



First Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

(Hansard)

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authority of
The Honourable Louise M. Dacquay
Speaker*



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Members, Constituencies and Political Affiliation

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BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
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HICKES, George	Point Douglas	N.D.P.
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KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
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WOWCHUK, Rosann	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 5, 1995

The House met at 1:30 p.m.

PRAYERS**ROUTINE PROCEEDINGS****PRESENTING REPORTS BY
STANDING AND SPECIAL COMMITTEES****Committee of Supply**

Mr. Marcel Laurendeau (Chairperson of Committees): Madam Speaker, the Committee of Supply has adopted certain resolutions, directs me to report the same and asks leave to sit again.

I move, seconded by the honourable member for River Heights (Mr. Radcliffe), that the report of the committee be received.

Motion agreed to.

TABLING OF REPORTS

Hon. Jack Reimer (Minister of Urban Affairs): Madam Speaker, I would like to table the Supplementary Information for Legislative Review for Manitoba Urban Affairs, Manitoba Housing and Manitoba Home Renovation Program.

Hon. Jim Ernst (Minister of Consumer and Corporate Affairs): Madam Speaker, I would like to table the report under The Insurance Act, Section 114 and The Trade Practices Inquiry Act under Section 13.

That is on my behalf and, on behalf of the Minister of Education and Training (Mrs. McIntosh), the Annual Report of the Universities Grants Commission, the Annual Reports of the Brandon University, The University of Winnipeg and The University of Manitoba.

INTRODUCTION OF BILLS**Bill 14—The Mines and Minerals Amendment Act**

Hon. Darren Praznik (Minister of Energy and Mines): Madam Speaker, I would move, seconded by

the honourable Minister of Natural Resources (Mr. Driedger), that leave be given to introduce Bill 14, The Mines and Minerals Amendment Act; Loi modifiant la Loi sur les mines et les minéraux, and that the same be now received and read a first time.

Motion agreed to.

* (1335)

**Bill 15—The Agricultural Producers'
Organization Funding Amendment Act**

Hon. Harry Enns (Minister of Agriculture): Madam Speaker, I move, seconded by the Minister of Highways and Transportation (Mr. Findlay), that leave be given to introduce Bill 15, The Agricultural Producers' Organization Funding Amendment Act (Loi modifiant la Loi sur le financement d'organismes de producteurs agricoles), and that the same now be received and read for the first time.

Motion agreed to.

ORAL QUESTION PERIOD**Winnipeg Arena
Tender Process**

Mr. Gary Doer (Leader of the Opposition): Madam Speaker, my question is to the First Minister.

In answers to various questions posed last week to the government, there seems to be a discrepancy under which the government has time to deal fully and adequately, allegedly, with an environmental assessment process but allegedly has no time to deal with tendering for the proposed new arena, the \$111 million of which will be paid by the taxpayers.

Madam Speaker, over the last three weeks, we have seen the private sector developers, speculators and investors in the hockey team not able to conclude any agreement. That time could have been well spent by the government fulfilling its obligations to proceed with the tendering process.

I would like to ask the Premier, in light of the delay in the so-called negotiations, in light of the fact that we have time on the one hand for allegedly an environmental process, why will the Premier not proceed with a proper tendering process, so the people who are paying 100 percent of the first \$111 million can have 100 percent in the site and the cost for the new arena proposal?

Hon. Gary Filmon (Premier): Madam Speaker, the member opposite chooses not to listen or to understand. The issue is twofold. One is that a proposal call was the basis upon which a general contractor was selected by the MEC group, which is the private sector group in this effort. So, in fact, they went through that process already to arrive at their selection.

Secondarily, since the private sector people are taking on the responsibility for overruns or losses, then it is obviously in our interest to avoid that responsibility and to ensure that somebody else picks it up, and, therefore, this process by which they have gone through the proposal call, the bid process, does allow for them to take the full responsibility, as well, for the overruns. They have to be the ones who are confident that it fits within the numbers that are projected.

The third aspect of it, Madam Speaker, is, should there be any delay as a result of forcing a new bid process, then we would bear the responsibility for an extra year of losses on the operations in the old arena.

In all those cases, the taxpayer is better served by not being responsible for another year's losses and not being responsible for the overrun. That is why we chose to go with the process that is in place.

* (1340)

Mr. Doer: Madam Speaker, the government mentions the bid process that was undertaken by the so-called private investors. One must recall, of course, that this was at a time when they were going to spend the majority amount of money to build the new facility, contrary to the Premier's promise in the election campaign.

I would like to ask the Premier, given the fact that we have now proceeded to \$111 million of taxpayers' investment in the new facility, has this proposal been approved by Treasury Board, which makes it mandatory under the Manual of Administration of the government of Manitoba to approve the waiving of any tender process that is over \$25,000. This proposal is well, well over \$25,000.

Has this waiver been achieved through the Treasury Board and, therefore, by cabinet?

Mr. Filmon: I repeat, Madam Speaker, there was a proposal call and bid process that was carried out.

Mr. Doer: Madam Speaker, the Premier did not answer whether Treasury Board approved the waiver.

Winnipeg Jets Richardson Family Investment

Mr. Gary Doer (Leader of the Opposition): I want to ask a further question.

In terms of the backroom negotiations that are continuing today, I believe, with Mr. Bessey from the government's area who is involved and Mr. Benson from Treasury Board who is involved in those negotiations according to the Premier last week, it has been reported that part of those investors includes Richardson's for a \$5-million investment in the new hockey team.

Can the Premier confirm that the Richardson family and companies are involved in the investment in the hockey team?

Hon. Gary Filmon (Premier): Madam Speaker, I do not have all the details as to who has committed money. I do not have the names of all the people who contributed to the \$13.5 million.

Winnipeg Arena Investment Criteria—Forks Site

Mr. Gary Doer (Leader of the Opposition): Madam Speaker, I would like to ask the Premier, the investors who have signed on for the new proposal who are

presently in the backroom negotiations, have any of those investors made their money, their investments, contingent upon a Forks site?

Hon. Gary Filmon (Premier): Not to my knowledge, Madam Speaker.

Crime Rate Reduction Strategy

Mr. Gord Mackintosh (St. Johns): Madam Speaker, my question is for the Minister of Justice.

We have just reviewed an advance copy of the City of Winnipeg's annual crime statistics for 1994, which confirms the new Winnipeg, that Winnipeggers are victims of violence as never before. In one year alone, robberies increased 17 percent and offences regarding weapons violations increased 30 percent.

My question for the minister is, since the government has been grandstanding on the issue of crime, would the minister now explain why her tough talk has failed Manitobans?

Hon. Rosemary Vodrey (Minister of Justice and Attorney General): Madam Speaker, the member is right in saying this government has taken the toughest stand across Canada on criminal activity, and let me point out that that member across the way has disagreed with every single one of them, including to never take a public position on the antistalking legislation, never came forward and suggested that this might make the people of Manitoba and the people of Winnipeg any safer at all, so that side of the House certainly has not supported any of the initiatives which this government has put into place.

Point of Order

Mr. Mackintosh: On a point of order, Madam Speaker, I am sure the minister does not want to mislead this House about the positions on this side.

Madam Speaker: The honourable member for St. Johns, on a point of order.

Mr. Mackintosh: My point of order was as stated, Madam Speaker. I trust the minister will not want to mislead this House on positions—

Madam Speaker: Order, please. I would caution the honourable member to pick and choose his words carefully. The word "mislead" has many times been deemed to be unparliamentary.

The honourable member for St. Johns did not have a point of order. It is a dispute over the facts.

* * *

* (1345)

Mr. Mackintosh: My supplementary, Madam Speaker: Would the minister explain the government's abysmal record on crime, given a 21 percent increase in motor vehicle thefts in Winnipeg last year?

Mrs. Vodrey: I am pleased to speak about some of the initiatives that this government has put into place, which were put into place starting through part of last year.

One which I am sure the member will be very interested in is amendments to The Highway Traffic Act, which this government put into place and which deals with those people who vandalize and steal autos. This was a toughening-up.

Madam Speaker, the member also, particularly in dealing with youth, has not been at all interested in any of the changes we have put forward in Corrections, in any of the changes that we have put forward to the federal government on the Young Offenders Act.

He continues, Madam Speaker, to be opposed to any of the initiatives which this government has put forward to deal with criminal activity. Frankly, the people of Manitoba would like to hear from him, what would he do.

Mr. Mackintosh: My final supplementary to the minister: Would she advise the House what speaks louder, her talk or the statistics?

Mrs. Vodrey: The member has many times certainly attempted to bring various kinds of statistics forward which, in fact, have not exactly had bearing on the specific issue that we have been dealing with.

Let me just take a moment again to outline the initiatives put forward by this government. Let me start with policing. Let me start with the \$5 million that this government has put on the table to increase the resources of the RCMP; the \$2 million that this government has put on the table to increase the resources of the Winnipeg city police; the preventative measures that this government has put in place in dealing with young people; the measures legislatively that this government has put into place through The Highway Traffic Act to deal with auto theft and auto vandalism; the initiatives that this government has put into place to notify communities if there are dangerous sexual offenders; the changes that we have put into place in the area of Corrections and what this government has asked the federal government to do in terms of making changes to assist in making our communities safer for the people of Manitoba.

Purse Snatchings Reduction Strategy

Ms. Diane McGifford (Osborne): Madam Speaker, my questions are also for the Minister of Justice. According to recent police statistics, the number of purse snatchings in Winnipeg has increased by 45 percent this year. Clearly, women, frequently elderly women and frequently women with disabilities, are the victims of this crime, and frequently purse snatchings result not only in the loss of money and personal documents but, also, in personal injury and emotional trauma.

My first question for the minister is this: What specific plans does the minister have to respond to the situation, and when will these plans be implemented?

Hon. Rosemary Vodrey (Minister of Justice and Attorney General): Madam Speaker, certainly, this government has put into practice a number of initiatives which have been dealing with the safety of women. We have also asked for co-operation of other levels of government to deal with the safety of women.

However, if the member asks for one very important initiative relating to the city of Winnipeg, it is the \$2 million, Madam Speaker, that this government has put on the table for more police officers in the city of Winnipeg. The greater number of police officers we believe will act as a deterrent, as well as assist in solving criminal activity.

Ms. McGifford: Given that the minister has taken no really substantive action to date, what specific steps will she now take to win the confidence of Manitoba women and ensure the House that this government respects women's rights not only to be safe but to feel safe?

Mrs. Vodrey: Madam Speaker, is it not just like the other side to suggest that \$2 million on the table, 40 more police officers on the street, is no action. Well, Madam Speaker, it is action. This government has made the commitment, and we are acting on it.

Ms. McGifford: Madam Speaker, my third question: Can the minister assure the women of Manitoba that the support services which they require to cope with crime are readily available, especially given the government's poor record on Victim Assistance Programs?

Mrs. Vodrey: Madam Speaker, one would have to wonder where the member has been, considering the increased dollars and services that have been put forward based on services to women—the increase in women's advocacy, the extension to Brandon, Thompson and other places in terms of our support to victims, the study which is ongoing now to look at the expansion of victims' services across the province.

So, obviously, Madam Speaker, the member has missed this. She is very interested in what is happening to women. I hope this has been helpful for her today.

* (1350)

Pharmacare Lorenzo's Oil

Mr. Dave Chomiak (Kildonan): Madam Speaker, the departmental definition of the Life Saving Drug

Program is: This program provides medication to those persons who require drugs for life-sustaining purposes but cannot afford to purchase the drug even with the assistance of Pharmacare.

My question to the Minister of Health is, can the minister explain why the government has refused to provide funding for the very few individuals, six in number, who require Lorenzo's Oil in order to sustain their life and to deal with the very prohibitive cost of that particular drug?

Hon. James McCrae (Minister of Health): Madam Speaker, the honourable member may recall that when this matter first arose, I had indicated that I would ask departmental officials to look very closely at that question with a view to trying to alleviate the tremendous economic and financial strain this causes for families dealing with this situation.

I am pleased to report to the honourable member today that we have indeed found a way to assist those families, and perhaps later this afternoon, I can give the honourable members more detail about that.

Life-Saving Drugs

Mr. Dave Chomiak (Kildonan): Will the minister today outline specifically what procedures are being put in place at the department to deal—

Hon. Gary Filmon (Premier): You just said that.

Mr. Chomiak: If the Premier will be quiet, perhaps I will ask the question.

I will try to speak above the roar—

Madam Speaker: Order, please. Pose your question now.

Mr. Chomiak: My supplementary to the minister: Will the minister outline what procedures are in place, not just for Lorenzo's drugs but for other drugs, such as the one to deal with MS to help individuals, so they do not have to mortgage their homes in order to pay for the costs of drugs that do not fall within the very narrow confines of the departmental definition of life-sustaining drugs.

Hon. James McCrae (Minister of Health): In order for Pharmacare programs to cover drugs, they require a certificate of compliance from the federal government. That does not exist in the case of Lorenzo's Oil. Lorenzo's Oil is a nutritional supplement, as opposed to a drug, and, therefore, we feel that we can, and we have, made arrangements to take care of the burden that would be presented to families in the circumstances through a concept very similar to the Life-Saving Drug Program.

Mr. Chomiak: I thank the minister for the response to my first question.

My final supplementary to the same minister is, will the minister consider the establishment of a special fund and/or body to deal with other drugs that fall in the same kind of category, some that are being reviewed by the federal government, some that are not, such as those dealing with MS in order to help other families alleviate these kinds of very expensive difficulties they encounter?

Mr. McCrae: The honourable member knows that the government, as well as previous governments, have relied on the advice given to them by the Drug Standards and Therapeutics Committee, as we develop our formulary each and every year for the Pharmacare program.

We will continue to do that, but, certainly, the case surrounding Lorenzo's Oil cried out for attention, as the honourable member has suggested, and, Madam Speaker, we have responded I think in an appropriate way.

Physician Resources Immigrant Credentials

Mr. Kevin Lamoureux (Inkster): My question is for the Minister of Health.

There is, in fact, a critical shortage of physicians in rural Manitoba, particularly in the North. We see three times higher, quite frankly, in terms of population in rural Manitoba versus the city of Winnipeg in terms of need.

The College of Physicians and Surgeons has submitted a proposal which appears to preclude the possibility of most foreign-trained doctors in the province from practising here.

Can the minister explain why many foreign-trained doctors are not even given the chance to demonstrate their proficiency before they are locked out of this particular profession?

Hon. James McCrae (Minister of Health): It is not my understanding, Madam Speaker, that immigrant physicians are denied the opportunity to show their qualifications, and the College of Physicians and Surgeons does, indeed, go through the process of checking out the qualifications and the credentials of people who might be interested in practising medicine in Manitoba.

We certainly understand the need the honourable member raised in the early part of his question in rural and remote Manitoba, and we are taking every measure that we can to address that, but I am sure the honourable member would not want to suggest that people who are not qualified should be practising medicine in rural or remote Manitoba any more than anywhere else.

So the college has an important job to do, and we have to draw an important balance between the need that everybody knows exists and the requirement for Manitobans, no matter where they live, to receive medical care from qualified practitioners.

* (1355)

Mr. Lamoureux: Madam Speaker, I am glad to hear that, and we will be following to see what the Minister of Health does.

Will the minister commit to looking into the possibility of paying tuition fees for those who would be prepared to practise in rural Manitoba? We quite often see things of this nature, for example, with the Canadian Forces.

Mr. McCrae: In concert, Madam Speaker, with the Manitoba College of Physicians and Surgeons and the

government, we are looking at all options that are available to us to provide physician resources in rural and northern Manitoba. There is also a federal qualifying body, as well, whose requirements have to be satisfied in order for a doctor to practise in Canada.

Mr. Lamoureux: Madam Speaker, can the Minister of Health give the House some sort of an indication on when it is that we will be able to see some sort of results? After all, this has been a situation for a number of years now.

When is the Minister of Health going to be bringing to this Chamber some plan that will see rural Manitoba receiving doctors?

Mr. McCrae: Madam Speaker, I believe we have been seeing results over many years. As circumstances arise, the department is always there to assist communities in recruiting physicians, and it is true that when a problem arises in a small community, the problem is a very, very big problem, and it is an immediate one and one that causes a lot of concern.

So through the efforts of the Physician Resource Committee, we have an interim report, and what we need are a variety of solutions. One alone will not do the job. We need short-term, medium-term and long-term. The Physician Resource Committee has provided an interim report, and by the end of this year, we expect a final report from them to deal with all three, short-, medium- and long-term solutions to these problems.

Post-Secondary Education Northern Manitoba

Ms. Jean Friesen (Wolseley): Madam Speaker, last week, the Minister of Education (Mrs. McIntosh) indicated that her government had so far ignored the recommendation of the Roblin commission to develop a coherent post-secondary policy for northern Manitoba.

