working with the regional health authorities, to create capacity and to create shorter wait times, more responsive service.

And, if the member wants to discuss that, we think that there's incredibly exciting ways that are taking place right now, explorations of how to build a better system to get better health care sooner for all Manitobans, including people in the North.

**MLA Asagwara:** In regards to Santé en français, it appears as though, according to the Santé en français annual report, just looking at contributions from Health, it looks like about a \$64,000 less in terms of what's being allocated.

I'm wondering if the minister could shed some light on what's going on there, why the decrease in the contribution, about \$64,000 less.

**Mr. Friesen:** Can the member indicate the source from which they are referring?

**MLA Asagwara:** It's as per Public Accounts, volume 2.

\* (11:00)

**Mr. Friesen:** I'm—I asked for the knowledge of where the in—where the member had found that number because I want to clarify that this is the Committee of Supply for Health. And as such, the focus is on the examination of the Supplementary Information for Legislative Review as presented in these books.

The numbers to which the member are—is referring are not in the SILR. They are in the Public Accounts that was—that were released in volumes 1 through 4 online one week ago in the province of Manitoba.

Now, I have been in this Chamber long enough to know because I also have, in the Committee of Supply for Health, asked questions about the Public Accounts. It was told that that was out of scope for the purpose of examination.

What we do know is that Manitoba is one of the only jurisdictions in Canada, if not the only jurisdiction, where all members of the House do have the opportunity to raise any question they want on the subject of the release of the Public Accounts.

The Public Accounts were released in accordance with the rules of this Assembly by the end of September, and I believe that both the chair and deputy chair of the Public Accounts Committee will now be scheduling when—this gets confusing because the name of the committee and the name of the report are the same—but when the Province's Public Accounts, the accounting for that fiscal year, will appear as the only consideration item at that committee hearing. So that member will have a chance to go line by line on any variance she sees.

For the purpose of this discussion though, here's what I would want the member to understand about grants, because this is a grant that they are referring to for Santé en français but it is not even a grant made to Santé en français.

In this case, the member is talking about a grant made through Finance in area 21-1C-2 to the Conseil communauté en santé, the CCS, in order to provide support services to seven designated bilingual regional health authorities for the delivery of French language services in accordance with the provincial French-Language Services Policy.

So the member is talking about a variance that they see, but I can tell you there's lots that goes on behind the scenes. For—as a matter of fact, Santé en français has received funding through Shared Health from the federal government for a more recent exploration of how French language services in

Health can be explored and enhanced, within a granting area, through a third party to Santé en français.

I would say very emphatically that we will not have the ability in this deliberation today to consider the point she's making but I do refer her—I refer them to the Public Accounts, which should be advertised shortly, where all members can ask questions pertaining to variances they see in the Public Accounts as presented in those documents.

**MLA Asagwara:** So, just speaking specifically to this one line, which is Health and identifying that. And the minister can see what it is I'm talking about in terms of the \$64,000 less.

Can the minister provide whether or not this amount—it looks like decreased from \$254,500 to \$190,875—can the minister provide whether or not this will continue to decrease moving forward?

\* (11:10)

And I do understand what the—like, the minister is saying in terms of Public Accounts, et cetera. However, this is a specific line under Health, and I think the Minister should be able to identify whether or not, moving forward, those funds will continue to decrease.

**Mr. Chairperson:** Just want to clarify from the member if—can you specifically indicate which document that you would've got the information from?

**MLA Asagwara:** It's from the annual report. Yes, this is as per the annual report, santé, en français.

**Mr. Chairperson:** Thank you.

**Mr. Friesen:** Would the member clarify if the annual report to which they're referring is the 2017-2018 report or the 2018-2019 report?

**MLA Asagwara:** The 2017-2018 report.

**Mr. Friesen:** And what is the member using as a reference to demonstrate what she's alleging is a decrease in funding? What's the other reference point?

**MLA Asagwara:** Just a reminder, and I know the minister has been working on it, but you've misgendered me—the minister has misgendered me now three or four times this morning alone. So I would appreciate maybe a bit more of an effort in referring to me as they/them. Those are my pronouns.

So 2017-2018, as per the annual report, santé, en français, was \$24,500; as per Public Accounts, 2018-2019, is \$190,875.

**Mr. Friesen:** So the member is using a historical document, a 2017-2018 report from the organization itself, and then using as the other reference point the Public Accounts as released one week ago by the government of Manitoba, and making the correlation between the two documents. I've indicated to the member that, for the purposes of this discussion, the Public Accounts is out of scope. This is an examination of the Estimates of expenditure for the Department of Health.

What I am doing, I'm doing consistent with advice offered to me when I also was a critic in the discussions. We do not have at this table the Public Accounts. We do not have at this table the Auditor General—or, sorry, we don't have the Comptroller's office.

So Mr. Aurel Tess, the chief Provincial Comptroller, does not sit at this table. Mr. Jim Hrichishen, the Deputy Minister of Finance, does not sit at this table, neither do we have access, at this table, to the Public Accounts.

And so I would ask the member again to avail themselves of the opportunity to ask these questions at the appropriate time, which would be in the committee that is, in this province, and almost uniquely as a facet of this Legislature, this committee dedicated to the examination of the Public Accounts, which I assume, would be coming up in the next eight to 12 weeks.

**Mr. Chairperson:** Yes, just wanted to remind every member here that this is the one that we're going to be using is the Manitoba Health, Seniors and Active Living supplementally information of legislative review for the purpose of Estimates, so we can refer—keep on the—on that half.

**MLA Asagwara:** Can the minister point us in the direction of where we would find, then, that information that would shed some light on what we can anticipate would be contributed from Health?

Thank you.

**Mr. Friesen:** I don't know if I can be helpful to the member in terms of the reference, other than to say that they should, of course, wait for the publication of Santé en français annual report for the current year.

But I can say this: at the table, we have been able to consider here and give some deliberation to this matter outside of the discussion of the discussion of

Public Accounts, and that I can say to the member that we are unaware of any reduction to the baseline grant to—not santé en—to Santé en français by the government of Manitoba and that baseline grant remains at approximately \$255,000.

And that—beyond that, the member would probably be best to wait for the release of the annual report.

**MLA Asagwara:** So this did arise yesterday. I think there was a mention the minister made about shortage in the pneumococcal immunizations, the flu vaccines. And I'm wondering if the minister can talk a bit about plans surrounding that, because we do know that there, obviously, there's been a delay in the rollout of the flu vaccine.

The minister hopefully can provide an update to the House on what is being done to address the fact that—I believe it was—he said it yesterday, there's a shortage, and perhaps that's what's been contributing to the delay in the rollout of the vaccine.

So can the minister provide an update on this delay, just in terms of how much of the vaccine is being delayed actually, and for how long it's being delayed, and what does the minister plan to do to help address this?

\* (11:20)

**Mr. Friesen:** For a few days now Canadians have become aware that all manufacturers supplying Canada with influenza vaccine are experiencing shortages and delays in the delivery of vaccine for a variety of reasons. This will, of course, result in delay of vaccine delivery, not just to Manitoba, but to all provinces and territories. It may also impact the volume of vaccine that was anticipated in Manitoba.

But, before that starts to sound alarmist, I would want to add, and the member will know, that we have a very good reputation in Manitoba in terms of the framework and organization that we have in place for the planning, for the procurement, and for the strategic distribution of the vaccine throughout the province.

As a matter of fact, as the former minister of Finance, I was somewhat surprised to find out that the warehousing for vaccines in the province of Manitoba is not undertaken by Health. The warehousing for vaccines is actually undertaken by Accommodation Services Division at locations that I won't divulge, but with redundancies built in for the safe storage. And you can imagine why you'd want redundancy in vaccine storage, so that if there was some issue that

arose on one site you would be able to point to other sites. And then, of course, distribution becomes so essential because we know that once distribution is sent from site it cannot be clawed back.

Now I'm thinking back a number of years here. We know the bird flu epidemic a number of years ago, the aviation flu, I can recall issues with supply when the NDP were in power. These aren't political issues, they are issues that do arise, and they're concerning to the population, but in those cases, as now, what happens is that immediately resources are marshalled in order for—the provinces and territories that are affected by the situation are working together, working with the manufacturers, in this case I believe two manufacturers in particular who are experiencing issues with production, in order to maximize the inventory in their own jurisdictions and then to make strategic decisions to allocate the virus on hand to the best use—in other words, to the highest case need.

In this case, when it comes to influenza virus, it would mean that that virus is being—that vaccine is being prioritized for the very old, for the infirm, for those in personal-care home, for the elderly in a hospital, for the very young, for individuals with immune systems that are depressed.

In the meantime, I can provide the following update. We understand that the supply situation has been evolving on a daily basis. I can tell that member and all members of the House that all jurisdictions are co-ordinating and collaborating on a daily basis on this issue. We have now heard that each of the four vaccine products that we were to receive have been at least delayed at the manufacturer's end. So we are working to understand what the impact of this will be and we are working to mitigate, along with the manufacturer, as quickly as we can.

So as updates come available, I'll be happy to provide them. We are working, like I said, with the federal government and provinces on this.

I can also, for the member, indicate the two companies, in particular, who are experiencing the issues with production, and they are AstraZeneca and GlaxoSmithKline, GSK.

**MLA Asagwara:** The minister mentioned that—has mentioned that there's been a bit of a delay in advertising around the flu.

Just wondering how long that delay will be for and will the province be advertising once—well, advertising as usual, rather, once they have enough

vaccine in hand, will they move forward with typical advertising?

**Mr. Friesen:** Certainly, I concur with the member that we want to make sure that Manitoba's advertising campaign, which is very important for a vaccine and for influenza—the annual campaign that reminds Manitobans of the importance of getting their flu shot.

As a matter of fact, the last year in the city of Morden, I had the opportunity to go to a local pharmacist. I believe that my chief of staff was there that day—no, he declined to come. I believe that my press secretary and my executive assistant was there that day. We had a good exchange with the pharmacist. We know in this province, pharmacists are able, of course, to provide flu shots to all Manitobans. No need to go a doctor's office.

Nevertheless, we know at the end of the day, Manitobans have a variety of options from which they can choose to have their flu shot administered. They are doctor, nurse practitioner; they're community pharmacists, public health and a variety of other means.

However, of course, vaccine is not the only protection that we have against flu. We know that there is a variety of protocols that we remind Manitobans through this advertising campaign to adhere to: washing your hands, coughing into your arm and not into your hand and when you know that you're sick—*[interjection]*

Let the record show that one of the officials at my table—they coughed into their sleeve at exactly the moment that I just said that, thus demonstrating the efficacy of that technique. So the importance of the advertising campaign can't be overstated.

To the member's concern, I concur wholeheartedly. While we know that ad buys are made in advance, we don't want to have an ad buy that is demonstrating that people should rush out to get their vaccine, if it is, in case—if it is, in fact, the case that that vaccine, when they get there, won't be available or that it's—or rather, I should say, because this needs to be made clear—there is vaccine in jurisdiction right now. The issue is about supply and demand.

So we are, at this time, looking into the program and the advertising to know if we can better fit that program to commence with the arrival of vaccine in jurisdiction.