In the absence of a northern post-secondary education plan, I would like to ask the Minister of Native Affairs to indicate how he plans to close the very large educational gap between north and south and also between aboriginal and non-native Manitobans

that the Northern Manitoba Economic Development Commission in 1993 clearly underlined as a leading issue for the government of Manitoba.

Hon. Darren Praznik (Minister responsible for Native Affairs): Yes, Madam Speaker, I think everyone who has worked in this particular area acknowledges that for many people, particularly those who come from isolated communities in the far north where opportunities are certainly more limited, there is a significant educational gap.

I know over the last number of years there have been efforts made to address that. In our city of Winnipeg, our capital, the two aboriginal schools have moved in that direction. There is still much work to go on in this particular area, and I am looking forward to discussing it in greater detail in our Estimates process, where we can have, I think, a much more fruitful exchange.

Ms. Friesen: My supplementary question is to the Minister of Urban Affairs.

I would like the minister to indicate to the House how the more than \$400,000 spent by his department over the last few years in an as yet unseen urban aboriginal strategy will enable the educational gap between native and non-native Manitobans to be narrowed.

Hon. Jack Reimer (Minister of Urban Affairs): With anything, the allocation of fundings is conducive to consultation with the parties involved, and to my knowledge at this time, I am not privy to the information that was derived from that, but I can find that for the member and bring it forth through Estimates.

* (1400)

Community Colleges Annual Report Tabling Request

Ms. Jean Friesen (Wolseley): Madam Speaker, my final supplementary is for the Premier.

I would like the Premier to explain to the House why his government has failed to table the annual reports of

the community colleges, which the act requires the government to do within 15 days of their receipt in October '94. How does the Premier intend that these public institutions will remain accountable to Manitobans?

Hon. Gary Filmon (Premier): Madam Speaker, there were two questions there. I will take them as notice on behalf of the Minister of Education (Mrs. McIntosh).

Keewatin Community College Staffing Reduction

Mr. Oscar Lathlin (The Pas): My questions are directed to the Minister of Northern Affairs.

Madam Speaker, not long ago, this government stated that KCC should become the co-ordinator of post-secondary education in the North. On Friday, we learned that more than 10 positions had been cut at KCC, with likely more cuts to come.

I want to ask the Minister of Northern Affairs and aboriginal affairs what effects these cuts will have on KCC's role as co-ordinator of post-secondary education in the North.

Hon. Darren Praznik (Minister of Northern Affairs): Madam Speaker, it is my understanding, and I will take the question as notice on behalf of the Minister of Education (Mrs. McIntosh), but it is my understanding that the cuts that the member refers to were as a result of reductions in federal programming dollars, which I understand that she has written to her colleague federally to complain about and to advance the cause of seeing those positions continued.

Mr. Lathlin: Madam Speaker, again, I want to ask the Minister of Urban Affairs (Mr. Reimer), how can KCC co-ordinate post-secondary education in the North in any meaningful way, when two more administrative positions occupied by aboriginal people have been cut as of last Friday, and yet there is a high enrollment of aboriginal people at KCC, more than 50 percent?

Mr. Praznik: Madam Speaker, first of all, the details, I have indicated, I will take as notice on behalf of the Minister of Education (Mrs. McIntosh).

I just have to point out to the member that one of the difficulties—and I am not sure, from the information I have, of the specific positions and who their occupants are, if they are governed by collective agreements or if they are in areas where the decisions are made in programming.

If they are in positions governed by collective agreement, then often there is no choice on the part of the administration as to who gets laid off. They are governed by the rules with respect to the collective agreement. I know we have had that same question come up when we have done budget reductions in our provincial government, that the collective agreements know no particular group of people.

That could be one of the problems here. I am only speculating, of course, but the Minister of Education will provide the member with greater detail when she returns to the House.

Mr. Lathlin: Madam Speaker, perhaps the minister can explain to us how more than 50 percent of KCC students will be served by the near elimination of the college's Aboriginal Centre?

Mr. Praznik: Madam Speaker, as I have indicated earlier, from the information that I have received—and, again, the Minister of Education (Mrs. McIntosh) will provide greater detail to the member, but from the initial information I have received, those cuts were the result of reductions in federal funding in programming that the federal government did provide.

I would suggest very strongly if that is, in fact, the case, that northern MLAs should be taking this matter up with their federal member of Parliament, whom I know is very concerned about aboriginal issues and was when he was a member of their party.

I would also indicate very clearly that all institutions, often in dealing with administration and programming, sometimes can be just as effective with reduced administration, et cetera, so I would not prejudge their ability to deliver programming, even with those reductions.

Assiniboine Community College Agriculture Training Programs

Ms. Rosann Wowchuk (Swan River): Madam Speaker, at a time when farmers across the province are required to make tremendous adjustments to their farming operations, it is essential that education programs be available to help them adapt. Unfortunately, all agriculture courses at ACC have been eliminated.

I want to ask the Minister of Agriculture if he can tell this House what the impact of the elimination of the college development division at ACC will be on the development of new education initiatives for farmers.

Hon. Harry Enns (Minister of Agriculture): Madam Speaker, we are very concerned in Manitoba with respect to the reductions that Agriculture Canada is providing, particularly to some of our overall educational or research-oriented programs that impact not just on the institution that she makes specific references to, but also the fine research facilities we have located in Brandon, in Morden and in Winnipeg.

These are choices that the federal Liberal government is making. We have to respond to them as best we can. I can assure her of one certainty, that it is not within the capability of the provincial government to backfill on these kinds of situations, although we will be challenging ourselves, and I will be challenging my own staff to ensure that we are using those dollars that this House accords for agricultural work to the very best possible use.

Ms. Wowchuk: I want to ask the Minister of Agriculture how he can make a statement that justifies corporate training grants but does not—

Madam Speaker: Order, please. The honourable member for Swan River has been recognized for a supplementary question.

Ms. Wowchuk: Can I ask the Minister of Agriculture, since Keystone Agricultural Producers and the Department of Agriculture use the college development division of ACC to develop their courses, who is now

going to take the responsibility of developing agriculture training programs?

Mr. Enns: Madam Speaker, I repeat, we are very concerned about the ongoing education and training of our farmers, particularly as our farmers are facing challenges that are really of significance in this post-WGTA era.

The fact that they have closed down the agricultural employment offices or are threatening to in places like Portage la Prairie and again in Winkler, and in other areas, which in my opinion provide a significant service in targeting and focusing particularly trained agricultural workers for the demands of modern agriculture, in my opinion is a questionable priority on the part of the federal government. But let us understand it is the federal government that is making these decisions.

Ms. Wowchuk: Madam Speaker, my question is to the Premier.

How can the Premier justify the elimination of the college development division at ACC college, which develops courses at the same time he is supporting the corporate training grants?

Hon. Gary Filmon (Premier): Madam Speaker, thousands of Manitobans receive training as a result of the grants that are given that this member for Swan River speaks so disparagingly about. Thousands of people have been able to keep their jobs as a result of getting upgrading and training.

We do not have any particular philosophical hangups about whether or not people get their grants for working in the private sector or public sector. We believe if they get the grants to be upgraded and retain their jobs, that is important to Manitobans. Jobs for Manitobans are important. We do not discriminate between the jobs, as the member for Swan River does.

Freshwater Fish Marketing Corporation Funding

Mr. Stan Struthers (Dauphin): My question is for the Minister of Natural Resources.

Earlier this year, the Institute for Sustainable Development had its funding seriously slashed with no visible opposition from this government.

What is the position of this government concerning the plan of the federal government to turn over the management of fish habitats?

Hon. Albert Driedger (Minister of Natural Resources): Madam Speaker, let me first of all say with deep regret that when the federal government tabled their budget, that within the Department of Natural Resources, my department, virtually every cost-shared program has been deleted, and that does not affect just the fish end of it.

It affects the woodlot programs. It affects virtually every program that was jointly worked with the federal government, and it is going to create some real difficulties for us in terms of trying to make some adjustments.

I would suggest that all members of this House continue to say to the federal government that as they are trying to be fiscally responsible, there is also some responsibility in terms of making sure that there are ongoing programs that are available for the people of Manitoba.

* (1410)

Mr. Struthers: What action, then, is this minister willing to take in order to protect the jobs and research at the Freshwater fisheries?

Mr. Driedger: Madam Speaker, it is not only the Freshwater fisheries institute that is at stake here. There are other components within my department. I have raised these with my counterparts at the federal level and will continue to do so.

I am expecting to possibly have a meeting with the federal minister related to the Freshwater Fish Marketing Corporation and other issues in terms of the offload of their responsibilities related to harbours and docks, and I will be bringing these issues forward to the minister again when I have the opportunity to meet with him shortly.

Mr. Struthers: Will the minister then release any reports, papers or any plans that his department has put forward to maintain the Freshwater fisheries institute?

Mr. Driedger: Madam Speaker, it was just a little while ago that I sent out packages of the position that we had taken related to the Freshwater Fish Marketing Corporation. A total package of the correspondence that I had sent I had made available to members opposite, as well as to all the commercial fishermen within the province.

I have no difficulty tabling and bringing forward the information in terms of correspondence and the position that we have taken as a province related to the federal government.

Winnipeg Development Agreement Early Intervention Programs

Ms. Becky Barrett (Wellington): Madam Speaker, despite the fact that one of the first decisions made by the Filmon government when it was elected in 1990 was to refuse to fund five parent-child centres, which would reduce the need for social welfare intervention in the core area of Winnipeg, in the 1995 election, the Filmon Team promised to invest \$4.5 million through the Winnipeg Development Agreement to test innovative community-based approaches to providing early intervention for children and families at risk.

I would like to ask the Minister of Urban Affairs, Madam Speaker, how can Manitobans trust this government to fulfill this promise, when the province has refused to fund parent-child centres, the North Y and Kildonan Youth Activity Centre, three programs which have proven their worth to the children and families of Winnipeg?

Hon. Jack Reimer (Minister of Urban Affairs): Madam Speaker, one of the things that was very prevalent during the campaign of 1990 and 1995 was the fact that the people were giving us the mandate that they want more accountability, more direction and the direction of funding for these various programs.

This government has proven, over our record, that the funding of the primary areas of concern, which

have been Health, Education and Family Services, continues to grow. Those budgets items and their allocations have been categorized, have been formulated and brought forth on a continuous basis for the priorities of this government and its spending.

Ms. Barrett: Madam Speaker, will the Minister of Urban Affairs commit to long-term funding of the successful pilot projects to be implemented out of the Winnipeg Development Agreement, so they do not suffer the same fate as the parent-child centres, or is too much money going to the Winnipeg Jets for us to be able to provide—

Madam Speaker: Order, please.

Mr. Reimer: Madam Speaker, I would like to point out to the member for Wellington that with the Winnipeg Development Agreement, there is a lot of formulation and consultation going on, not only within our department but with the City of Winnipeg and the federal counterparts as to the direction of some of the programs that are coming forth.

The direction, the emphasis, will all take place in a co-ordinated way and in consultation with the various partners for input and to a direction that will be best serviced by the community.

Ms. Barrett: Madam Speaker, in order to allay the well-deserved cynicism of the people of Winnipeg, will the Minister of Urban Affairs table today the plans and the consultation that have been undertaken for fulfilling this Filmon Team election promise to the children of Winnipeg?

Mr. Reimer: Madam Speaker, as pointed out to the member for Wellington, one of the things this government will continue to do is consult with the parties involved. The parties that are involved are the City of Winnipeg, the federal government and ourselves within the department.

This consultation is on an ongoing basis, so that there is a direction, there is a prioritization of continuity, so that the programs that are selected are for the betterment of the community at large.

Northern Health Care Facilities Staffing Reduction

Mr. Steve Ashton (Thompson): Madam Speaker, my question is to the Minister of Health.

A recent study confirmed the fact that the Thompson region and other northern regions are the highest users in terms of health care services, yet, paradoxically, many remote communities have little or no services, and northern hospitals are faced with either a complete lack of doctors, or as in the case of the three main hospitals, are faced with significant layoffs because of the rural hospital guidelines.

I would like to ask the Minister of Health if he can indicate the status of the layoffs at The Pas, Thompson and the Flin Flon general hospitals and when people in our communities will know the status of our hospitals.

Hon. James McCrae (Minister of Health): Madam Speaker, I believe the honourable member would have been referring to a report from the Manitoba Centre for Health Policy and Evaluation, which tells us that people in the core area of Winnipeg and in the northern regions of Manitoba have a higher requirement for health care services. The same organization, the Manitoba Centre for Health Policy and Evaluation, the honourable member may want to be reminded, also tells us that those selfsame people receive higher levels of health care services than other Manitobans do, as well.

The honourable member knows how the rural and northern staffing guidelines review came out. He also knows that compliance with those staffing guidelines is something that is being worked out in co-operation with the facilities and will be staged over a period of time, so that employment impact can be minimized.

Mr. Ashton: Madam Speaker, when will the residents of northern communities have this uncertain situation dealt with? When will they find out how many nursing positions are going to be cut from the three main hospitals in northern Manitoba?

Mr. McCrae: That information, Madam Speaker, came out near the end of last year. The implementation

of the staffing guidelines is to take another up to two years, if that is necessary.

Mr. Ashton: As a final question, I would like to ask the minister, once again, when the specific layoff numbers will be made public.

We have seen the guidelines. I am asking the question, when are we going to find out how many nurses we are going to lose in Thompson, Flin Flon and The Pas?

Mr. McCrae: That information is public information. It was made available to hospital administrations at the end of last year.

Madam Speaker: Time for Oral Questions has expired.

NONPOLITICAL STATEMENTS

Support for Families of Forces Staff in Bosnia

Mr. Tim Sale (Crescentwood): Madam Speaker, I would ask leave to make a nonpolitical statement.

Madam Speaker: Does the honourable member for Crescentwood have leave to make a nonpolitical statement? [agreed]

Mr. Sale: Madam Speaker, Canada has a proud record in peacekeeping, but as all honourable members know, our forces staff in Bosnia have been subject to intimidation, humiliation and their lives are at least at significant risk.

Many of their families live in my constituency and I am sure in the constituency of the honourable member for River Heights (Mr. Radcliffe) and other constituencies in the city.

I would like to ask the House to express its support for the families of those members of our Armed Forces whose lives are in jeopardy and whose dignity is deeply offended, I think, by the way in which they are being treated, and to express, wherever we have an opportunity, our support and solidarity with them and their families.

Transcona Sports Weekend

Madam Speaker: Does the honourable member for Transcona have leave to make a nonpolitical statement? [agreed]

Mr. Daryl Reid (Transcona): Madam Speaker, it is my pleasure to rise to make a nonpolitical statement relating to the Transcona Sports Weekend which was held June 2, 3 and 4. I had the pleasure of assisting the organizers of the ninth annual Transcona Sports Weekend.

In 1987 this tournament started with just 24 teams. The tournament weekend has now grown to the largest youth sporting event in Manitoba with over 2,700 participating young people. There were 117 soccer teams, 76 which played on full field and the younger children, 41 teams, on the smaller fields. There were 64 baseball teams which also participated throughout the weekend providing entertainment and good sportsmanship for young players and their families alike. There were 16 ball diamonds that were used throughout the event for the ball teams. The baseball and soccer teams came from all over Winnipeg and from communities of Brandon, Portage la Prairie, Oakbank, Dugald and Pinawa.

An Honourable Member: How did Brandon do?

Mr. Reid: Second place, Brandon came in.

In addition, some 115 young people participated in the Kids of Steel triathlon of swimming, running and cycling. The tournament weekend started with the visit from above with good weather, and the Canadian Skyhawks skydiving team opened what proved to be a very successful and hot weekend of activity.

Many community volunteers participated in the tournament activities in addition to local residents, enduring the influx of many thousands of spectators, players and vehicles.

* (1420)

I would like to congratulate the many dozens of community volunteers and residents on a successful

Transcona sports tournament. I also congratulate the organizers of the Transcona sports weekend for endless hours of work on behalf of Manitoba youth and for the skill in carrying out an organizational task of this magnitude.

I would like to list, Madam Speaker, the names of the organizers of this event if I might: Bob Madams, Don Champagne, Bob Sitter, Ken Langlotz, Cathi Champagne, Robin Mitchell, Dave Dueck, Keith Cahoon, Neil Ajudhia, Bob Johnson, Darryl Chody and Wayne Tucker.

On behalf of the community and the youth of Manitoba, we extend our thanks and gratitude for a job well done.

Transcona Is . . . Festival

Madam Speaker: Does the honourable member for Radisson have leave to make a nonpolitical statement? [agreed]

Ms. Marianne Cerilli (Radisson): Madam Speaker, I want to take the opportunity to recognize another wonderful event in Transcona this weekend, that was the Transcona Is . . . Festival. It was a big weekend in Transcona. The Transcona Is . . . Festival is put on ably by the Transcona merchants and business association, as well as a number of other volunteer groups, service clubs, seniors groups, groups like the Boy Scouts and the Brownies. A number of community clubs get together and it is a wonderful weekend: a pancake breakfast, a parade, wonderful entertainment and booths and activities for children.