I saw, as well, a member of the opposition just now cough or sneeze into their sleeve, thus also

indicating that this is an issue in which all parties are in agreement—the need to adhere to the protocols on coughing into your sleeve, and this is only the start, I believe, of many other areas of shared values and principles and the willingness to work together in this new 42nd Legislature of the Province of Manitoba. It's not the only example.

\* (11:30)

However, so, I think what I would say is I'd land on this: first things first. And by first things first, what I mean is that we need to ascertain better the shipping schedule for vaccine. We don't know the volume of doses that will be received by Manitoba. We do not know the date by which these doses will be received. We do not know then the shipping schedule. And Manitoba seniors—Health, Seniors and Active Living will be updating the public on distribution timelines as more information becomes available.

I want to provide a slight correction to the record so that we don't have publicly traded companies contacting us. Please correct the information I prior—I gave prior. The companies in question are GlaxoSmithKline—GSK, Sanofi, and Securus Canada. So please strike from your records that AstraZeneca example; that company is not one of those involved in the—

**Mr. Chairperson:** I'm just going to, sorry to interrupt. We actually had the clock stopped—thought that you were finished. So we're done now.

Okay, now we'll go onto the honourable member for Union Station.

**MLA Asagwara:** I grew concerned when I saw how much time was left and thought—have to be listening to—it's okay.

Anyway, question for the minister, still on the topic of the pneumococcal immunizations: we note that the immunizations have declined from 69.5 per cent in 2014 and '15, to 61.2 per cent in 2017-2018. During the last flu season, Mr. Cloutier told the media that they were seeing higher than normal respiratory illness presentations at hospital.

Can the minister explain then why the use of immunizations that might address this has declined by 8.3 per cent over the last few years? This is especially important to identify heading into a flu season that could be very hard on Manitobans.

**Mr. Friesen:** You can tell the member that, based on data from Manitoba's immunization strategy, that—

which is a component of public information management system—that when it comes to infant and early childhood vaccine uptake, that uptake remains stable.

I can indicate to the member that there is some slow decline on preschool boosters. I know that when it comes to the school immunization program that there is variation on uptake. I know that, from the information I have, grade 6 vaccine uptake remains relatively stable, while when it comes to grade 8 and 9 rates, that rate is declining.

I would also, though, want to say that there is a trend line, not just in Manitoba, but across Canadian provinces and indeed beyond our borders, and that member and I will both know that there is ongoing debate on a global stage. It is a complex issue when it comes to vaccine, and influenza vaccine even. That debate includes areas of efficacy. We know that it has not helped in previous years where research has subsequently pointed to the fact that the particular strain that we saw in jurisdictions was not the strain that had been vaccinated against.

I only mention that in order to say that that kind of thing tends to run counter to public confidence in the system. We know that vaccine is a complicated area of science, whereby we're working in real time to develop and then distribute vaccine in time to be able to respond to what we believe will be the predominant strains in jurisdictions.

I can also say to the member that in the province of Manitoba, generally speaking, when it comes to how we're working with partners, I can tell the member that I become more aware in my role that we do follow the evidence in this province, and where we see, for instance, that there is vaccine uptake diminishing, we can, in regions and through public Health, address that.

As a matter of fact, I'm thinking this morning of the Manitoba association for senior centres and Connie Newman is their—I believe, executive director may be her title. And Connie Newman is working very collaboratively with her organization—working with the provincial government, working with Public Health in order to convey this message out to senior centres about the importance for seniors to get their flu shot, not just working to communicate the need, but facilitating flu shots in seniors centres.

As a matter of fact, I was most recently in a local seniors centre less than one week ago, and I believe I saw the poster for this of when this would be coming to the centre. I think it's a fantastic way. I was at an

assisted-living complex in the last couple of weeks where they were advertising to the residents of the assisted-living complex that they would be vaccinating in the facility. What a great way to get to the population, and they—instead of making the population come to them.

But we're also working with other organizations across the—we work with Public Health, of course. There are ways to intervene and additionally advertise or create resource where we notice those numbers are low.

So I would say this as well, that citing the source of the Centers for Disease Control website, coverage for 2017-2018 was lower for every age group compared to the 2016-2017 season, and that for all adult age groups, flu vaccination coverage estimates in the 2017-2018 season were at their lowest levels compared with the seven prior flu seasons, and for the 2017-2018 season, flu vaccination coverage increased with age, from 26.9 per cent among adults 18 to 49 years old to 59.6 per cent among adults greater than 65 years old.

**MLA Asagwara:** So I'm glad the minister brought up the importance of seniors accessing the pneumococcal immunizations. The information that I'm referencing is specific to 65-plus demographic. So, again, if the minister can explain why the use of immunizations within that age demographic, so 65-plus, has declined 8.3 per cent over the last few years, that'd be great.

**Mr. Friesen:** So, to be clear, I was reading into the record results that are reported publicly through the United States centre of disease control; so this is analytics and data taken from the entire examination of the US population of 300-plus million people. We're looking towards trend lines. What my point is that I'm making is that while for all the reasons I discussed, we remain concerned and are responding in this jurisdiction.

Clearly, the evidence shows that beyond our own borders with much more significant populations, we are seeing much of the same, that baselining against the previous seven flu seasons; we see that diminishing of uptake in the adult age population, and we see the flu vaccination coverage increasing in older adults. It's a trend that we're seeing and happy to discuss further some hypothesis around what the data is continuing to disclose.

\* (11:40)

**MLA Asagwara:** I can appreciate the information that the minister is sharing and where it comes from.

I'm speaking specifically to Manitoba, speaking specifically to seniors in Manitoba, and so I would appreciate now if the minister could speak specifically to seniors in Manitoba. He just stated that he went into seniors' homes, he saw a lot of advertising in senior homes in Manitoba, hoping to ensure that seniors in Manitoba are aware that it's the importance of accessing a vaccine that can help them through peak critical health times in our province, when seniors can be at greater compromised levels due to a number of factors.

And so I'm going to ask this again: If the minister could explain why the use of immunizations that might address increased issues around respiratory illness in those who are in the age demographic of 65-plus—very vulnerable populations for any number of reasons. That would be really, really wonderful and, again, sticking to Manitoba-based information would be greatly appreciated.

**Mr. Friesen:** There is no dispute with the member and anything they said about the need to protect—better protect vulnerable residents, the elderly, and that is why, on September 5th of last year—actually, on September 5th of 2017, Manitoba became the first province in Canada to introduce the high-dose flu vaccine to better protect vulnerable residents in personal-care homes from influenza.

We know, as the member clearly said, that it—a study shows that people over the age of 65 that live in personal-care homes are most at risk of complications or death related to influenza, and that is why our province was the very first province to introduce this new type of vaccine to better protect those vulnerable people and keep them healthy when the flu starts to circulate in the wintertime. When that was done, we know that the decision was made to offer that high-dose seasonal influenza vaccine to everyone living at a personal-care home.

We know that that high dose provides a higher level of protection against types of influenza, and that we know, as well, that lower respiratory tract infections, including pneumonia, including bronchitis, are the leading cause of hospital admissions in adults aged 65 or older, especially in older and frail Manitobans, and especially during peak influenza seasons.

So the member asks, what is the government doing? I could submit that the government is doing more than anyone else—the very first province to indicate that they would put in place this high-dose vaccine for Manitobans.

Two years into this program, it has proved to be a success. We are getting that uptake of seniors agreeing and consenting to take this, and so we think this is a success story. There's more to do, certainly, but this indicates that it helps coming back to the Manitoba Association of Senior Centres, as I said—just another way in which our government is co-operating with outside groups, as well.

And as I said, in this case, the Manitoba centre—Association of Senior Centres is helping to advertise and helping to accommodate a flu vaccine to be administered to older adults in the province of Manitoba. And it's interesting; although we say the seniors centre association, I heard Connie Newman most recently refer to older adults. So she said that may be the new term that we have to use. So, for the member for Elmwood (Mr. Maloway), or the member for Morden-Winkler, or the member for River Heights (Mr. Gerrard), or the member behind me for Midland (Mr. Pedersen), the member for Selkirk (Mr. Lagimodiere), we might have to refer to older adults. Of course, that may not include, for instance, the new member for Lagimodière (Mr. Smith).

**MLA Asagwara:** So it's clear that the minister's not going to provide a clear response on what their plan is and what his plan is to address the fact that there are less people receiving the vaccinations, the immunizations.

You know, the percentage has declined 8.3 per cent over the last few years. There are less folks who are 65 years and older receiving the pneumococcal immunizations, and it doesn't seem as though the minister will be providing any explanation as to why this is taking place or as to how that's going to change. Heading into a flu season, one in which I'm sure we all have folks who are 65 years and older in our lives that we worry about their health and we're concerned about how the flu season might impact them, would have been great to have some clarity around this; doesn't appear as though we're going to receive that from the minister today, however.

So I'll move on to a question that I have for the minister around the upgrades at St. Boniface emergency room, wondering if the minister could provide a status update on the upgrades to the St. Boniface emergency room. We did have previous information in regards to what was going on in the phases. So if the minister could provide a clear update on the status of the upgrades to the St. Boniface emergency room, certainly heading into flu season we



know that's an emergency room that is going to be increasingly accessed by members of the population, of course, members of the senior population.

So having a clear understanding of where those upgrades are at and also knowing that it still continues to be understaffed, I think it'd be wonderful to know what the status of the emergency room at St. Boniface Hospital is and what people can expect.

**Mr. Friesen:** I'll respond in two parts. First, I will comment on the statements of the member just previous. I disagree with their assessment that somehow I wasn't providing information. The member's question was: What is this government doing to plan for enhanced uptake of virus among Manitoba's oldest people, elderly persons, people in personal-care homes? And I spoke very directly to them about the fact that our government was the very first in Canada to provide this Fluzone HD, extended to personal-care homes, this special boost—this high-dose shot, and the uptake is considerable. It is considered to be a success story.

Also, I indicated partnerships like the one we have with Manitoba association for senior centres. I'm noting that on their website right now, the Manitoba association for senior centres has a direct link to a study called The Underappreciated Burden of Influenza Amongst Canada's Older Population. And What We Need to Do About It, including links to sites, including resources, and this is a very significant piece of work on their website, including talking about vaccine policies in Canada and evidence-informed recommendations, just like the one we make. We take the issue seriously. We have acted. We'll continue to act.

When it comes to the second part of the question, then, pertaining to the St. Boniface Hospital emergency room, this work has to be divided into two parts. First of all, there is the capital improvements that this government is proud to have been making to the new emergency—to establish the new emergency minor treatment area. We want to say very clearly, this is related to the transformation of our health-care system, that in the considerable conversations that we have had over the course of the last four days, five days, hours and hours in Estimates, we've had the opportunity to discuss why we are changing the look and the feel and the way we locate resources in the Winnipeg Regional Health Authority and then, of course, in successive waves across the province.

\* (11:50)

Why? Because we have a health-care system built in the 1950s that put the emphasis on hospitals and said the hospitals should duplicate everything. And there was perhaps a good rationale in the 1950s for that.

As a matter of fact, Dr. Brock Wright of Shared Health spoke on the subject two days ago at one of our regional health authority's annual meetings. And he said exactly this: our health systems—our health system put hospitals in the centre of the system for years and years and years starting in the '50s and re-emphasized in the '60s, but health care has changed.