I want to recognize the many volunteers who contributed to the success of this event. We enjoyed ourselves thoroughly.

ORDERS OF THE DAY

Hon. Jim Ernst (Government House Leader): Madam Speaker, I move, seconded by the Minister of Highways and Transportation (Mr. Findlay), that Madam Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

Motion agreed to, and the House resolved itself into a committee to consider of the Supply to be granted to Her Majesty, with the honourable member for La Verendrye (Mr. Sveinson) in the Chair for the Department of Agriculture; the honourable member for Sturgeon Creek (Mr. McAlpine) in the Chair for the Department of Finance; and the honourable member for St. Norbert (Mr. Laurendeau) in the Chair for the Department of Health.

**COMMITTEE OF SUPPLY
(Concurrent Sections)**

AGRICULTURE

Mr. Deputy Chairperson (Ben Sveinson): Order, please. Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply meeting in Room 254 will resume consideration of the Estimates of the Department of Agriculture. When the committee last sat, it had been considering 2.(a) on page 15 of the Estimates book and on page 30 of the yellow supplement book. Shall the item pass?

When the committee last sat, it had been considering item 2. Manitoba Crop Insurance Corporation (a) Administration \$4,738,900—pass.

2.(b) Premiums \$14,800—pass; (c) Gross Revenue Insurance Plan \$32,000,000—pass; (d) Big Game Damage Compensation \$200,000—pass; (e) Canada-Manitoba Waterfowl Damage Compensation Agreement \$150,000—pass.

Resolution 3.2.: RESOLVED that there be granted to Her Majesty a sum not exceeding \$51,888,900 for Agriculture, Manitoba Crop Insurance Corporation, for the fiscal year ending the 31st day of March, 1996—pass.

Is it the will of the committee to go on to item 3. Manitoba Agricultural Credit Corporation? Is that what the minister would like? Is it the will of the committee? [agreed]

Hon. Harry Enns (Minister of Agriculture): Mr. Chairperson, if I may, a very brief introduction. I am pleased to have the programs of the Manitoba

Agricultural Credit Corporation reviewed by the committee. Allow me to introduce senior management people who are with me on behalf of the corporation: Mr. Gill Shaw, of course, our General Manager; Ms. Davetta Sheppard, Assistant Director of Finance, seated to my left; and Charlene Kibbins, our Special Loans Officer.

Mr. Chairman, I view the ongoing operations of this corporation as extremely critical to the future challenges that agriculture faces, and it will become repetitive, but I do have to keep on reminding ourselves and members of the committee that we are now trying to position ourselves in what I refer to as the post-WGTA era. The fact that there will be some very significant changes on the agricultural landscape, I do not think, is lost on anybody, least of all my opposition critic in the Legislature.

I view, therefore, the particular challenges that the credit corporation faces as being of utmost importance to try to develop the kind of financial support programs at a time when additional dollars are not all that available.

We have to work extremely hard to develop the kind of support programs with those resources that we have, that we can provide kind of attractive loan guarantees, support programs that will, to ever-increasing amounts, trigger the private lending institutions, banks, credit unions, to co-share with us the kind of capital requirements that in many instances farmers face in the coming years.

When you look at some of the opportunities that are available in special crops, it is not lost on any of us that often significant dollars are involved. We have ongoing, exciting opportunities in potato production in this province, but getting into potato production, particularly the demands that are currently there by the processors that they be irrigated potatoes, means significant outlay.

I think estimates run from in the order of \$2,000 an acre in terms of the capital requirements for a new start-up potato operator to get into it. We have to tailor our credit programs to try to help and try to assist new entries into that kind of farming.

* (1440)

Livestock is, of course, a big component that we anticipate will figure largely and loom largely in the post-WGTA era in agriculture. The same report, the much-read report, Donaghy. Moore and Gilson report, that reviewed our hog industry last winter and summer, among other things, pointed out targets that were deemed to be doable in terms of increasing our hog productions in the province of Manitoba, and also pointed out that, with just on-farm requirements, there would be some \$350 million required to bring about this increased hog production in the form of new barns, new facilities, stock, machinery, equipment, and, again, a very significant challenge for producers who are perhaps prepared to alter their farming methods and try to gear up for the new reality in this post-WGTA era, but, again, they face very significant credit challenges.

I am pleased to say that the corporation has, in my judgment, responded to these challenges. We are in the midst of developing significant programs that I believe will go a long way towards helping Manitoba producers make this transition period.

Honourable members will recall that during the course of the election the First Minister (Mr. Filmon) did indicate a diversification fund of some \$10 million. I want to be very candid with members of the committee, I consider that merely a start. When I look at what neighbouring provinces like Saskatchewan are doing, they are talking about using and utilizing their entire GRIP premium, for instance, which is in the order of \$85 million or \$90 million for agricultural development programs, diversification programs. They are named differently in different jurisdictions, but it is the same kind of thing, as they try to prepare their agriculture for the kind of changes that are imminent.

It is my hope that my government will, certainly, it is my hope that some of the new members that are sitting on the government side of the House will assist and will provide the kind of support that I will require from time to time in my caucus and my cabinet to ensure that Agriculture receives its fair share of the resources. To that extent, I invite the honourable members from Her Majesty's loyal and most obedient opposition to make common cause with us. I make and continue to make

this statement all too often publicly, but I do not apologize for it.

Agriculture, which is, in my opinion, the most important function of our society, has become such a minority group and such a minority status within this Legislature that we can spend countless hours debating the future of a professional hockey team, we can spend countless hours on all the other important issues of facing a complex modern society that trouble us, whether it is in Family Services or in Health or Education, but all is for naught if our relatively small numbers of farmers, 5 percent that are actively engaged in the production of food cannot produce a surplus of food so that the rest of us can go on doing our things, whether it is being MLAs, doctors, lawyers or teachers, none of that would occur.

Production of surplus food is the most paramount, most important primary function of what we call civilized society. So to that extent I welcome your constructive advice and suggestions for the coming future, particularly in this case, the credit corporation.

Mr. Deputy Chairperson: Item 3. Manitoba Agricultural Credit Corporation—Administration \$3,040,300.

Ms. Rosann Wowchuk (Swan River): Mr. Chairman, I just want to follow up on a couple of comments that the minister made, and in particular the final comments were the importance of agriculture to the economy of our province and to all of Canada. I have to say that I do agree with the minister that it is strange that we can devote so much time to the survival of a hockey team and the support of millionaires whereas we do not have that same devotion to the rural community.

That came to mind when we had the whole change to the Crow benefit. I really anticipated when the Crow benefit was eliminated that farmers and rural people were just going to rally and get on a train and get on to Ottawa and protest this change. I was quite surprised when the change came about with as little protest as it did. When I saw the rallying on the corner of Portage and Main for the hockey team, I reminisced, thinking back to my hopes when the Crow benefit was changing and hoping that we could have had that same kind of

support for farmers, but, unfortunately, too many people have distanced themselves from the farm. They are second and third generations away from the farm, and we have lost the real meaning of the value of the farm and what it really contributes to the society and to the economy of this province.

Aside from that, the minister talked about the need for funding and his plans and in particular the diversification fund with the \$10 million, the announcement that was made in the election. I want to ask the minister, I have asked him once in the House and he said we would have to wait for estimates, so perhaps the minister could give us a little bit of detail as to where that fund is at this stage, how much of it has been developed and whether there are any criteria of how people will qualify and whether that money will come under this body for administration.

Mr. Enns: Mr. Chairman, yes, to answer the last question first, it is very much the intention to have the Manitoba Agriculture Credit Corporation administer the programs. We are at the current stage developing the criteria for the actual program. We expect it to be fairly wide ranging.

The challenge has been for diversification and value added, and that includes a very large spectrum of potential agricultural activities. I can give some indication of what the corporation is currently considering in this area. Projects that are currently under investigation by the corporation are in the cattle industry, the financing of livestock requirements including large feed lots. I might indicate to the honourable member the cattle feeding industry, which was virtually lost to Manitoba in the past decade for different reasons. Some of the reasons were that higher levels of subsidization that neighbouring provinces of Saskatchewan and Alberta were offering drew a lot of our feeder calves out of the marketplace.

Certainly, there is every indication that Manitoba cattle producers are prepared to feed and manage more cattle, and we will be looking at our already very successful stocker program. We will continue to look at expansion of our successful stocker co-operative program. We have about 13 or 14 stocker programs involving a number of producers that come together

and avail themselves with a loan guarantee provided by MACC to be able to access a considerable line of credit with a private lending institution, upwards to about \$5 million. I am sorry, that program is called the feeder association program. I should not confuse that with the stocker program.

We see new life throughout the province. Some of the old feedlots that have stood empty for many years are filling up again. The cattle feeding business is always an intensive management issue. Feeders will make that decision every year, whether or not they wish to engage in this business. It has its risks, and if prices are not there to encourage that to take place, there will be periodic setbacks to the program.

We certainly look at the hog industry as a major, major opportunity for diversified agricultural activity. As I indicated earlier, the report that reviewed the hog industry calls for considerable capital requirements. MACC really has not been a major player in the provision of credit or assisting in the credit financing needs of hog producers, partly because of the caps that they have within their program. These are the kinds of challenges that MACC is today responding to, and with the help of that \$10-million program that the Premier announced, and hopefully some additional dollars that we will be able to, in a more realistic way, realistic to today's needs—200, 300, 350 sows are medium-sized operations, but certainly very worthwhile to have our farmers engage in.

* (1450)

Potatoes, as I mentioned earlier in my opening remarks—there are some very exciting expansion opportunities in the potato industry. Again, we need to find a way that we can assist new entries into potato production. Our extension work in the field tells us that most of the potato producers currently in the business are not that anxious to do much more expansion. They are in many instances producing at their optimum levels.

We are therefore facing the reality that if we are to meet the obligations or the requirements of the potato industry in the province, we will be looking for new producers, considerable new producers. We are

estimating that upwards to 20,000, 23,000, 25,000 additional acres of potatoes will be required within a very short period of time, a year or two, by our major processing firms in the province. Again, these are programs that would be considered for inclusion under the diversification program.

I am not excluding nontraditional forms of agricultural activity like the raising of bison. We have a growing, enthusiastic group of bison producers in the province. They have formed an association. There are some 48 to 50 of them, and the credit corporation is looking at a role for MACC to play in helping this fledgling livestock venture move along, particularly as it is moving into a fairly stable, not just a breeding program, but a reasonably well-developed, you know, meat-for-human-consumption program as well.

So, Mr. Chair, I have tried to provide the member some indication of the kinds of new programming that MACC will be trying to respond to. I want to, you know, point out very quickly, it is obvious that MACC nor this government is pretending for a moment to provide the wherewithal, the resources to be the principal source of the lines of credit requirement, but we can in many instances, if we tailor and so design our support programs, that with the appropriate guarantee program, which means minimal risk to the public purse, we can spur on the kind of credit granting that we are absolutely convinced the private sector, the credit unions and the banks are prepared to make.

Ms. Wowchuk: I am not sure that I quite understood the minister. Is the minister saying then that this is not going to be a direct loan program from MACC? It is going to be a guarantee program guaranteeing the loans so that some money will be borrowed from other institutions?

Mr. Enns: Mr. Chairman, senior staff advises me that it will be a combination. As I recall, and I was present in Dauphin with the First Minister (Mr. Filmon) when the announcement was made, the implications were clearly that the program would be principally of a guarantee role, not direct loans, but the corporation will undoubtedly have, as it currently has in its catalogue of programs, a number of programs that are in fact direct loans as well. So it will be a combination of the two.

The challenges, you know, I just want to put on the record, are so significant that we should not be fooling ourselves in thinking that the public purse would be the sole guarantor or sole provider of these funds. We are satisfied that under the right circumstances, and the right circumstances, I might hasten to add, also include very much, you know, the economic viability of the project. If the future of hog production does not look good, then neither the private sector, banks and credit unions, nor the government should be lending out money on those ventures.

If the cattle industry—we have no intention of artificially stimulating or artificially luring producers into certain agricultural production pursuits, only to find the market crash, only to find that we are, in fact, building in distortions to the market forces at play.

Ms. Wowchuk: I look forward to hearing more about the program and wait for that. I am glad that the minister is saying that it is going to cover a broad range of things because people in the cattle industry in particular and some people in the hog industry as well have said, it is just going to be diversification to add more cattle into the system, more hogs. They feel, and I feel as well, that diversification has to come over a broad range of things and not just moving towards expansion.

The minister talked about large operations, and I think that is fine, but we also have to look for a balance, where we have loans available to very small operations, because there are many people who have no desire to get into a very large-sized operation, but there are still people who want to have small operations. Sometimes it is the people who are on a smaller operation that have difficulty getting funds.

I want to ask the minister as well whether this program would allow for investments into processing, for example. As our industry grows, there is need for a processing of livestock here in the province, but also a processing of different products, such as any product that can be grown here in Manitoba that we could then get the value-added jobs from it as well.

Mr. Enns: Mr. Chairman, while I believe that there need to be and efforts should be made to co-ordinate

better the activities of the corporation with other agencies and departments of government so that we act in a more co-ordinated fashion, nonetheless the fact remains that the corporation more or less deals at the farm gate with the individual producers.

I am very encouraged with the development of a number of other programs in sister departments like Rural Development, the REDI program, the Grow Bond program. We have had a number of instances where they have been actively involved in precisely what the member is requesting, in aiding expansion for setting up of processing agricultural products. I am trying to think of some that particularly come to mind—the sausage, the meat plants in your area, speaking to the honourable member for Pembina (Mr. Dyck)—[interjection]—Winkler.

I am aware that those kinds of examples will be vigorously pursued by the managers of those programs; and, as these programs get better understood within the community, and as the need arises, I am certain that you are going to see considerable value being added to our base agriculture production through further processing. It is my hope that perhaps, by the end of the year, we will see our first pasta plant in Manitoba, and I think those kinds of developments can only help us make the adjustment period that we are now facing with the loss of the Crow and also in our future trading relations with our major partner, the Americans. The Americans do not seem to mind the product going in if it is in a processed form, but they get antsy when they see our trucks lining and clogging up their elevators with our grain every fall. So let us be smart. Let us do more of the processing here in our province, adding value to the product, creating jobs in our communities and, all in all, demonstrating that we can. I happen to be an optimist that we can react to the loss of the Crow in a positive way.

* (1500)

Ms. Wowchuk: Can the minister indicate just in general terms whether there has been any impact on the lending or whether there has been an increase in the request for loans, whether there has been a change in environment since the announcement of the change to the Crow, whether you have seen a change of land

people selling land, more requests for loans, whether there has been a decrease in land value, appraisals, or has there been any of that implication yet?

Mr. Enns: Mr. Chairman, I am advised that while the corporation hears, just as we all do, a lot of discussion about potential impact of the loss of the Crow, whether it is on actual land prices and or that decisions will be made—but senior staff informed me that loans portfolio is up considerably at the corporation. It is very much business as usual. They detect no appreciable drop in land prices at this particular time, and just hazarding a guess, I quite frankly do not anticipate that you will see any significant shift in land prices. It depends, I think, to what extent we successfully manage to grow those crops that provide for an economic return. As long as that is the case, neither the current holder of the land or institutions like MACC that are called from time to time to borrow money on would-be purchases of land will change their attitudes toward land prices.

Ms. Wowchuk: Well, it is nice to hear that the minister is so optimistic. I, unfortunately, am less optimistic, and that is just coming from people that I speak to in the community who are very concerned about the change and the loss of transportation services, and they worry. I hope the minister is right. I hope that we do not see a drop in price and that farmers will be able to continue to make a good living because it is their livelihood.

The minister said there was an increase, I believe, in the number of loans that were being applied for. Can he give us any indication whether these loans that are coming are from new farmers who are starting up or are they loans from existing farmers who are buying up farmers who are retiring? I guess I am looking whether it is for an amalgamation of lands or whether we see new farmers starting up.

Mr. Enns: Mr. Chairman, the Manitoba Agricultural Credit Corporation, because of its own limitations and cap, is not really involved in what is still going on, the larger accumulation, amalgamation of larger farm units. Our principal clients are the young, beginning, small farmer and as the members would know, we still offer a subsidized support to that beginning farmer, 2 percent relief of the interest rate. It was 4 percent some years

ago, but, nonetheless even at 2 percent a young farmer, a young family that is taking out a \$100,000, \$200,000, \$300,000 loan, it is significant support. The emphasis, and I think it is appropriately placed, is on the young and beginning farmer that is entering agriculture.

I do not foresee any change in that focus on the part of the corporation. Where the change will be is where some of the added responsibilities that I foresee or my government foresees the corporation undertaking in helping us specifically make this transition to different special crops to livestock to, quite frankly, respond and take advantage of the opportunities that we see are there in the post-WGTA era.