And that is why our government's decision, on the basis of evidence; on the basis of careful planning; on the basis of acting on a report received from the NDP government—a report by one Dr. David Peachey, formerly of Ontario, now of Nova Scotia—we acted to co-ordinate and reorganize the system; to place more acute health-care resources in specialized hospitals—tertiary hospitals, if you will, and then locate sub-acute services—including the new urgent-care centre at Concordia Hospital, including the new urgent-care centre at Seven Oaks hospital—at other community hospitals.

And part of this work was then, of course, to make the ancillary improvements to those tertiary hospitals, anticipating the growth in volume.

That's what we've done. And some of those changes, for instance, are the new emergency minor treatment area that the member just referred to. The first phase of this \$5-million expansion to the emergency department is now complete.

The next phase is enhanced mental health treatment space in October of 2019. In addition to that, of course, the bigger, very significant announcement that our government made in August of this year, and I know it's one that the member will want me to emphasize again, is a 90-million-dollar new emergency department at the St. Boniface Hospital to reduce wait times by providing a modern design that improves patient flow in a larger space for clinical staff to work in.

The Wait Times Reduction Task Force recommended construction of a new department. They noted that it was essential to increasing system capacity, ensuring lower wait times that come with a fully integrated patient-focused health-care system.

The cost of the project, of course, is subject to tendering. We've estimated it at \$90 million but to be

clear, this project was on the books for years and years under the NDP and it took a PC government to move forward on it.

**MLA Asagwara:** What is the status of the Women's Hospital?

**Mr. Friesen:** I will respond in two parts, simply to tack on to the explanation I just gave.

Compare and contrast the approaches of the two parties in the month of August. And incidentally, or maybe not incidentally, on the exact same day that our party announced a \$90 million St. Boniface Hospital as part of a \$2-billion health-care guarantee to Manitobans, the NDP made an announcement in the same park in St. Boniface, kitty-corner to the hospital.

And what was their announcement? Was it also a \$2-billion funding guarantee to health care? No. It was a scheme by which the Leader of the Opposition said you could game the system to get free parking if you knew how to cheat the system.

In the press availability, the member said, look, we'll give you two hours parking—understanding as he did, as the Leader of the Opposition did, that parking lots are not owned by the hospitals. In most cases, they're owned by the foundation.

There would—it was obvious the very first day that they had done absolutely no co-ordination with the foundations. The foundations were shocked and appalled because foundations do so much in this province, in this city.

I'm thinking of the Bethesda community foundation in Steinbach that's given \$5 million to a new personal-care home construction. These foundations are generous and use the small amounts of revenue they gain through operation of things like parking lots, to reinvest immediately in the health-care system.

The Leader of the Opposition said my response to a \$2-billion guarantee in funding, including a \$90-million emergency department for St. Boniface, by the PC party will be a parking lot subsidy, but only for two hours, but if you know how to game the system and you're unethical, you can do it.

Compare and contrast the approaches of our government. We were proud to stand with board members and the board chair for St. Boniface—I believe the WRHA also had capital planning people there that day, but before they make any inference, there was no interference because the members did not attend. And I should say that, not operationally,

only the board chair attending that event and not by the invitation by our party but on their own behest—on their own time. We were proud that day to stand that day and announce that significant investment.

And it should be known, it was a capital plan that remained on the books for years and years and years under the former government. And remember, that the premier of this province for seven years, or maybe six, was the member for St. Boniface, who never saw his way forward to actually make this investment. Right under his nose, two blocks down from where he had his constituency office. We're proud of the investment we're making.

When it comes to the member's question about the Women's Hospital, the Premier (Mr. Pallister) and I and other members of our caucus, including the member for Riel (Ms. Squires), were proud to tour the Women's Hospital and to see the hospital coming up.

There is a process by which a hospital is completed, and then essentially the contractor hands back the keys for a period of time in which they call commissioning of a hospital because of the technical complexity of operating a hospital. And they need to determine with a high degree of confidence that the hospital will be open and operating well when it's opened up to the public. At that time, a number of months ago, it was determined that the hospital would be ready to open on December the 1st. The latest update I have received is that they are on time and still gearing up to open this \$233-million Women's Hospital in December after years and years of delay under the NDP.

When you talk about capital planning—and the member for Thompson (Ms. Adams) talked about capital planning—what a series of missteps, what a series of bumbling and missing targets and overspending. I became aware that as a result of a failure of the NDP to plan comprehensively for the needs of the Bannatyne Campus, the cost of the Women's Hospital was unnecessarily inflated by tens of millions of dollars of additional expense that were stopgap attached to the project.

We're proud of this investment at 665 William. We're proud that it will be working for all Manitobans for years to come. And we're proud that we're continuing to see that it will be open to the public by December 1st, as was articulated by our government earlier.

**MLA Asagwara:** Thank you to the minister for that answer.

I've worked in health care as a psychiatric nurse for over a decade, and before that, obviously, I was in nursing school. So although I can appreciate that the minister has a lot of information about health care he likes to share, I think that I would appreciate even greater if he could keep his responses fairly direct. I have a pretty good understanding of our health-care system, and so a lot of his preamble is not necessarily pertinent to providing some of the response.

To that, I'd like to ask about the Diagnostic Centre of Excellence and the status of that. We were told the building was largely complete in 2016, but that the top three floors had not yet been occupied. Is there anything on those floors, and what is the plan?

**Mr. Friesen:** I'm pleased to provide, you know, an answer to that question in the time remaining. I only regret that the time remaining will not be sufficient.