That brings me back to the point of optimism that I and the member had discussed just briefly. I cannot help it, and I say it very kindly to the honourable member without any malice at all. It is genetic. I am a Conservative and she is a New Democrat. So on Thursday, I am optimistic about what will happen in that great province of Ontario, just as I was on April 25 in the province of Manitoba. I do not hold that against her, it is a purely genetic thing.

Ms. Wowchuk: I hope the minister looks at the results of Saskatchewan with as much enthusiasm in a couple of weeks' time.

What I was looking for on the loans is—I recognize it is young farmers, but is it young farmers who are in place who are coming back to expand their operations or do you see new young farmers coming into the system and starting to farm? Do you have any breakdown on that kind of information?

Mr. Enns: Mr. Chair, I am advised that a lot of it is intergenerational transfer that is occurring now, young sons and daughters taking over the farming ventures from their parents. But we anticipate that there will be a change in a sense that providing that we can provide the right kind of information or extension services provides the right kind of information, there are, I do not want to exaggerate, a number of different kinds of things happening on the landscape at this time.

For instance, our young, small but nonetheless significant horticultural industry is really quite

encouraging in different parts of the province, and very often you find young start-up farmers involved in these instances that involve not large acreage but intensive management and care, young producers that are growing saskatoons to raspberries to the more traditional strawberries and the likes of that. That, along with other what I would describe as less traditional forms of nonetheless agricultural activity on the landscape, I think will provide for steady clients of a diversified kind for MACC.

My job, I think, is to challenge the corporation to see that we are not too hidebound or traditional in what we perceive should qualify for being a farmer. One of the amendments that I am pleased to say the corporation made just a little over a year ago that I think will be very helpful in this respect was a regulation that I am sure the members will recall that restricted the corporation from making loans available to a farming operation only if you were more or less full-time farming or if 50 percent or greater of your income was derived from the farming venture.

Well, the truth of the matter is, in today's agriculture, for many start-up farmers that is simply not possible. We have many who would like to start but they are not prepared maybe to give up their teaching job or give up their job working in a local industry or part-time work, but these operators or potential farm operators were hindered from getting the necessary credit. MACC did not support, and they often could not get it from the private sector for that reason as well.

* (1510)

Well, we amended that restriction, largely because I quite frankly want to see, just as I can see the inevitable expansion of larger and commercial operations, whether it is grain or livestock, but from a social point of view it is extremely important to the well-being of rural Manitoba.

It is important to the maintenance of our social structures, our schools, our hospitals, our community clubs to make as flexible as possible our agricultural programming so that if somebody who we may have looked at as a hobby farmer a few years ago nonetheless is encouraged to become more aggressive

and provide him with the kind of wherewithal that he can take a small hobby farm into an encouraging venture into agriculture.

Ms. Wowchuk: The minister indicates that this is a lot of people, lands transferring intergenerational, and that leads me into another question. The federal government, through Farm Credit Corporation, has introduced a program to help with the transfer of land between generations, and I wonder how that program compares to what is offered through MACC and whether MACC should be looking at programs similar to that to help our young farmers with transition between father and son, father-daughter operations, intergenerational transfers.

Mr. Enns: The general manager informs me that the two programs work really quite well. It is not our intention, nor should it be, to be in competition with another federal agency essentially in the same business. But again, we tend to work with the smaller units. Our caps are considerably below those of FCC so very often we are dealing with those clients who fit into that overall bracket, and if they are of a larger scale then we are only too happy to refer them to FCC where they get the service that they require.

Ms. Wowchuk: So the benefits of the FCC program and the MACC program are similar except for the scale of them? More money is available for larger operations through FCC?

Mr. Enns: Programs have their differences. One of the features of our program is that the situation in a generational transfer is the parent gets paid out immediately, and that is seen by some as an advantage. It is viewed as a full and complete sale although the guarantee is still there.

I am satisfied that the intergenerational transfers are taking place, and it would appear that both at the federal and the provincial level, those resources of our two sister corporations are there to aid in this process. I have not received, to my direct attention as minister, specific problem areas in this regard.

Ms. Wowchuk: Did the minister say he has or has not received any? Has not, okay.

It is my understanding that with the federal program, there is a training program that people have to go through as they make preparation to take over the farm. I am wondering whether there are any similar programs that are offered through MACC.

Mr. Enns: I cannot respond specifically to the federal program. I am just advised that in our program we utilize very much the farm management services provided by the Department of Agriculture throughout the different parts of the province, through the ag reps' offices. We have found that to be quite satisfactory without the requirements of any kind of a formal training course.

Ms. Wowchuk: Just for clarification then, there is no sort of a transition training that is required when these kind of loans are being taken out.

I know that there was a course like that being offered in Dauphin where the older people who were selling the land and the younger people who were taking over the operation, they went through some sessions where there were adjustments. Counselling, just a whole discussion on the responsibility of taking out loans, a good explanation and some supports were put in place for the people who were making the transition off the farm and the younger couple or younger people who were taking over. I understand that the course that was being offered in Dauphin, and I do not know where else it was offered, was quite successful. I wonder whether the corporation has evaluated that program. It might be something that you might consider to offer to your clients.

Mr. Enns: Mr. Chairman, the program that the honourable member refers to is in fact a program combining the talents of the Federal Business Development Bank, which is a federal agency, although it was very much initiated by the economic section specialists of our department. We worked very closely together.

(Mr. Peter Dyck, Acting Chairperson, in the Chair)

We had, for instance, in this past year, 38 family units participate in the program at communities like Morden, Russell and Steinbach. We had another 42

family units participating in year two of this program at Ste. Rose, Deloraine and Stonewall. We call it under different titles, "Handing Over the Legacy," you know, "One Family's Journey."

It is a video discussing strategy for family farm transfers. We have this video available. Fifteen hundred copies of the video have been distributed to Manitoba farmers and professionals working with young farmers. All of it is on the subject matter that the honourable member is asking questions about, to provide the kind of information for both sides of the transfer requirement, the retiring parents and incoming new generation of farmers.

It is a program that we continue to offer to communities. I suspect that it is driven by our extension people. If we can find the interest in certain communities, we will host these kinds of special-event days where we actually bring the families together to work in a kind of a seminar setting. We also do, I am advised, a considerable amount of individual consulting, individual delivery of material written and printed and video that is requested.

Ms. Wowchuk: I take it then, Mr. Minister, this is not a compulsory course that is a requirement if someone is applying for a loan. It is something that is provided and if people feel the need they can take it. Or how do you get your enrollment?

* (1520)

Mr. Enns: No, it is not a compulsory matter, but I would think that a loans manager working under the direction of Miss Charlene Kibbins here, and if the party thought that there was some difficulty in how a transfer was going to take place, they may well want to, in fact would refer it to this kind of material that is available that could then better facilitate making the transfer, but it is not compulsory.

Ms. Wowchuk: Just back on loans. We talked about federal and provincial loans being at different levels, federal dealing with larger operations and provincial more to the smaller operation. Can you tell me what the cap on loans is? Is there a specific amount that an individual can borrow? How do you set the level?

Mr. Enns: Well, for some specific information, our loaning activity operates under, you know, specific regulations and limits. We have a maximum amount of \$250,000 being available on long- and intermediate-term loans. We have a guaranteed operating loan of \$150,000. Other loans like the stocker in the livestock area, stocker agreement loans can total up to a maximum of \$100,000. In other words, under these three programs, it is possible for an individual to have up to a half a million dollars, \$500,000, in loans. Compare that to, for instance, the FCC program.

I am advised that, in many cases there are no ceilings, for instance, the average FCC loan has risen from—1992-93, the average loan was \$493,000; that is very close to half a million dollars. Remember, our cap is \$250,000. In 1993-94, that rose to \$541,000. In the year just past, 1994-95—I am talking about the new worth of the farms, which figures into it. The average loan size, net worth eligible, rose to over \$626,000. We are automatically excluded in these categories.

On specific programs, for instance, our maximum loan under the provincial program is \$250,000. FCC has no cap. We allow off-farm income of \$60,000. We still have a qualifier in there. FCC has no limit, no ceiling. We look very closely at the net worth of our client. We will not loan money to anybody who is worth \$400,000. The federal government will loan money to Mr. Rockefeller. They have no ceiling. I do not know if Mr. Rockefeller is interested in resuming farming these days.

Our average loans, surprisingly, are not that much different. Our average loan size is \$57,000 compared to the FCC average loan size of \$77,000. We do very much the same business. In the year 1994-95, we anticipate we have to date some 419 direct loan approvals compared to 461 for FCC. Our outstanding loans at this point, 1993, is \$219 million compared to \$392 million for FCC.

Ms. Wowchuk: The minister indicated that there were 419 loans that were approved. How many applications would there have been for funds?

Mr. Enns: I cannot find the figures, but I am advised that our approval rating is really quite high, in excess of

90 percent. In 1994 we declined four applications. In 1993-94 it was somewhat higher, 8. In 1992-93 it was 30. This is beginning to worry me. They are approving more and more. Is that because I am Mr. Nice Guy or just too soft or, I mean, in '92-93 you guys rejected 30 applications.

Ms. Wowchuk: Well, I am pleased to see that farmers are able to get money, but I would just like a bit of information. Is MACC considered as taking more risky loans, or are loans up, I would imagine, because of the Young Farmer Rebate?

(Mr. Deputy Chairperson in the Chair)

What are the criteria that a farmer comes to MACC for a loan versus going to a local bank? Is it only the interest that makes a difference or is MACC prepared to take higher risks?

Mr. Enns: In general, I am advised that MACC is a lender of higher risk. We take on, and that should not be surprising, because our mandate is to help the beginning farmer, the young farmer, and there is potentially more risk involved with that. We like to think that we manage the loan in terms of being satisfied that there is sufficient cash flow to service the loan. That is very often the determining condition that will meet with loan approval. FCC, I think it is fair to say, has a greater attraction and a greater role to play in the larger and the commercial farm ventures that are in the countryside.

Ms. Wowchuk: I am sure that, and I know that over time there have been loans that have been made that have not been able to be repaid and MACC has come into possession of a fair amount of land, and I would like to know the policy, the leaseback policy to farmers who have gone into debt and then they had to lease back their land.

I think there has been a change in policy as far as long-term leases go. You cannot lease land as long as you used to, and it is a shorter time that a farmer has to make a decision whether or not they want to continue leasing and have to buy back. So I am looking for what the changes in policy might be with land that has gone into receivership, and then the farmer is leasing it back.

Mr. Enns: The one change that I am advised has been made is we switched the five-year lease back to a four-year lease-back, and then with the equity provision being written into it, that can then enable the party to begin the purchase of his land.

Generally speaking, this is an area that from time to time draws attention to the corporation and to ourselves as government. The guiding mandate or objective in all of this is to do everything possible to help the family farm, the farmer who is in trouble to continue farming, if he so desires.

* (1530)

Regrettably, for different reasons, farmers get themselves into difficulty from time to time. I am pleased to report that further down in my Estimates, when you look at the operations of the Farm Mediation Board, that the farm failure rate has decreased dramatically, possibly to a point where it now is simply a question of life, where you will have, as in all walks of life, people who have failed to manage their affairs in an appropriate manner and find themselves in difficulty, though I would not want to make that generalization.

The corporation works hand in hand with the Farm Mediation Board. The legislation that set up the Farm Mediation Board directs the corporation to do so, and often the arrangements are jointly arrived at with the family in difficulty that enables the family to continue operating on the farm. Then, if in four, five years, the position has been improved to the point where that party can repurchase the land, we accommodate that.

That part of the program attracts some criticism from time to time, but I am advised that when that is done, it is always done on the basis that the land in question is properly appraised. Very often, the land in question is tendered out for sale, and only if unsuccessful in that tendering process do we, on a quick-claim basis, offer that land back for the assessed price to the original landowner.

Now, often, in the course of time, there is some loss. Interest keeps ticking on, and the loss on the original loan that perhaps got the farmer into trouble in the first

instance, that has to be written off at that particular point in time.

These are all individually looked at, individually dealt with, and there are, no doubt, some arbitrary decisions made as to when it is appropriate to offer that land in that way and when it is not.

Ms. Wowchuk: There used to be a long-term lease program which, I believe, was a 25-year lease that a farmer could get. The minister says they have gone from a five-year down to a four-year. Is there no longer a 25-year lease program?

If we are looking to get young farmers, to help them out, you say they had five years to get themselves set up, and now we are going down to four years before they have to make a decision to buy back that land. Unless I am not understanding the program, I do not see how this helps young farmers or the farmer who is in trouble, why you would reduce the amount of lease time, why they could not continue to lease under that program, instead of saying that they have to buy it after a certain length of time or else it is going to go up for somebody else to buy.

I would like an explanation of how this is supposed to be benefiting farmers.

Mr. Enns: Well, Mr. Chair, first of all, just a small correction, the actual time period amounts to seven years. The lessee in year four has the opportunity, if he indicates his desire to purchase, that then is extended by three years, so you are now leasing the land in question over a seven-year period.

But, Mr. Chairman, there is a very distinct and deliberate and fundamental difference of philosophy involved here. My government does not view the Manitoba Agricultural Credit Corporation as being desirable to being the largest landowner in the province. My government views and I, as Minister of Agriculture, view that the most productive way of using farm lands is in private ownership.

The department is under instructions from my government to, in a prudent and expeditious manner, divest itself from the 105,000, 120,000 or 130,000

acres it once had, and I believe their land holdings now are probably in the 95,000 or 90,000. I am advised that the current number of acres that MACC has title to is some 90,560, for a total value of \$17 million.

I appreciate that another administration took a different attitude towards it. They viewed it as a desirable way to have more farmers being tenants, more farmers being lessees. Being first-generation Canadian, my grandfather having farmed under Czar Nicholas II, I chose the latter.

Ms. Wowchuk: Can the minister indicate then—he did indicate but I missed the amount of land that was under the corporation's administration before he became minister.

I guess I want to say that I have to disagree here with the minister. If farmers want to rent land—and there are a lot of people who rent land. Whether they rent it from the Crown, from the corporation, whether they rent it from other farmers, they still rent land, and they choose to make a living that way. By making a living that way, they sometimes get themselves away from a heavy debt to banks. When you look at having to borrow the money to purchase the land, in the end it is the banks that make the money. It has nothing to do with a czar or anything of that kind of thing. It is a way, I believe, that we can help farmers from carrying a big debt load.

I regret that the department and this government has taken that direction, so if the minister could tell us how much land they have sold off from the corporation, and, also, I asked earlier on the question whether there are still any long-term leases that people are holding with the corporation, and when those long-term leases expire, do they have a chance to renew them or is that the end of them?

Mr. Enns: Well, Mr. Chair, I think we perhaps could have avoided this by providing some information earlier. We do have long-term leases that will go to the age of 65, for instance. We have 44 of such leases in effect, can be renewed by the spouse or relative. Most of our leases are under short term. We have, in total, some 265 leases, 44 long term, 221 short term, total properties.

Ms. Wowchuk: I am again looking for clarification on long-term leases. The people that do have long-term leases, they can renew them and continue to use that land.

Mr. Enns: Well, it is as I have explained to the committee before. These long-term leases are a residue of former programs. We are not, as senior management makes it very clear to me, kicking anybody off the land. Anybody with a lease until age 65 and has those conditions and provisions can transfer to a spouse or to a relative and continue leasing that land for an undetermined period of years.

What we are not doing is writing up new leases of that kind today. Those long-term leases are not available today.

* (1540)

Ms. Wowchuk: Mr. Chairperson, then, can the minister clarify on short-term leases? He talks about leases that end up being up to seven years, four years and then a three-year extension, people who are leasing that land. When those seven years expire, does that person have the opportunity to extend that lease or does the land go onto the market, and even though that individual may have been farming it, he has to go into competition with somebody to buy that land.

Mr. Enns: I am advised that the land under these circumstances, generally speaking, will, if there is no capacity to purchase, go on the open market. However, there are instances where the party involved will seek the services of the mediation board and will attempt to resolve some of their problems. Allow me to read you the terms of the five-year, seven-year—[interjection] We do not have the program for the current, so excuse me, that is fine.

Ms. Wowchuk: The minister mentioned the mediation board. In looking at the record here, the mediation dealt with 11 cases last year as of March 1994. Are these people who would have had leases but could not fulfill their leases and had to make refinancing. I look at the numbers, and there is indication that the number of people who went before the mediation board has increased over the last couple of years.

Mr. Enns: I am advised, Mr. Chair, that these were case situations where we had to guarantee the loans for 11 applications that were run through the mediation board. The mediation board sets up an operating regime that enables the family to stay on the farm. That includes talking to the private bankers, talking to the machinery dealer, to the fuel dealer, and also talking to MACC, and if we all co-operate, in our case it meant providing the guarantee for the continued financing of the farm operation. We dealt with 11 such cases in the year '94.