Our government is so proud of the investments that we have made. *[interjection]* Oh, thank you. I was just reminded that these proceedings go until 12:30 not 12:00. It gives me at least a few minutes to discuss the very significant investments that our government is making to the Diagnostic Centre of Excellence—another project, I should add, that was over budget and over the time period allotted, a capital debacle under the NDP, whereby the project was so inflated in cost that the NDP lacked the ability to finish out the project.

\* (12:00)

The member asked questions about the open floors. The member must be reminded that the reason the floors were left unfinished is because the NDP was so over budget on the project that the system finally seized up on the expenditure and our government inherited that mess, went into work on capital planning, found the dollars, and I am delighted to say, engaged with private partnerships with philanthropists across Manitobans to help us finish out those areas.

I want to talk about one of those areas that was finished recently. It was my absolute delight in December of last year to join the Premier (Mr. Pallister), to join Paul Albrechtsen—and we all miss Paul Albrechtsen so much and our condolences again to his family. Paul Albrechtsen was a gifted entrepreneur in the province of Manitoba who loved this province, loved the people and he used to say it was an expression about the philanthropy that he demonstrated so well towards the end of his life, and before that, that he wanted to give with a warm hand

rather than a cold one. And Paul did; he gave generously, and he gave to a project at the Diagnostic Centre of Excellence on December the 11th—a \$5-million donation to help us finish out new interventional angiography facilities and unveil new equipment.

Now, to those who don't know this technology, interventional angiography is the practice of diagnosing and treating patients through—within their blood vessels, so interventional angiography procedures widen the narrowed blood vessels. It keeps blood flowing to arms, legs and other parts of the body. Bleeding can be halted from blood vessels when other methods are not successful. Clots can be broken up that threaten life and limb. But these are not just angiography suites, this is cutting-edge equipment. It is equipment that, before now, did not exist in Manitoba.

I asked Dr. Perry Gray, who is in the position of chief medical officer for Health Sciences Centre—for Shared Health now—I asked Perry Gray, what will these suites, and what the—what will this equipment do? And I will never forget his response. He said, Minister, this equipment and these suites at the Diagnostic Centre of Excellence will save lives, and will return people to full function who otherwise and before would have died or would have been permanently impaired.

And we all have stories of people that we know who have 'strudied'—who have suffered stroke and cardiac arrest and had trauma and professionals, despite their best efforts, were unable to fix the bleeds. The fact of the matter is because of our planning and because of Paul Albrechtsen's generous award, that these investments are now coming into this suite of spaces.

*Mr. Andrew Smith, Acting Chairperson, in the Chair*

I toured that space in the Diagnostic Centre of Excellence when it was open to the ceiling, exposed concrete, lighting conduit hanging down and no plan left to us by the former NDP government to finish out that space.

As a matter of fact, we had to vote special authority, which we did, and still met our budgetary targets, to pay for the equipment, because the NDP because of failure to manage has actually run out of money before they could buy the specialized equipment that was intended for the space. And I can tell you that that equipment now comes on the line and I am humbled to think about the thousands of

Manitobans that will be treated in future and for whom this will make a difference. Not only that, but the Diagnostic Centre of Excellence will now work in tandem with the new acute stroke unit at Health Sciences Centre that our government was proud to announce earlier this spring.

**MLA Asagwara:** So, the situation in Manitoba, situation in Winnipeg in regards to acute mental health issues and acute issues around addictions, problematic substance use and addictions are top of mind for pretty much anyone you speak with, and the minister, in previous days has, you know, talked at length about the changes with AFM that would increase accessibility to different addictions counsellors—talked about AFM, you know, beds being utilized in different ways.

I'm wondering that in the midst of an addictions—what some are calling an addictions crisis, what some are calling a meth crisis—certainly a crisis of, you know, fundamental issues in terms of people having their basic needs met—you know, mental health needs, issues surrounding trauma, you know, adverse childhood experiences, complex issues surrounding development in youth and teens well into adulthood that can rear their head as addictions and problematic substance use.

I'm curious if the minister could shed some light, then, on why the Addictions Foundation of Manitoba saw—I believe it's a \$2 increase in funding from 2017 and '18 to 2018 and 2019?

**Mr. Friesen:** Mr. Acting Chair, I welcome an opportunity to talk about mental health and addictions and the response of our government to the continuing need in our province for access to services.

The member knows that in this Chamber over the past few years, we've had a lot of examination of and dialogue around and debate around the work undertaken by our government in respect of the VIRGO report. The VIRGO report, the VIRGO team, the VIRGO planning and evaluation consultants provided the minister of Health, Seniors and Active Living with a report entitled, *Improving Access and Coordination of Mental Health and Addiction Services: A Provincial Strategy for all Manitobans in 2018*.

The VIRGO report, when it returned its master report, a report that was released to Manitobans by our government in an exercise of transparency—it sets out a bold, forward-looking plan to address the silos and gaps that have created significant challenges for

Manitobans in accessing the services they need when they need them.

This was a very significant exercise, the first of its kind to this extent in Manitoba. Three hundred and fifty in-person consultations, 3,800 responses to the online survey, 600 individuals engaged in a series of validation events, 275-plus data and document review processes, and what did the reports say?

\* (12:10)

Well, it acted as, among other things, an indictment of the efforts of the former NDP government. It said that Manitoba's health-care and addictions system, for years, was not able to meet the province's current level of need. The report said how badly aligned our system had been for years, and it talked about the fact that it was decades behind for years and years when it came to addictions system. It provided a list of evidence-based recommendations, recommendations that our government is implementing on the short term and over the long term in order to create capacity, in order to create access.

*Mr. Chairperson in the Chair*

And I can tell you, and I have told the members, how it is that aspects of our government's approach, like the Rapid Access to Addictions Medicine clinics across the province—two in Winnipeg, one in Brandon, one in Thompson, and one in Selkirk, and now one articulated for the southern region—continue to treat individuals for—seeking help for substance-related addictions in a manner that was never contemplated before, bringing services around the individual rather than making the individual go site to site to site and experience gap and gap after gap when it comes to receiving services.