Ms. Wowchuk: Mr. Chair, you were talking about diversification and other areas of farming. The one line I asked about last year and I ask about again this year is fish farming. The minister talks about the various ways of diversifying the economy in rural Manitoba, and there is a line set up here. Is there no interest, or is there no promotion being done to encourage people to diversify into the fishing industry or developing fish farming? I realize it is not on the lakes.

Mr. Enns: Staff advised me that we have one fish farm. There does not appear to be any interest that is reflected in actual applications to the corporation, but just in a small aside and in a general way, these are some of the things that the corporation has to look at. Generally speaking, when the corporation had its initial beginning roots, we essentially used, as collateral, land, a loan up to 80 percent of land.

Some of the things that are taking place in agriculture are not that land insensitive anymore. You can have, as the member knows, a very sizeable hog operation, for instance, on relatively small acreage. So some of the criteria that MACC uses to initiate, even just the thought of borrowing or supporting a venture, have to be rethought in my opinion.

Ms. Wowchuk: I guess I have to agree with the minister. We have to relook at this. I would wonder, you talk about it being based on land, so I would assume then that people in Metis communities, who might have access to a lake in their area that would serve as a fish pond but have very little collateral, am I to assume then that somebody in that category would not qualify for a loan under this program, or what are the qualifications required?

Mr. Enns: Mr. Chair, the member is correct that more than likely that kind of individual should avail themselves to the opportunities under the Communities Economic Development Fund, which operates under somewhat different guidelines and rules and is, I think, more specifically geared to work with resource-based and northern clients. The member would be aware that the regular commercial fishermen's loans used to be part of the credit corporation's operation, but that, some years ago, was transferred to the Communities Economic Development Fund people.

It would appear to me that there would probably be a better reception at that agency for loan applications of that nature, but I appreciate what the member is saying. It is not necessary that a venture like this need be associated north or adjacent lake; it could be somebody in southern agri-Manitoba that decides to develop some form of agriculture or fish farming.

Again, I do not think we are currently set up to respond to that, but I think over the next period of time there will be a number of different kinds of things that I would encourage the corporation to look at, the interest being that we want people to make their livelihood in rural Manitoba. We want people in our rural communities and rural towns for reasons that I stated earlier, and they cannot all be, nor should they all be, large 3,000 acre farmers or larger. We cannot all operate out of a million, multimillion dollar hog barns. So there is going to be a diverse mix of activities and of people, and they are all welcome in the scheme of things.

The Department of Agriculture, I think, has to take a cautious but a very inclusive kind of attitude towards all of these activities. We are the department that has the primary responsibility of ensuring a stable food production in the province, and that means, of course, working with the very best of our food producers in the province. As the member herself indicated some while ago, there are individuals who choose to remain small or operate moderately, to look to rural Manitoba to offer a particular kind of lifestyle, not necessarily ones that you measure in large bank accounts or not willing to take the kind of high risks associated with that kind of a level of farming.

* (1550)

It is a challenge, I think, to the managers within the Department of Agriculture. It is a challenge to me as minister, and I think it is a challenge in this instance to the corporation that we can provide a blend of programs that makes it as meaningful as possible to those people who, from time to time, seek financial advice, seek credit advice, and sometimes it is only advice. Sometimes it is guarantees. Sometimes it is actual dollars.

Ms. Wowchuk: Well, I would like to see the corporation pursue this a little bit. I have read some interesting articles on aquaculture, and there have been some very successful operations. I guess, looking at it, I am assuming then that to qualify for a loan here it would have to be someone who has a land base, but somebody who would also have to work in—this would be working in conjunction, I would imagine, with Natural Resources to qualify to have access to any kind of water. I am looking at, and I do not expect you to find it, but I would not mind if you could provide me with some of the criteria that are required to get a loan like this and what is available because I think that there are some opportunities. When I mentioned in the Metis communities, I would hope that we would not be segregating, and that if they are interested in starting a fish farming operation, they would not be directed to CEDF after that. If there was a way that we could work through this corporation to help them get started, I think that would be very useful. I would like if you could provide me with some information on what the qualifications are and how a person applies for that loan.

Mr. Enns: Mr. Chairman, I note that staff is taking notes of the honourable member's request. I am sure that in due course they will provide her with whatever information they can provide in this instance. Thank you.

Mr. Deputy Chairperson: Item 3. Administration \$3,040,300—pass.

Net Interest Cost and Loan Guarantees \$4,355,000.

Ms. Wowchuk: I just wanted to ask the member for St. Boniface (Mr. Gaudry) if he might have neglected to mention earlier that he might want to ask questions on this area.

Mr. Neil Gaudry (St. Boniface): That is okay.

Mr. Enns: I just want to raise that item, just draw the attention, that is the support, really, the support program, a very fundamental support program to young farmers. That is the Young Farmer Rebate program, the \$4,355,000 on this item that we are just now passing. It is worth drawing the committee's attention to it. It is a significant program. This is a direct cash rebate to Young Farmer loans.

Mr. Deputy Chairperson: 3. Net Interest Cost and Loan Guarantees \$4,355,000—pass; Allowance for Doubtful Accounts \$2,000,000—pass.

Special Farm Assistance \$255,000.

Ms. Wowchuk: I want to revert to one line, if that is possible, if it would be acceptable to go to Doubtful Accounts. I just want to ask you, budget for \$2 million a year, is that what you budget for, or did you spend \$2 million last year on Doubtful Accounts?

Mr. Deputy Chairperson: Is there leave to revert to Allowance for Doubtful Accounts? [agreed]

Mr. Enns: I am advised, Mr. Chair, that last year the actual Doubtful Accounts amounted to some \$880,000.

Ms. Wowchuk: Can the minister indicate if that is an improvement, compared to other years? Was the farming situation better than in the previous year as far as Doubtful Accounts went?

Mr. Enns: Mr. Chairman, it is actually quite a significant improvement. I want to say at the outset, though, before I even give these figures, let us not be misled. By and large, the many millions of dollars that the corporation has loaned out to Manitoba farmers over the course of its 30-year history, the amount of delinquent accounts is extremely low, less than 1 percent. I want to state that very emphatically because it needs to be said.

The attention is drawn to Crown corporations when we have losses or when we have difficulties. So in giving you these figures I would ask that they be kept in mind. There were some difficulties, quite frankly some questionable loans that the corporation wrestled with and, of course, very serious problems that agriculture faced when the international price of grain collapsed, the full brunt of the subsidy war that was being fought without support programs in place, like the NISA program or the GRIP program. After all, that is why we established such agencies as the Farm Mediation Board to deal with the crises on the farm. That is why the federal board has a debt review board. In 1992-93 the corporation actually wrote off some \$4,300,000. In 1993-94 that figure was reduced to \$1,300,000. This year, as I already indicated, is further reduced to \$880,000.

That is a reflection I think, too, of the growing health of the industry, quite frankly. I suppose another way of saying it, too, is possibly that the difficult cases have left agriculture in those earlier years.

Ms. Wowchuk: Just for clarification, when there are Doubtful Accounts, accounts that are written off, the corporation repossesses, is that correct? So, if you repossess the land, is that showing up in this figure? Where does the land that you repossess show up in the figures?

Mr. Enns: The figures that I just quoted are fairly straightforward. If the corporation loaned farmer X \$300,000 and five years later foreclosed on him and took back the land value at \$200,000, that \$100,000 is the amount that is written off. That is the accumulation of this kind.

Ms. Wowchuk: I wanted to say that I am very pleased to see that the number of Doubtful Accounts has decreased as it has, and I hope it is an indication of better things to come, not only that we have those people who got themselves into very serious difficulty a few years back are out of the system, but also a sign that maybe agriculture is turning around and there is a better future, more stability in it.

The next line is on the Special Farm Assistance, which Mr. Chair had taken us to before I realized that

I had not asked my questions on the Doubtful Accounts, and, again you see a decrease in there. Can the minister indicate to us what the change is, what the Special Farm Assistance is and why that has decreased?

Mr. Enns: Mr. Chairman, I am advised that this, again, is part of the function that MACC gets involved with in our attempt to continue to help farmers maintain their presence on farms that are in difficulty. This is initiated by the Farm Mediation Board that under their arrangement enables them to carry on farming. The corporation picks up the guarantee.

* (1600)

Again, these figures are going in the right direction dramatically. For instance, in the years '91-92, this figure of actual money payments paid out by the corporation registered at some \$580,000. It has then progressively, in '92 dropped to \$467,000, in '93 to \$206,000, '94, this year, anticipated to be at \$110,000. That figure of 500 that was in the offers was based on those earlier years when the payout was in the order of 500, 400, 418. Now we believe with last year's, '94-95 payment actually being \$110,000, that was our obligation as a result of the Farm Mediation Board's decision to show the figure of \$250,000, is reality, is prudent. There will probably be a surplus amount in that account next year. It was no longer necessary to show the \$500,000 that we showed in previous years.

Ms. Wowchuk: Mr. Chair, I may be asking a question on a line that has passed already, so if I am out of line you can correct me. I want to ask—I am probably out of line but I will ask it anyway. I want to know, on the staff who work for MACC and government staff, are people paid at the same level? It was a question I meant to ask under crop insurance as well. Are people who work for Crown corporations civil servants or are they under a separate contract?

Mr. Chairperson: I believe this might fall under Administration. Is it the will of the committee to revert back to the line of Administration? Agreed? Agreed.

Mr. Enns: Mr. Chairman, I am advised that while historically there was relative parity with the pay

schedules at corporations like MACC and, I might add, for Manitoba Crop Insurance Corporation as well, there was a change that MACC and Manitoba Crop Insurance employees did not receive the benefit when there was a payment made on the pay equity circumstances which the general civil service, public service, received but not the employees of the Crown corporations.

Now I will take the liberty, Mr. Chairman, to express my surprise to the honourable member for Swan River. She will remember that on the question of gender balance, for instance, when the Crown corporation was here, I was surprised that we had become perfect—42 males, 42 females in that corporation. I look at the senior staff that surrounds the general manager here—very capable senior staff that are running the multihundred-million-dollar operation known as the Manitoba Agriculture Credit Corporation, and they did not get pay equity consideration which now brought them down to a somewhat lower level. I make those casual observations only for the record.

Ms. Wowchuk: Does the minister have any intention of addressing that issue to ensure that we have pay equity in all departments? Has there been any discussion in the department?

Mr. Enns: Well, Mr. Chairman, I will certainly want to continue to do what is appropriate for a group of employees that I regard very highly. Allow me simply to put on a few other records of a personnel nature with respect to the MACC staff. For instance, on the executive team we have a 60:40 percent ratio gender balance, favouring the male; credit management, it is somewhat higher, 75:25; administrative support, we have a higher component of the female gender, 68 percent compared to 32 percent. Overall, the corporation is 56 percent male and 44 percent female.

I would suspect that the issues with respect to redressing the pay equity matter would be really one that would have to be addressed at the negotiating table. The act that dealt with the pay equity issue when it affected the general civil service of the Province of Manitoba had a sunset clause in it, and it is no longer operable. It is dead, I am advised, but that certainly does not mean that it is a dead issue. I am sure that it

is an issue that will continue to be on the negotiating table when the salary and working conditions are up for discussion by the appropriate individuals charged with that responsibility in the corporation.

Ms. Wowchuk: Can the minister indicate, and I ask this purely for clarification, the staff of the MACC corporation, is that a separate negotiation, or are there negotiations at the same time as all government employees, or do they use a separate bargaining unit?

Mr. Enns: They are a separate component. They are a Crown corporation operating under their own legislation. They are advised by a board of directors duly appointed by the government of the day, but because of the close relationship with so many of the functions of the Department of Agriculture, they are viewed and treated very much as part of the department in much the same manner that the Crop Insurance executive people are.

The programs that are part and parcel of the overall Department of Agriculture's delivery to farmers of Manitoba are very often intertwined, and as such, they work very closely with the Department of Agriculture, but for purposes of administration, personnel, and pay, they are a separate entity.

Ms. Wowchuk: Can the minister indicate, on the average, what the discrepancy in pay would be versus a government employee and somebody that works at the Crown corporation? For somebody that would be doing an equivalent job, is there a big discrepancy in salary?

Mr. Enns: I am advised that it varies. In some classifications, it is virtually nonexistent, but there are specific classifications in the administrative and clerical where it can be considerable.

Ms. Wowchuk: Can the minister indicate if the people of this corporation have a contract now, or are they in the middle of negotiations?

* (1610)

Mr. Enns: I am advised that the contract dates are coterminous with the rest of the civil service. They are

now operating without a contract but are looking forward to contract discussions to resume shortly.

Ms. Wowchuk: I have just one more question on the administration side. Does the corporation contract out a lot of work, or do you have all the staff that you require within the corporation?

Mr. Enns: Management advises me that on very rare occasions, they contract out. They have on occasion, I think currently, done some contracting out of some legal work, but that the practice of the corporation is to use resources from within the corporation.

Ms. Wowchuk: Would the corporation contract out, for example, legal work when there was an overload of legal work, or is it because there is no legal counsel on staff?

Mr. Enns: Mr. Chair, I am advised that we are currently filling a legal position within the corporation, and that would enable the corporation to essentially continue doing its own legal work. That is not to say that when—and regrettably, in the last little while, those occasions have developed where it is deemed advisable to seek out specific legal assistance that perhaps provides us with the kind of expertise we need in a court challenge, where the kind of corporate advice that an in-house lawyer provides day in and day out to the corporation we would feel would be placing the corporation at a disadvantage.

The practice and the intent, of course, is to fill the legal position from within the corporation. I understand that is being done currently, so that the ongoing practice of using in-house resources will continue.

Ms. Wowchuk: Those are all the questions I have on this. I would like to thank the Chair for recognizing me and the committee for allowing me to revert back to the issues that I had forgotten to touch on earlier.

Mr. Deputy Chairperson: Item 3. Special Farm Assistance \$255,000—pass.

Resolution 3.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$9,650,300 for

Agriculture, Manitoba Agricultural Credit Corporation, for the fiscal year ending the 31st day of March, 1996.

We will revert back to 1.(b) Executive Support (1) Salaries and Employee Benefits \$433,000.

Mr. Enns: Allow me again to introduce Assistant Deputy Minister of Regional and Management Services, Les Baseraba, and Dave Donaghy, Assistant Deputy Minister of Marketing. Craig Lee, Deputy Minister of Policy, I have already introduced, and Mr. Marvin Richter, who is director of Financial Administration.

Ms. Wowchuk: There are a few areas I would like to talk about as far as policy and the direction the department is going in and positions that the government has taken and initiatives that the government will be taking as we see a changing environment here in this province, and I would like to begin, if we can, with the minister talking a little bit about hog production in this province, about the policy paper that we saw come out from the department and the reaction from hog producers in this province with regard to that discussion paper, where there was discussion of increasing hog production, but the main point of concern in that whole discussion, I believe, was moving towards the dual marketing of hogs.

I would like to ask the minister what his intentions are regarding that document and on moving towards the recommendation on dual marketing and also the expansion of the hog industry.

I think we do have to look at expanding our industries in this province, and the production of hogs is one of the areas where we have to expand, but I do not necessarily feel that it has to be the very large operations. We have to look at the operations that are there.

We also have to be sure that we have markets for the product that we are going to produce, because there is no point in doubling the industry if there is not a market. The industry has doubled over the past few years—we have seen a big increase—but it grew as the markets grew.

So I would like the minister to indicate what he sees happening with this document, which parts of the document he sees implementing and whether or not he is prepared to move away from the single-desk selling of hogs or whether he is prepared to listen to farmers as they indicated very clearly last fall that they are happy with the single-desk selling and do not want to see any changes.

Mr. Enns: I want to take a few moments to put on the record some of the current thinking of the ministry and of my government with respect to the future pork industry in Manitoba. I use the word pork advisedly, because although pork and hogs are intertwined there is a difference. I could not agree more with the honourable member for Swan River that it would be less than suitable for this ministry or this government, the Department of Agriculture, to be actively promoting the expansion in hog production in the province of Manitoba unless there was really a fundamental appreciation that markets were in fact there.

It is the opinion of those who have viewed some of the markets that are currently being serviced by Canada, by Manitoba, it is the view of a number of other specialists and experts—I might say much more expert than myself—and it is a view that I share, having had just a very brief but nonetheless an exciting first-hand experience just in February this year to have visited with the largest importer of pork in the world, Japan, and some neighbouring countries like Korea and Taiwan while I was in that part of the world.

Understand that every additional hog that we produce in the province of Manitoba is for the export market, every one. We are exporting 70 percent of our current production. Let us understand that. We are not talking about flooding the domestic market or impacting even on the North American market in a big way. We are looking at the international export of pork. The question that the honourable member raises is, before we get excited about promoting hog production, are there in fact legitimate market opportunities for hogs? It is my belief they are there.

*(1620)

Japan, the biggest importer of pork products, which I am proud to say Manitoba had established some initial contacts with, 25 years ago, 24 years ago—it was Manitoba hog producers that established some of the first Japanese imports of Canadian pork. Nonetheless it has been—when you compare it to other countries, we are—well, let me put it this way, we could do a lot better.

The little island country of Taiwan, about the size of Vancouver Island, which houses 21 million people on that little island, also produces darn near as many hogs as all of Canada and is the supplier of 37 percent of Japanese pork requirements. The little country of Denmark, in the middle of Europe, supplies another 34 percent of Japanese pork requirements.

Our big neighbour, the United States, provides 16 percent of the Japanese import requirements. Canada, all of Canada, provides 6 percent. We have the best pork. We have better pork than the Taiwanese. We have better pork than the Danes. We have better pork than the Americans. And that is not just because Harry Enns or Manitoba Pork says so. We in fact do. We have world-quality pork.

The Japanese market and the eastern market generally, the Pacific market can only grow for the one simple reason that I am going to put on the record, because what amazed me no end, as interesting as the trip to Japan was, was the fact that that country, smaller than the landscape of Manitoba, housing 115 million people, very little agricultural land, mostly rocks and mountains, a lot of that in earthquake zones, that they can produce 76 percent of their own domestic pork requirements. They do that on the strength of getting access to North American feed grain, notably American corn. It was interesting to me that many of the Japanese, while I was inquiring about trade opportunities with them, kept asking me, why is it that our costs for importing feed grains are going up.

Americans in '94 had the biggest corn crop on record. Normally, supply and management would say that corn prices should have gone down, but they went up 18 percent, and they will go up 18 percent next year and 20 percent the year after, because the Americans are doing exactly what we are doing. They are value-

adding; they are feeding more of their grain to cattle, to hogs, to poultry.

We are doing it. The honourable member knows that, particularly with the elimination of the Crow, there is going to be precious little feed grain leaving Canada. At the value of 3 cents a pound and looking at freight increases of 200 to 300 percent, we are not going to be moving much feed grain into the world market. That was what the Crow benefit was all about, to enable to have your Swan River barley end up in Montreal or in Vancouver, to be in export position to compete with American corn.

So what all of this tells this little layperson—and then you read some Japanese figures themselves that say by the year 2003—that is only seven or eight years from now—they expect Japan's capacity to meet their own pork requirements to drop from current 76 percent to something like 53 percent. That is just about a 20 percent increase that that biggest importer of pork will require in pork, just to maintain, not increase pork consumption, just to maintain present levels.

Now, surely Canada, surely Manitobans can rise to that challenge of getting its fair market share, particularly at a time when the other major suppliers like Taiwan are, by government direction, being told to reduce their overall pork production. They have overdone it. On that little island they have created unacceptable environmental problems for themselves, and they are actually targeting about a 25 percent, 30 percent reduction in pork production in Taiwan.

That is why 25 of the most progressive Taiwanese farmers followed me back from Taiwan to come and visit us in Manitoba in the depth of winter, because they want to continue producing hogs, but they know they cannot do it in their country anymore. They may have to do it in Manitoba or Saskatchewan or Alberta or in the Midwestern states.

But in any event the bottom line is that the markets, in my judgment, are there. That is not to say there will not be glitches, that there will not be—you know, we have seen them, we had fairly poor prices last October, November. They have recovered a little bit now, but overall the long-term markets are there, I am convinced

of that, so I feel confident in supporting the kind of projections, policies that were contained in that pork review, the Donaghy, Moore and Gilson report, and I am supported in that projection by people much smarter than I am in that field.

The whole question is there is reason to produce the hogs in Manitoba, and the hogs will be produced in Manitoba because feed prices will remain attractive and become more attractive with the disappearance of Crow relative to other jurisdictions. But the issue is, will we process the hogs in Manitoba? Of that I am not sure while I speak.

You see, the two are separate. I am a modest cattle producer, and I have watched the virtual total disappearance of the beef processing industry from our province over the last two and a half decades. As a beef producer it really does not mean a damn to me. I have probably enjoyed better prices in beef production the last five or six years than in all my 30-odd years in beef farming. It does not really make a great deal of difference to have my animal processed in Manitoba. It does not really make that big a difference to the hog producer to have his animals processed in Manitoba.

But, as a member of this government, as a Manitoban, it makes a great deal of difference, because I need, we need, this government needs those 12,000 jobs the pork industry generates.

Quite frankly, I am not interested in increasing hog production in the province of Manitoba unless we provide the jobs at Schneider's, at Burns, at the Forgan's and at Springhill that go along with the raising of pork. That is the issue that is facing this government, that is facing this ministry.

Currently, some of our best hogs, 4,000 or 5,000 or 6,000 a week are leaving the province to be processed otherwise, mostly in Burlington, Ontario, and I am very concerned about that. While our hog production numbers steadily rise, we anticipate that there will be some 370,000 additional feeder pigs produced this year. That is about a 15 percent increase, but the numbers at Manitoba pork that we are processing are going down.

When do you want me to intervene? When do I make some change? When we do not have a processing industry anymore in the province? It is not essential to the production of hogs to have them processed in the province, but it is absolutely essential to the well-being of this province, to the well-being of Manitoba that we do that, or else I do not have the money to support health care or education. It is Bernie Christophe's boys that are working for 16, 17, good union wages that we get our income tax from that support our health care systems, that support our education systems.

Well, the honourable member maybe wants me to throw in a little casual reference to my old friend the Czar, but I will do that privately with Becky. Becky and I are on good terms because Becky is one of the few members left in the House that Brian Mulroney still sends Christmas cards to, and I appreciate that.

* (1630)

Anyway, the member for Swan River deliberately diverted me from this spirited dissertation on the hog industry in the province of Manitoba. I have no intention of doing anything other than to ensure that the hogs get processed in Manitoba.

Ms. Wowchuk: Well, that was a very interesting discussion, and I want to assure the minister that we would also like to see hogs processed in Manitoba. We want those extra jobs so that we can provide for many of the services that we are seeing reduced under this government's administration.

I have to admit that the minister loses me at some point where he says that, or he implies, I think that is what he is saying, he talks about the number of hogs leaving this province and that they should be processed here, but they are not being processed here because there are not the facilities to process them? I do not quite get what you mean, what the minister means, I should say, that there is a problem with the hogs leaving the province, and I think he is saying it must have something to do with the single-desk selling. I had asked him to tell us why he was looking towards moving to a dual marketing system of hogs.

If we have a single-desk selling system here, can the minister explain what he means? If we have single-desk selling, if we have plans to process them here, why are they not being processed here, or is it the fact that we do not have the ability to process all the hogs here in Manitoba? And I do not mean this facetiously, I am looking for the minister's interpretation of what the problem is here.

Mr. Enns: Mr. Chairman, I do not pretend to have the answers either. There have been different circumstances that prevailed at different times. The current situation is such that any processor must sell his hogs under the single selling desk through Manitoba Pork. There have been times when, for different reasons, Manitoba Pork has not received adequate numbers of hogs to provide the needs for our four major processing firms. We have had times when our processing firms have run at 75 percent 80 percent 78 percent capacity and/or less. My understanding is that at the moment we are running very close, not to full capacity, but certainly we are running at about 40,000.

I am advised by my assistant deputy minister that we are running at about 90 percent, 92 percent, 95 percent capacity of our current processing facilities as they are now working. I am also advised that if push came to shove and they felt inclined to further maximize their efforts to double shifts, that could be considerably enhanced. So it is not a question I would necessarily point to of processing capacity. It is a capacity, though, of attracting and ensuring that those hogs come to these plants.

We are not interested, quite frankly, in erecting further provincial trade barriers. My Premier will not stand for it. He has been in the forefront, particularly at forums like the Western Premiers' Conference in knocking down provincial trade barriers and I suppose, if we were to impose an embargo and not permit any Manitoba hogs from leaving the province of Manitoba, that we could ensure that all hogs produced in Manitoba were in fact processed in Manitoba.

But that is not an option that this government and this minister is prepared to consider. It is not an option that Manitoba Pork is really interested in, because from time to time it has been extremely important to them to

be able to move hogs to the United States or to Ontario as they try to do their best in terms of maximizing returns for the producers that they represent. It does not alter the matter, and I am not avoiding the question. The fact of the matter is that in those areas where we see the greatest growth in our hog production numbers, they are the hogs that are, by and large, leaving this province for processing elsewhere, and I find that unacceptable.

Ms. Wowchuk: The minister says he finds it unacceptable that these hogs are leaving the province. Can the minister indicate then, these hogs that are leaving the province, are they all sold through the Hog Marketing Board, or are there hogs leaving the province that are by-passing the marketing board?

Mr. Enns: My understanding is that the majority of them, upwards to 80, 82 percent of them are in fact not being sold through the board. They are paying the levy to the board, but they are being sold under contractual arrangements that do not involve the board.

Ms. Wowchuk: Can the minister indicate how this has come about, because if we have single-desk selling, how is it that we have hogs that are leaving the province without being sold through the board? I am not sure what he means by that.

Mr. Enns: Well, as I said, we do not have restrictions on the hogs leaving the province. This is an issue that has been debated right across Canada. You will recall, a few months ago the issue got to a fairly heated stage in Saskatchewan, when the Saskatchewan board attempted to close the border. Quite frankly, we receive a number of Saskatchewan hogs that come into Manitoba plants for processing.

I can also report that what particularly drives some of the export of hogs out of Manitoba is price. I am advised that the parties that are engaged in this are getting more money, shipping them over a thousand miles, paying the freight and ending up with \$10, \$12 a hog more than Manitoba processors are willing to pay.

There are no easy answers to this dilemma, but I also know that the end result is not acceptable to me, that is,

if next year this time that 5,000 or 6,000 is 12,000, and 18 months from now it is 17,000 or 18,000, that is what concerns me.

I am concerned that a major facility may be planned or built within trucking range of Winnipeg, as Burlington now is, in North Dakota or in Alberta or in Saskatchewan of the nature that is prepared to bid, you know, actively and directly for Manitoba hogs. I cannot complain. I cannot blame a hog producer for shipping his hogs to Burlington, Ontario, or to Calgary, Alberta, if he is getting \$8 or \$9 or \$10 more for his hog than he is getting in Manitoba. I seek some advice.

Ms. Wowchuk: The minister has indicated that there is a problem in that hogs are by-passing the board, but if I understand it correctly, those people who by-pass the board are still paying their levy to the board. The minister has identified a problem. Can he let us know what his department has been looking at and what he sees, what his department sees, as an answer to this problem.

* (1640)

(Mr. Frank Pitura, Acting Chairperson, in the Chair)

Mr. Enns: It is not a departmental position, but it is certainly one that has been addressed by Mr. Donaghy, who sits with us as my assistant deputy minister, Mr. Moore, and Professor Clay Gilson, when after a lengthy review of the hog industry, they came up with, among other things, a conclusion that a more flexible marketing system ought to be looked at, one that allowed a processor to secure continuity of supply, one that could allow for specific, you know, types of hogs to be marketed, perhaps to a dedicated market.

I am not satisfied, Mr. Chair, that we as exporters of pork are doing everything we can to gain a better market share in the world market. If the Japanese or the Koreans, for that matter, want a particular hog, perhaps of greater weight or some other dimension, if we are the ones that are trying to sell it then we have to provide that product to the customer's requirements. Our system now does not really lend itself to that. Our system now blends all the hogs coming in from all 2,000 producers in the province of Manitoba into one

central selling yard and then they are averaged out much like the Canadian Wheat Board operates. It is a problem that has to sort itself out.

Ms. Wowchuk: The minister indicates that, you know, there are particular kinds of markets and there is room for the hog industry to grow. I certainly agree with the minister. There is room to grow, and certainly there are markets in the Pacific Rim, but our industry did double over the past 10 years or whatever. We saw a doubling of the industry, and we were able to meet market needs with the single-desk selling system that we have in place.

I think if the market is there that we can meet the needs in the market, that we can grow and supply those markets, and I hope we do. I hope that we can grow and take advantage certainly of that large market out there, but I do not agree with the minister, nor do many producers agree with the minister in the direction that, in order to capture these markets, to be a part of them, we have to move away from the single-desk selling. I just want to put that on record, that I do not agree, but I do agree with the direction that the department is going in to look for new markets and develop those markets so that we have a way to get some of the value-added jobs here in this province.

With the loss of the Crow benefit, certainly we are going to have to look at different ways to use our grain, and one of them is through livestock, but certainly we have to look at the processing. I think we have to look at getting those extra jobs here and tap it in. But again I say that we were able to double our industry with the single-desk selling, and I do not think there is a need to move away from single-desk selling to a dual marketing to tap into those markets. I guess I would like to hear the minister's comments, whether he believes that we can grow to take a fair portion of that market under the system, or does he believe the system has to be changed in order to play a role in those growing markets?

Mr. Enns: Mr. Chairman, I do not disagree with the honourable member for Swan River. I certainly want to acknowledge the very, very significant role that our pork producers, Manitoba Pork have accomplished in effectively doubling our pork production. It was

maybe 11 or 12 years, I think it was when another minister in 1977 challenged the industry to do just that. The truth of the matter is we were producing at that point in time some 900,000 hogs and today in '92 or '93 or '94 we are producing in excess of two million hogs, a doubling of the pork production. Providing the circumstances, markets, feeding arrangements, providing we can overcome some of the environmental issues that trouble us from time to time in the pork production, that continued growth will take place.

But what she is not addressing, and what I have particularly tried to make the central point, is whether or not those hogs are processed in Manitoba, is the issue of concern to me and the only reason why I would consider re-examining the current system of marketing. I want to cite one example. Even from this distance I recognize the handsome visage of my animal director, Dr. John Taylor, sitting over there, who right now is working with the federal government and others to try to bring about a safe methodology of ensuring that any processed meat leaving our country, leaving this province, leaving Canada meets the kind of increasingly higher standards of our customers, notably the Japanese.

I know, for instance, what the Japanese customer wants in many instances. He wants what they call and advertise, clean meat. By that they do not mean a little bit of manure droppings on it. They want it residue clean. They do not want certain drugs to be used, no sulfa drugs in it. They will pay a premium for that.

Now, my director of Animal Industry Branch and a lot of other good folks in Canada are going to try and make this whole nation reluctantly come to some kind of a new standard, and I am saying that is maybe not necessary at all. Why should we not be spearheading and, in fact, producing it, or if we can dedicate a plant? If the Hutterian brothers who run the Springhill plant in Neepawa want to produce a certain type of pork that is absolutely residue free, that we can guarantee contains no antibiotics, no sulfa drugs, and they make a commercial success, why should not we do that? We cannot do that today because of the marketing structure. We cannot trace back to the farm gate where the hog comes from that goes to any one of our packing plants because of the single selling desk. So we cannot

offer that guarantee to a customer. Those are some of the challenges that are facing the industry right now.

* (1650)

Ms. Wowchuk: I am sure that there are ways to overcome those challenges, and those are challenges that will have to be met. One of the problems that is a subject of a lot of discussion with the growth of the hog industry is one that the minister just touched on briefly, and that is the whole environmental issue. As you increase the hog production, you have to find a way to deal with wastes.

Now the minister indicated that in Taiwan, which is a very small country, they produce 37 percent of the pork requirement for Japan. Did the minister or has his department looked at what other countries, particularly countries like Taiwan, are doing in the matter of processing waste? Those of us that come from the farm recognize the value of waste as a means of fertilizer, but I am sure that in those countries they must have some way of processing it. I wonder whether there has been any analysis done of this and whether the department has looked at the possibility of addressing the problem that is created by the amount of waste that is produced at hog barns and whether there have been any studies on the possibility of implementing processing, particularly when you have some of the larger hog operations.

Mr. Enns: Well, Mr. Chairman, there is absolutely no doubt that the department and the entire industry will have to redouble their efforts to overcome the difficulties that in some instances stem from very legitimate concerns, other instances, not so legitimate, but are in fact simply anti-hog production. There is no other way of putting that. We are extremely fortunate, a country like ours, that has a number of options available to us.

We certainly have made the first step in the rather lengthy effort that the department was involved in with most of the stake players in drawing up for the first time for the province very specific regulations and guidelines, that the member is familiar with, that spells out the whole matter of animal care but as well touches very specifically on the issue of waste disposal.

(Mr. Deputy Chairperson in the Chair)

There is a growing data bank that is being developed that indicates to us with confidence that we can apply certain levels of direct application of hog waste onto land which, by the way, is a luxury that a country like Taiwan does not have. In Taiwan not a single drop of hog manure can be applied to the land. It all has to be processed because of the nature of their congested area.

But we have other options available to us. The department is involved in looking at appropriate, sustainable levels of organic fertilizer, as I prefer to call it, on such things as native pasture lands and some of our community pastures, on regular farm land, different soil types.

We have drawn up specific regulations prohibiting the application of animal fertilizer near rivers and streams or on land types, geography or otherwise, that would place at risk a possible runoff or leaching effect of the results of this kind of application. We are also co-operating with different experimental efforts, through the Sustainable Development Fund and others, for Canada and for Manitoba, on all new kinds of innovative ways of processing and handling hog manure, animal waste.