Our Province signed on to the Emergency Treatment Fund bilateral agreement, which we're using to establish flexible-length withdrawal management services and recovery beds in Winnipeg and Brandon. In the last election, we actually promised an extension of that flex-length withdrawal management service capacity. We're very proud of that. We've had a discussion here with members in the Chamber about why flexible-length services are important for addressing issues like addiction to methamphetamines.

We've added six mental health in-patient beds at Health Sciences Centre. We have tripled the number of women's treatment beds from 12 to 36 at AFM's Portage Avenue site because the VIRGO report, in specific, cited the need for the increase of services for

women and for indigenous peoples, and these investments are helping to fill both of those needs. We have equipped paramedics with olanzapine to treat agitated patients who are at risk of developing meth psychosis. We have, as we've said, we've been working to be able to bring closer to home treatment for individuals who are complex in nature and have gone through our system. We remain dedicated to efforts to bring that treatment capacity closer to home.

But in the campaign itself, we also announced what is perhaps our most significant, to date, response to the overall issue: a comprehensive, stem-to-stern multi-departmental, whole-of-government response, responding to the VIRGO report, which we have called our Safer Streets, Safer Lives Action Plan. In respect just of health care, this represents the following investments, but not solely these: a new acute medical sobering facility, the first of its type in Manitoba; new recovery and drop-in centres; flexible-length withdrawal services expanded; a new RAAM clinic in Manitoba; supportive-recovery housing units, which are badly needed; and anti-drug youth initiatives. I tell that member and all members of the House, stay tuned as early as next week, when we continue to discuss how this government is reacting.

**MLA Asagwara:** So we're all, you know, if you know about the root causes—conversations on the root causes of addictions, problematic substance use, you know, we know and we understand that these issues take place long before adulthood. There are a number of youth in our city, in our province, who are struggling with problematic substance use and addictions, youth who are targeted and marginalized and, you know, for example, who are being sexually exploited, youth who are in precarious housing situations lacking the supports that they need, in our city and in our province. And we also know, and it's been clearly indicated, that 28 days simply is just not long enough in terms of treatment for those who are struggling with severe and persistent substance use issues, specifically with substances like meth, for example.

And so, you know, I think the minister continues to point out beds that have been developed that are specific to 28 days; we know that's not long enough. It's not significant enough in that regard to address issues surrounding meth use.

What I'd like to know, is the—what is the minister's plan to create—or does the minister have a plan, rather, in regards to long-term treatment beds specific to youth in our province, in our city? These issues, like

I've said before, rear their head much earlier than adulthood, and currently youth in our city and our province are really struggling to access the services that they need. I hear—I've heard that from youth on a daily basis in my constituency and the constituency of Union Station. Knocking on doors, I ran into many youth that I've worked with who are struggling with problematic substance use and addiction.

So what is the minister's plan to address long term treatment options for youth beyond 28 days?

**Mr. Friesen:** I'm a bit perplexed by the member's question. This was the exact same line of questioning by the member for Point Douglas (Mrs. Smith) going back as far as Monday of this week.

We've had hours and hours of—Tuesday, perhaps Tuesday of this week—Monday of this week? I think it was Monday when we started in on Committee of Supply for Health, and I believe that on the very first day, questions specific to mental health and addictions were asked and those responses were added—were provided, so we have on record in the Legislature now, in Hansard, a discussion of many of these things.

I would say asked and answered to the member but I would also say that this opportunity then, given to me, I will use to further underscore the importance of investments like our investment to establish telephone-based early intervention services for youth through our contract with Strongest Families Institute, as announced in January of this year. This is brand new capacity for Manitoba. As a matter of fact, I believe Manitoba was one of the last jurisdictions in Canada to have this kind of telephone-based specialized service—very effective. This is a Canadian success story. Strongest Families Institute is not the only organization in this space but the record of success of this organization globally, domestically, based out of Nova Scotia, is incredible.

And I agree with the member, exactly as they said, that too many times in Manitoba—and the VIRGO report underscored this—the system, because of the linkage, the inability to link the wait times and the lack of capacity and the lack of co-ordination, there would be in the system, in an individual, the evidence of impairment or a problem or a challenge in respect of mental health, let's say, with youth. There would be the demonstration of that somewhere socially, perceived perhaps by the individual's mother and father and caregivers, and the system did what it could to, you know, respond. Perhaps the individual went to public health. Perhaps the individual went to a doctor and they went on a wait list. But now, instead

of going on a wait list, we can refer an individual to services under Strongest Families Institute.

I believe in the first year of service, the Strongest Families Institute online mental health services specific to youth will help 700 families, or perhaps—yes, 700 families per year. We've got a five-year partnership we entered into along with Bell Let's Talk that makes, as its goal, the early addressing of these instances to stabilize, provide support and provide that support for the whole family. There is psychologists attached to the service. There are these clinicians that work directly with the family. There is curriculum they work through. There are homework assignments.

There is dialogue but it is flexible and it's well, well-suited for people in northern and rural Manitoba, too. You don't have to drive to Winnipeg or Brandon and the service is able to work in such a way that if mom or dad or the child are unavailable from the hours of 8 to 5 p.m., that then the system can be suited to them and the time periods that work well for them. There is incredible evidence of success. This is all evidence-based. It is best and leading practice-based, and it works, and that is why, in the campaign, we made a decision to double down and reinvest more in these services.

So, when the member asks, what is the government doing? More and more, based on the VIRGO report, based on the evidence before us, making changes to the system and now, kicking off those changes because the time is now and we are moving forward urgently to put into place our safer streets, safer lives action plan.