There are certainly some very interesting ones and exciting ones going on. In Korea I visited a number of sites where they, in the process of processing hog manure they also gather sufficient methane gas to essentially provide the energy sources for the farm and end up with a very acceptable fertilizer that is in high demand both for the urban dweller and for the small gardener.

We are looking at specific projects like the Clivus composting project which calls for the composting of the manure, odour controls with respect to straw covers on lagoons, injecting systems, injecting liquid hog manure into the ground, not allowing for on-surface application. There are a number of initiatives that are currently underway, both by the Department of Agriculture and through such organizations as the Sustainable Development Innovations Fund that are currently funding different programs that are seeking

out new and innovative ways of handling hog manure waste.

Ms. Wowchuk: Mr. Chair, I am pleased to hear that those things are going on. A lot of the problems that we face with the environment, a lot of them are perception and a lot of them are a lack of information. The minister indicated that there were people who were anti-livestock production, and I think that those people are in the minority. I think we have to do more to make people aware of the value of the industry. We have to do more to ensure that we can live in harmony, both the people who choose to make a living in the farming community with the raising of livestock and those people who choose to live in the rural community because they just like to live out there and they choose to make it their home. We have to make an effort to live in harmony.

I am pleased that there are efforts being made to deal with things such as smell that cause a problem, and looking at other ways of developing fertilizer from the waste product is certainly a valuable commodity. The minister indicated the various things that were going on, but it is my understanding that there are farms—and I do not know whether it is in Taiwan—but where there are very large operations, all wastes are processed. The end product is an odourless product, very much like topping soil, a product we could spread on the soil and cause less of an image problem, so to speak.

That was what I was looking for, whether there might be on a small scale perhaps attempts being made to research the possibility of seeing whether it is economically feasible to set this up. Because in the end, if it is too expensive, the person who is raising the hogs is not going to be able to process this waste if it is not economically feasible. So that was what I was looking for, whether the department has done any research in that area to see whether there are ways that we could process waste that would be more environmentally friendly.

Mr. Enns: Mr. Chairman, the honourable member will appreciate that her comments are quite correct. They have to be within the realms of economic viability, and part of that tends to be dictated if there are sufficiently

high volumes of manure to be processed and a market for the product.

I can relate to the honourable member that, yes, I have visited one of these fairly large-sized farms in Korea where they were processing all their hog manure onsite. I stuck my hands into the product that I was told was two-week-old hog manure, not quite 12 days. If it was not for the fact that my mother raised me to always wash my hands before I had lunch or dinner, I would not have felt compelled to wash my hands because there was absolutely no odour.

It was the kind of product that my dear old aunts would have fought over for their African violet plants that they grow on their shelves in cities. But they had high volumes of the product, 21 million people in a small, little country, no trouble to find ready markets for the product, small market gardeners, urbanites and rural people. We will have to determine whether or not those same circumstances come together at some juncture here in a province like Manitoba. I suspect they will be of a different nature.

Our first attempts here would really have to be more of containment of the odour problem. Our producers, and I think the industry, will move ahead in some of the directions that they are now pointing at that will resolve those issues and I think altogether to a greater understanding and a greater empathy for the fact that this is an issue that, whether it is perception or not, has to be dealt with.

* (1700)

We have, as a government, moved in certain legislative areas like proclaiming the Farm Practices Protection Act, and they are beginning to hear on a regular basis complaints from citizens about this or any other kind of farming practice. We have, as I said earlier, put into place very specific regulations with respect to livestock waste. We have firm guidelines in place for the hog producers of Manitoba that deal with not just such items as manure, but also the disposal of mortalities which occur in any livestock operation. It simply is not acceptable, Mr. Chairman, in this day and age to have producers dispose of their dead hogs in a snow bank near a creek somewhere and have them

defile the environment in that manner. That practice has to stop and will stop.

But I think there was a reason, by the way, when the New Democratic Party government of Ed Schreyer passed the first environmental legislation back in 1972 or '73 when they exempted agriculture from the environmental regulations that were beginning to be imposed upon our other industries in the province. I supported the legislation at that time because we did not want to, at that point in time, impose on the farmer the growing list of environmental regulations that a manufacturer or other person has to live with in doing business in the province.

Now in 1995, in 1994, we are not doing agriculture a favour anymore by exempting them from environmental regulations. We have to bring them under the rationale of environmental regulations. We have to do it in a way that we can work with the different farm organizations, with the industry itself, the producers themselves, so we can introduce sensible, reasonable regulations that can be lived with by the farm community and those that they impact on, but at the same time protect the environment that in the final analysis we are all interested in protecting.

Ms. Wowchuk: On that particular subject, I hope that the department will continue to look at, on some small scale, and evaluate the various ways that we can improve the situation. As our animal industries grow in this province we know that we are going to end up facing, as farmers, criticism, and if not criticism people will be raising concern about the impacts on the environment by the increased livestock production, particularly when we start having waste and we are concerned with water supplies. We have to look at the best possible ways to deal with this, to create an environment that allows for the growth of the industry without being criticized by some people so that we can get the growth that we want to see.

I just want to ask about a couple of other areas as far as policy and direction that this government is moving in. One of the issues over the last year, along with the Hog Marketing Board discussion, last fall we went through a big discussion on the Canadian Wheat Board. People again spoke out on the Canadian Wheat Board

when we had the vote on the Wheat Board Advisory Committee. We have a very pro Wheat Board Advisory Committee right now, but we have heard comments, if not from this minister, from the previous minister who was critical of the Wheat Board and the way they are handling the sales and the way we are dealing with our markets to the south. I want to ask this minister what his views are on the Canadian Wheat Board and what he sees Manitoba grain producers facing as challenges over the next year.

I want to ask the minister whether he supports the concept of the Canadian Wheat Board, that is, the policy of this government or whether, as he indicates, there is need to look at dual marketing of hogs. Has his department been assessing the marketing of grain, and has the minister directed his staff to review the merits of the Wheat Board as it exists now, or has anyone in the department been reviewing the dual marketing of wheat as well?

Mr. Enns: The honourable member is fully aware that the operations of the Canadian Wheat Board are very much a federal jurisdiction, and I have sufficient matters on my plate to contend with without looking for additional responsibilities that I do not have. But I have no difficulty—I appreciate that, having said that, the Canadian Wheat Board and its operation is of major importance to Manitoba farmers. Certainly, I have had occasions to be offered a great deal of advice, probably somewhat different advice than she received while she was campaigning in this last election, but that is also partly the nature of where I campaigned and where she campaigned. I have every respect for the operation of the Canadian Wheat Board. I will give you my personal feelings, that they continue to do and will continue to do for Canada and for the cereal growers a credible job, particularly in our off-shore markets, international markets.

There are untraditional kinds of stresses being put on the Wheat Board because of the fact that within the last few years the Americans have become a major market for us. That never was the case before. We have always traded some grains with the Americans, but not to the extent that we have seen develop in the last few years. That is putting some, you know, entirely different stresses on the operations of the Canadian

Wheat Board. I can only say, Mr. Chair, we in agriculture ought not to feel so secure or confident that our world will never change. We live in a changing world. Look what is changing in virtually every other disciplines of our life from health to education to family services. So what was drafted into regulations some 35 years ago that currently still operates the Canadian Wheat Board is not necessarily the regulations that are applicable for 1995.

I do not mind telling the honourable member and to this extent publicizing what to some extent I will be speaking to the federal Minister Ralph Goodale on Thursday morning when I have an opportunity of meeting with him prior to appearing before the parliamentary committee on agriculture dealing with the legislative changes to the WGTA. I make the position, and I have made it directly to Lorne Hehn and several of his Wheat Board commissioners, that with the disappearance of the WGTA the fact that Manitoba grain producers and eastern Saskatchewan—I always want to include eastern Saskatchewan—but eastern Saskatchewan and Manitoba grain producers, because we are facing the maximum hurt as a result of the loss of the Crow.

* (1710)

Then in fairness, particularly if we have a cap imposed on us, by the way, by the present federal government, on the amount of grain that we can send into the United States, then I want to see Manitoba farmers and eastern Saskatchewan farmers have some priority in our grain moving to fill those market quotas to the Americans first. Because our alternative is a 300 percent freight increase in trying to get it to Montreal or Vancouver. So I am not being unfair to my Alberta farmer friend or my western Saskatchewan farmer friend for asking for that kind of consideration, but I do not know whether the Canadian Wheat Board as it is presently structured can respond to that kind of, what I consider, legitimate and fair request. How will they anger the Alberta wheat farmer or the western Saskatchewan wheat farmer if they show that kind of preference that I am calling for? I will be calling Minister Goodale's office on Thursday morning at nine o'clock for Manitoba and eastern Saskatchewan farmers. I think it makes sense.

If it were left to market force to decide, it would operate that way. You would move your grain to meet the lowest costs. So instead of facing a \$25, \$30, \$38, \$40, \$42 increase for moving feed barley into position through the Canadian routes, our farmers could be looking at much more modest and acceptable if they are allowed free and open access to the American markets.

I would like to think that the Canadian Wheat Board understands these issues. They certainly appeared to understand them when we raised them with them when they appeared before our cabinet and caucus prior to—oh, this was back some time ago in January.

I do think that the future acceptability and survival of the Wheat Board—I should not say survival, but I think the future acceptance of the Wheat Board will hinge on how well the Wheat Board can adapt to some of these changes.

The member may want to refer to that as calling for flexibility in the marketing system, some diminution of the single selling desk of the Wheat Board. That may well be the case. I would like to think that the grain industry ought to be able to work that out for themselves, just as I hope we can work out some of the problems in the hog industry without too much government intervention or decree.

Ms. Wowchuk: Mr. Chair, the minister indicated that the Canadian Wheat Board does come under federal jurisdiction as do many other issues that are affecting farmers at the present time, but because they do affect the Manitoba producers, I believe it is only fair that we discuss them at this time.

I look forward to seeing a copy of the minister's presentation that he will be making to the parliamentary committee on Agriculture as far as the WGTA goes.

The minister talked about, he has a concern with the cap of grain going into the U.S. He is hoping that the Wheat Board can respond to that issue because we can ship our grain more cheaply through the U.S. and into that market. I think that, if we ship grain into that market, we are going to see retaliations from the American grain producers.

The other market that is open to us—access to market that is a reasonable price as well—is through the Port of Churchill. The minister did not indicate anything on that. He says he would like to see our grain being shipped, I guess, to fill the void in the U.S. market that has been created by the Export Enhancement Program with them shipping their grain out. But the other issue, through the Wheat Board plan, is to see our grain going down through the Mississippi through the export market. I would prefer if we could to ship our grain through the Port of Churchill.

I would ask the minister if his department has done any work on the analysis of the Port of Churchill and shipping grain through that area, and whether they have looked at the economic value in saving costs for farmers and also the economic benefit of that line.

Now, I realize there is other economic benefit. It would not all come through the Department of Agriculture, but I wonder if the minister and his department are as supportive of shipping grain through the Port of Churchill as he is to shipping grain via the U.S. I do not know whether I misunderstood whether the minister was looking at only shipping grain into the U.S. into the market that is available there or exporting via the U.S. down the Mississippi.

Mr. Enns: Mr. Chairman, not so long ago, I was privileged to sit in on a meeting that was conducted by the Canadian Wheat Board, and they had one of their experts explain to a group of Manitoba producers the ramifications of the changed circumstances.

They very clearly point out that while there is a catchment area, as they describe it, that favours the movement of the grain south—and that is not surprising to any of us—there is also though another catchment area of The Pas, Swan River, even a significant portion of northeastern Saskatchewan that makes the shipment through the Port of Churchill considerably more attractive as a result of these changed circumstances.

The honourable member is well aware that there are a host of other issues involving the Port of Churchill. Regrettably, the Port of Churchill has always felt the impact of powerful politics. I do not mean my kind of politics or her kind of politics. I mean the politics

within the grain trade that mitigated against the full utilization of that port on top of the other problems that it had, including the physical ones of a difficult terrain to maintain a rail line on and so forth.

But I am optimistic. I explained to her a little while ago why I am an optimist and why she is not an optimist, did I not, Mr. Chairman? She can just refer back to the record if she needs a reminder of that.

I am an optimist about the potential that may develop, you know, when we are really faced with a reality, and that will come about starting this August 1, when all of a sudden a tradition of many, many years comes to a full and immediate stop. Now, there will still be some softening of that action, and part of the other reason that I am visiting Minister Goodale is to try to finally get some details as to what kind of compensation we can get, particularly for moving forward the St. Lawrence Seaway pooling formula by a full year out of the \$300-million adjustment fund but, nonetheless, the reality of the new freight regime will truly dawn upon us.

I am not about to predict what may happen to an operation like Churchill, not be able to predict what may happen to routes established to the south. We are the home of major, major trucking firms. Access to the south via truck would not be a problem. Our problem is whether or not we have the border situation that allows us to take advantage of movement of grains in both directions.

The directions of moving and utilizing Churchill, I fear, will continue to be significantly in the hands of the federal administration.

* (1720)

We want to be extremely careful that we do not accommodate the federal government in a way that we do not expect. We are aware that the federal government wants to privatize the CNR. The Churchill line is part of that line. We may just end up owning that line far sooner than we want, and I do not want to own it in its present condition unless under some acceptable terms. I do not want to own it period, but there is some reason to be concerned that under the

current frame of mind the federal government will be all too willing to offload the entire Churchill operation, port included, to anybody who is willing to hold up their hand.

Well, you and I know that there are some significant dollars involved in bringing the facilities up to speed. We also are aware that when similar withdrawals were made in other parts of the country, notably the train service from Newfoundland, that that was accompanied by a very substantial cash offer of some \$400 million to allow the province to develop other infrastructure requirements, namely highways, to offset the train service that province enjoyed.

So those are some of the issues, but I apologize if I in my earlier remarks did not include Churchill. Certainly, Churchill, in my opinion, becomes a much more viable outlet for some of our grains. I think the combinations of the two will interact. The southern movement entirely will depend to a great extent as to access to the border. If we do not have access, then we have problems.

Ms. Wowchuk: Mr. Chair, the minister has confirmed what I am saying, that we could face some real problems if we hope to ship too much grain through the United States, because there could be problems with farmers objecting to the amount of grain coming in and facing additional tariffs, and we cannot just look in one direction. We have to look at other accesses for our grain. In particular, I believe the Port of Churchill could end up playing a very important role in the economy of this province.

The minister talked about politics. I believe that the Port of Churchill has been the subject of a lot of politics. It would just take some political will on the part of the federal government. They have made some promises towards that port, and we would hope that they would fulfill those promises.

I do have concern, particularly with the plans to privatize CN and what the impacts are going to be and who is going to end up owning that line and the responsibility of it. Now we hear that the federal government is also looking at privatizing ports. Certainly if they decide to privatize the Port of

Churchill, without any support, there is not very much hope for it. I hope that when the minister has the opportunity, he will address those issues and emphasize to the federal government that they did make some very big commitments to that port.

We also look at the implications if that—and, again, this is not particularly an Agriculture issue, but the whole Churchill line, the bayline, ties into other areas. If we are looking at the economy of the province and we do not have the rail line up there, there is a tremendous road system that has to be built. The minister talks about his government having money for health and education. We also have to have money to provide transportation to those northern communities that depend on the bayline for their access.

So it is a big problem and one that is going to have to be addressed. I hope when the minister is addressing the issues to the parliamentary committee, he will consider the merits of the Port of Churchill in his presentation. I would like to ask the minister just on his presentation—[interjection] I am sorry I did not hear that.

The minister said he is going to be making a presentation on the changes to the WGTA. Although they are going to come into effect on August 1, the minister knows—and the minister did not agree with the way that the change was made. We had always said that the WGTA should be in place, and the minister favoured, his party favoured, paying the producer, but we have this sudden-death situation where we now have all options taken away.

I guess the question I want to ask the minister is, at any time, did his government consider lobbying the federal government and asking them, instead of ending the WGTA and having a payout to the producer, did the government consider the merits of having the WGTA phased out over a three-year period, because that is the amount of money that is in the package, is a three-year payout.

Did the government, anyone, analyze the implications of having that phased out over three years and giving the farmers an adjustment period, rather than this sudden death? Did the minister at any point

take that to an Agriculture—I do not recall whether there has been an Agriculture ministers' meeting since the change was announced, whether that possibility was discussed or whether he has given that any consideration or taken that proposal.

Does the minister feel that that would have been less of a burden for farmers if they could have had the Crow benefit phased out over three years, instead of it ending immediately August 1, 1995?

Mr. Enns: Mr. Chairman, I am trying to recall just how long it has been that we had serious and ongoing kinds of discussions. They would be sometimes involving just the ministers of Saskatchewan and Alberta and myself as being the principal ministers involved. British Columbia to a lesser extent would come and join us occasionally.