\* (12:20)

Yes, it is a justice issue—the issues we see. Yes, they are health-care issues. Yes, they are public health issues. Yes, they are community confidence issues. Yes, they are youth issues, and that is why our government is acting.

**MLA Asagwara:** I have no further questions.

**Mr. Chairperson:** Okay. Is everyone ready for the resolutions? *[Agreed]*

Resolution 2 at 21.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$15,384,000 for Health, Seniors and Active Living, Provincial Policy and Programs, for the fiscal year ending March 31st, 2020.

Shall the resolution pass?

We have the honourable member for River Heights.

**Hon. Jon Gerrard (River Heights):** Yes. I was—I wanted to say, no, we're not ready for the resolutions.

**Mr. Chairperson:** The honourable member for River Heights. You have a question.

**Mr. Gerrard:** The—well, what I wanted to say is that from my position, from our party's position, that we're not ready for this resolution to happen. I'm still waiting for additional time, and the situation should have been handled in a way that I was able to get that additional time, and I just want to make sure this isn't rammed through without any consideration, without any possibility of me getting some additional time for questions. Thank you.

**Mr. Chairperson:** In the procedure of Estimates here—it's up to the official critic of the official opposition to have the discussion and answer questions, and it's up to the independents and the opposition party to make, basically, agreements that—who's going to be asking questions at what time. So I would say that, again, it's up to the critic of the opposition, and the independent member should discuss it with the critic.

**Mr. Gerrard:** Thank the Chair for that. I have already discussed this with the critic for the official opposition, and I just want to put it on the record that I wanted and had requested from the critic additional time, and just so that we, as a Liberal Party, can be treated fairly, and I just leave it on the record, and we'll leave it at that on this occasion, but it will stay on the record. Thank you.

**Mr. Chairperson:** Okay, we'll just start this one all over again.

Resolution 21.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$15,384,000 for Health, Seniors and Active Living, Provincial Policy and Programs, for the fiscal year ending March 31st, 2020.

**Resolution agreed to.**

Resolution 21.3: RESOLVED that there be granted to Her Majesty a sum exceeding—not exceeding \$10,469,000 for Health, Seniors and Active Living, Health Workforce Secretariat, for the fiscal year ending March 31st, 2020.

**Resolution agreed to.**

Resolution 21.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$45,764,000 for Health, Seniors and Active Living, Active Living, Indigenous Relations, Population

and Public Health, for the fiscal year ending March 31, 2020.

***Resolution agreed to.***

Resolution 21.5: RESOLVED that there be granted to Her Majesty a sum not exceeding \$15,521,000 for Health and Seniors and Active Living, Regional Policy and Programs, for the fiscal year ending March 31, 2020.

***Resolution agreed to.***

Resolution 21.6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$42,877,000 for Health, Seniors and Active Living, Mental Health and Addictions, Primary Health Care and Seniors, for the fiscal year ending March 31, 2020.

***Resolution agreed to.***

Resolution 21.7: RESOLVED that there be granted to Her Majesty a sum not exceeding \$5,850,059,000 for the Health, Seniors and Active Living, Health Services Insurance Fund, for the fiscal year ending March 31, 2020.

***Resolution agreed to.***

Resolution 21.8: RESOLVED that there be granted to Her Majesty a sum not exceeding \$190,987,000 for the Health, Seniors and Active Living, Capital Funding, for the fiscal year ending March 31, 2020.

***Resolution agreed to.***

Resolution 21.9: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,275,000 for the Health, Seniors and Active Living, Costs Related to Capital Assets, for the fiscal year ending March 31, 2020.

***Resolution agreed to.***

Resolution 21.10: RESOLVED that there be granted to Her Majesty a sum not exceeding \$970,000 for the Health, Seniors and Active Living, Capital Assets, for the fiscal year ending March 31, 2020.

***Resolution agreed to.***

The last item to be considered for the Estimates for this department is the 21.1.(a), the minister's salary contained in resolution 21.1.

At this point, I request that all ministerial and opposition staff leave the Chamber for the consideration for this last item.

The floor is open for questions.

**MLA Asagwara:** I'd like to move a resolution.

I move that line item 21.1.(a) be amended so that the Minister of Health, Seniors and Active Living's salary be reduced to \$1.

***Motion presented.***

**Mr. Chairperson:** The motion is in order.

Are there any questions or comments on the motion?

Is the committee ready for the question?

Shall the motion pass?

**Some Honourable Members:** No.

**Mr. Chairperson:** I hear no. The motion is accordingly defeated.

So it's resolution 21.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$12,191,000 for health and senior—Health, Seniors and Active Living, Administration and Finance, for the fiscal year ending March 31, 2020.

***Resolution agreed to.***

This committee—this completes the Estimates for the Department of Health, Seniors and Active Living.

What is the will of the committee?

**Some Honourable Members:** Rise.

**Mr. Chairperson:** To rise? Okay.

The committee rise.

Call in the Speaker.

**IN SESSION**

**Mr. Deputy Speaker (Doyle Pivniuk):** The hour being 12:30 p.m., the House is now adjourned and stands adjourned until 1:30 p.m. on Monday.

**LEGISLATIVE ASSEMBLY OF MANITOBA**

**Friday, October 4, 2019**

**CONTENTS**

**ORDERS OF THE DAY**

**GOVERNMENT BUSINESS**

**Committee of Supply**

(Concurrent Sections)

Executive Council

Kinew 357

Pallister 358

Finance and Crown Services

Fielding 381

Wasyliw 381

Sala 393

Wharton 393

Health, Seniors and Active Living

Friesen 399

Asagwara 399

Adams 400

Gerrard 416



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