We have had at least three or four. I cannot fault the federal minister in this regard, that he has made every effort to at least provide us with opportunities to discuss the issues with him, as they kept moving to kind of deadline dates. As well, there were a number of teleconferences where senior officials and ministers would be together discussing the issues.

I have to tell her that particularly Saskatchewan tended to be the jurisdiction that perhaps more closely allied itself to the position that the honourable member for Swan River takes in simply being opposed to any change, period, and that is an acceptable position to take.

Alberta and Manitoba argued strenuously and hard for a considerable softening or further or longer phase-out period of the loss of the benefit of the Crow. Seven years was talked about. Five years was talked about. These are figures that the honourable member is familiar with. When the farm leaders met in Regina and called for that \$2 billion or \$3 billion payout, they were reflecting that five-year or seven-year option.

I have to acknowledge, though, that at no time did we suggest that this be phased out in any way other than to the producers; that is, by containing the phase-out to the current receivers of the benefit, the railways, because that, in our opinion, would have delayed the

necessary reforms and efficiencies that have to come to our rail system.

The belief was very strong that they, quite frankly, needed a shock to go through this system, and by reducing those monies over three years or five years to the rail system would have only meant them carrying on their inefficiencies as the services grew poorer and poorer to the farmers.

So, to that extent, the answer is no. My government, the Manitoba government, did not consider an alternative other than the payout going to the producer. We have considered that the payout should have been extended over a longer period of years, five to seven years.

I say that with some fairness when you consider the treatment that the dairy farmers received across Canada. You have to remember that 70 percent of them are in eastern Canada, Ontario and Quebec. Their very substantial support program of over \$200 million, \$215-odd-million called for a 30 percent reduction of that subsidy phased out over two years at 15 percent.

That is a considerably milder treatment on the part of that group of primary producers, of which we have some too in our province but the bulk of them reside in eastern Canada, than the considerably harsher conclusion of the Crow benefit which happens to be a benefit to western producers.

* (1730)

I am also reminded by my staff that the international trade regime that we are operating under, the subsidy reductions made it very difficult, if not impossible, to try to phase out the payment to the railways, to the system. The Crow, after all, was highlighted, premiered as one of the major trade irritants between us and our major trading partner, the Americans, as well as with GATT.

It is really under GATT that we obligated ourselves by signing, which by and large received all-party support that made it mandatory for us to end the benefit in the manner that the federal government has chosen.

Ms. Wowchuk: I question the minister on what he is saying about GATT. I thought that transportation subsidies or other subsidies had to be reduced by 60 percent, and if the transportation subsidy was reduced 15 percent one year and 15 percent the next year by the federal government, is it not accurate that we could have continued to reduce that for two more years, and we would have met the requirements of GATT and we would not have had to eliminate the subsidy completely?

This was a move by the federal government to reduce spending, but there was no need for them to reduce it as drastically or as quickly as they did. They could have reduced 15 percent over the next couple of years and achieved the requirements of GATT. Is that not accurate?

Mr. Enns: While my experts are going to find me the correct answer, I will offer an opinion that will get me in trouble. Part of the problem is that I find Canada all too often to be eager to live up to the full measure of the law under international trading agreements that we sign, i.e., GATT, when it takes the French farmer in France or the Belgian farmer in Belgium or the German farmer in Germany a lot longer and a lot slower to move or pressure their governments to live up to these same agreements that they have also signed. Canada tends to, whether rightly or wrongly, play by the rules in a more forthright manner.

It gets more complicated than that. I am advised that we could have, in terms of the—at the dollar rate, reduced our subsidies in the manner that the member prescribed and lived within the regulations of GATT, but we could not meet the volume requirements. There was also volume attached to that, and that would have meant that the volume that we moved, particularly in canola and some of our wheats, then we could have shipped two-thirds with the program on. Then we would have hit the volume cap because there are volume caps in the agreement, as well, where you could not apply the subsidy. Then there would have begun a very difficult marketing situation for the wheat board, or for anybody else, to apply that situation to the producers. Under those circumstances, we support the action taken.

Ms. Wowchuk: I have to agree with the minister that Canada is often very happy to give away our supports, and I believe that this was a move by the federal government to reduce their budget at any price. They were going to eliminate the supports to farmers, no matter what, and they did not consider what other countries were doing, and when you look at what is happening in the United States, they are not abiding by the requirements. We are seeing that they are not reducing their Export Enhancement Program, which is what is causing room for a market in the U.S. for our grain.

I feel very strongly that this was a political move on the part of the federal government. They wanted to reduce their spending, but they did not reduce their supports for farmers nearly as much in eastern Canada as they did in western Canada. I strongly believe that there should have been a stronger fight put up by provincial governments to the federal government in this case. I wish that that would have happened. I do not know what kind of an effect it would have had, but I think that there should have been more protests from provincial governments to the federal government for the changes that they have made to the economy of western Canada.

Mr. Enns: Well, Mr. Chairman, I want to be careful about what I put on the record. There is no question that many grain producers in Manitoba are going to face some very difficult readjustment, and the fairness of the way in which the federal government has dealt with it is certainly open to question when compared to other producers of other commodities in other parts of the country.

Having said that, and I know that I will betray my own limited agricultural experience as a cattle producer, I happen to believe that there are many more pluses. Many more positive things will come as a result of the loss of the Crow.

A simple fact of the matter is, we are not doing our primary producers any favour by encouraging them the belief that governments, the taxpayers will be a major source of their income. We simply have to derive our major source of our income from the marketplace, and

we will have to grow those kinds of things that the marketplace develops.

Now, what we want to do in the Department of Agriculture with the resources available to us is provide the best possible kind of safety net support programs for that crash year that comes in agriculture. We had a good discussion about that when we dealt with the Crop Insurance Corporation here when last the committee met, but the idea that a grain producer or a livestock producer can kind of automatically depend that up to 30, 35, 40 percent of his income can be derived from a government, tax-supported program is simply not being realistic anymore, faced with the other demands that taxpayers have on government services.

It would certainly make life easier if other agriculture-producing countries that we trade with and that we compete with were walking lock step with us out of this regime of government support, direct support in agriculture. There are indications that some movement is taking place, although I acknowledge again Canada is all too often far in the lead. There is indication that that compassionate, sensitive new group of American congressmen led by that—well, how would you describe him, Becky? It is your former countryman, Newt Gingrich, that philosophical caregiver—that maybe that Congress will reduce the American subsidies to agriculture and help out my Canadian, my American farmers.

Point of Order

Ms. Becky Barrett (Wellington): Mr. Chair, I am wondering if the minister would allow me to answer the question he just posed to me.

Mr. Deputy Chairperson: The honourable member for Wellington does not have a point of order, but she can place some comments on the record to the minister.

* * *

Ms. Barrett: Mr. Chair, the minister well knows that I spent the first 33 years of my life in the United States and have now 20 years been a Canadian citizen. However, I do maintain familial ties in the United

States and as a matter of fact my parents live in the state of North Carolina.

I will just briefly say that my analysis, which is based on discussions with my family about the question that the minister asked about how I would characterize the current Speaker of the House of Representatives, Newt Gingrich, is that I would prefer to have Strom Thurmond or Jessie Helms in that position than Newt Gingrich.

* (1740)

Mr. Enns: I will take that under advisement when next I meet either of these venerable gentlemen.

Ms. Wowchuk: Now that was an interesting diversion.

The minister talked about subsidies from other countries. I think the farmers cannot expect 30 percent of their income from governments, and I can agree with him wholeheartedly. Farmers want to make their money from the marketplace, but until such time as other countries begin to recognize the impacts of their subsidies, it is going to be very difficult for Canadian farmers to make a good income from the marketplace and compete fairly with people from other countries if they are being subsidized and our supports are being taken away.

There is no doubt that things are changing, and we have to look at farmers getting a fair return from the marketplace, but somehow we have to be careful that we in Canada do not start complying with all the rules of GATT at a faster rate than other countries are doing, because our farmers are going to be hurt by it.

Another issue that has come about more quickly than we had anticipated was the changing to the pooling policy which was to take effect in August 1996. That date has been moved up to August 1995, and now a proposal has been put forward on behalf of the government by the farm representatives indicating that the Manitoba government would accept the changes to the pooling providing that Manitoba got a fair share out of the \$300 million pool. Now there may be varying views as to what would be a fair share or how we

should be compensated, and I know that there are lots of people who are asking for a portion of that \$300 million.

Can the minister indicate what response he has had as to this request and whether we know what Manitoba's share of the \$300 million is going to be, and can the minister also indicate, if his department finds that the compensation that is being offered to Manitoba producers is not adequate by his standards, does it mean that then the support for the change to the pooling will be withdrawn?

Mr. Enns: Mr. Chairman, certainly if the federal government does not respond in what we deem to be an adequate manner, I will withdraw, my government will withdraw our stated willingness. We never expressed a great deal of support for the withdrawal or the moving back of the date, but again we were approached by Minister Goodale, along with Minister Darrel Cunningham from Saskatchewan, and Minister Paszkowski from Alberta, would we under certain circumstances be prepared to move the date forward? We were being advised individually by our grains people, the people that are in the business.

It gets to be a complicated issue. With forward contracting of grains of five, six, eight months ahead future selling of grains, and with the freight factor being such a significant component on it, there needed to be certainty as to what and when it was going to happen.

For that reason, we were persuaded—I am sure with a great deal of reluctance, certainly on the part of Manitoba Pool representing the grain farmers of Manitoba—but for the sake of having certainty about what was going to happen on a certain date, to support this forward moving, providing that in this first year, '95-96, we will receive full compensation. It was the full amount that the pooling formula paid out will be paid to our Manitoba farmers. That is the position that I am taking with Minister Goodale on Thursday and before the committee.

Then we further say that in the years '96 to '99 that we believe we have cause to call for about \$120 million of the \$300-million adjustment fund coming to

Manitoba to compensate Manitoba for its loss under the pooling arrangement.

Now, the member is quite correct, the line-up is getting longer every day as to claims against that \$300-million adjustment fund. The Alberta alfalfa dehyd industry looks to it as its saviour from some of the impact that they face with the loss of the Crow. Saskatchewan is looking forward to some infrastructure road money, short rail line money and so forth. There have been suggestions emanating from this province that \$30 million, or something like that, should go to upgrading Churchill, the bayline.

You know, I get very nervous as all these claims come in on this one fund. I think that in the interests of grain producers—these were benefits accruing to grain producers, not anybody else, so I am trying not to lose focus that the principle concern has to be to the grain producer. There are issues quite frankly that I would like to, if allowed, if I left that focus, I may well want to have and may still succeed in getting some of those monies to come into general agricultural diversification monies.

We talked earlier, when we had the Manitoba Agricultural Credit Corporation with us, about the \$10-million diversification program that was announced. I acknowledged that was very modest. That fund, in my judgment, should be a \$100-million fund, if we are to do what agriculture needs to do in the next five or six years. The main concern is that we continue this focus on the people for whom the benefit was provided in the past, for the past many years, and the people who will be most impacted by it, the grain producers, they should be the major beneficiary of it. This is the kind of support that is generally supported in the western provinces by the Canadian Wheat Board, as well.

Ms. Wowchuk: I want to say that I agree with the minister that if any compensation is made available, it should be made available to those people who have to make the adjustment, just as with the WGTA funding. It is our feeling that that money should go also to the grain producers rather than the landowners because it is the grain producers who are going to have to make the adjustment to pick up the extra cost of shipping.

Can the minister indicate then what—he has indicated that there are requests for full compensation for the first year for 1995 and then partial compensation for the following years. Has a proposal been developed or submitted, as well, as to how these funds would be disbursed. Will it be the responsibility of the provincial government? Will it be the responsibility of the federal government? Have any plans been put in place along with asking for compensation? Has the department put together a proposal of how those funds should be disbursed?

Mr. Enns: Mr. Chairperson, I am advised that details are being worked on as we speak. We certainly see this as a federal jurisdiction, a federal responsibility. We will do our best to ensure that those details are made available and known to farmers as soon as possible. That again is part of the rationale for my visit with the committee and with Mr. Goodale on Thursday.

* (1750)

Ms. Wowchuk: Can the minister indicate if he has any information when this will be settled. We know that the pooling is going to be changed. It is going to be moved up to August 5. There is no agreement yet as to what compensation will be, but what would be the objectives of the department to time line when we would see these funds disbursed?

Mr. Enns: I would think that the federal minister made it very plain to all of us what his time constraints really are. The act currently before the House of Commons has to pass prior to the June 30 recess date that is set for the federal House. The current changes and amendments to the WGTA legislation, and I do not know what impact it has on the pooling formula, will all have to be through Parliament by June 30.

I suppose if it does not pass—I do not know what happens if we do not pass—you are in a situation where a budget has been struck, come down, been voted on, based on, but that requires certain legislative procedures, in this case, amendments, modifications to the WGTA legislation. I think it would present the federal government with quite a difficulty if they did not pass it.

Ms. Wowchuk: Well, I imagine it would present them with quite a difficulty, but I am quite sure that it will pass. I guess I may have misunderstood then.

I thought that everything that was required for the change to the WGTA was already passed and it was only the matter of the pooling that had to be dealt with, but the minister is indicating otherwise, and the whole package has to be passed before any decision can be made on the changes. I would imagine then with the pass of the legislation that is when all the final details would be spelled out about how the funds would be disbursed, both from the WGTA and from the pooling. Is that correct?

Mr. Enns: Well, it is certainly my hope, because there are just too many open-ended questions that are floating around out there. But again, you are talking about several pieces of legislation involved in the pooling, Canadian Wheat Board Act, WGTA legislation, all tying in together with the Budget Act.

You know, the budget is an act. There would be, no doubt, some Order-in-Council that would be passed that would subscribe to certain things, but I am hopeful that those kinds of details will be available on or about that time, which is another four weeks hence.

Ms. Wowchuk: We will wait to hear the results of the discussion, and I hope the minister has a good presentation in Ottawa and can speak well for the Manitoba farmers.

I want to move on to another area, and I do not know whether we want to stop right now or whether we should—

Mr. Deputy Chairperson: Are we going to pass these?

Ms. Wowchuk: No, I am not going to pass it right now.

I want to ask the minister, perhaps his staff, whether this is an appropriate place to ask questions on the legislation that the minister—the minister introduced some legislation today on the checkoff—and whether it is appropriate to ask on policy on this question or

whether I should be asking those in another area, if I could be directed in that, please.

Mr. Enns: Perhaps I could ask her—you know, we have a section dealing specifically with policy and economics and more specifically dealing with boards, commissions, support services, if that would be all right, on Appropriation 3.6 on page 18.

Mr. Deputy Chairperson: 1.(b)(1) Salaries and Employee Benefits \$433,000—(pass); (2) Other Expenditures \$68,700—pass; (3) Policy Studies \$71,200—(pass).

1.(c) Financial Expenditures and Administrative Services (1) Salaries and Employee Benefits \$901,700.

Ms. Wowchuk: I want to ask, this is the section on the Canada-Manitoba agreement on agriculture subsidies. Is this the area where we would be talking about the—sorry, I will pass it to another line.

Mr. Chairperson: 1. Administration and Finance (c) Financial and Administrative Services (1) Salary and Employee Benefits \$901,700—pass; (2) Other Expenditures \$458,200—pass.

1.(d) Information Technology Services (1) Salaries and Employee Benefits \$298,900—pass; (2) Other Expenditures \$43,900—pass.

1.(e) Human Resource Management Services (1) Salaries and Employee Benefits \$228,700—pass; (2) Other Expenditures \$34,100.

Ms. Wowchuk: Earlier we talked about affirmative action and plans and the minister had indicated the balance, and I was quite impressed with the number, but the balance of people that are working, men and women in the departments. We have a very high aboriginal population in this province and as I read many ads recently in the newspaper, I saw one ad where the Canadian Wheat Board had a specific ad where they were looking to hire aboriginal people in their staff. Does this department have any policy and are any efforts being made to improve the level of aboriginal people working within the Department of Agriculture?

Mr. Enns: I think I indicated to the committee before, we do have, first of all, specific targets that we try to achieve within the department. While we are successful in some areas, obviously, the question of recruiting persons of aboriginal background to the service within the department has been not successful. I regret that all too often our aboriginal brothers and sisters find themselves, even when they are pursuing the kind of necessary qualifications through education, not choosing the field of agriculture. Even when I was the Minister of Natural Resources, it was always one of my concerns, particularly in that department that administers so much of northern and rural parts of Manitoba where many of our aboriginal communities are located, that we do not have more aboriginal people within the service of that department.

We do have quite a few and they have, of course, excelled in some particular aspect, such as firefighting service and like that, but I mean in the main line, in the administrative and the executive of the Department of Natural Resources dealing with forests, with fish, with wildlife and all of that. The problem is that as you—and I have addressed it sometimes directly, when you even look at some of the great work that some of our community colleges, Keewatin, is doing up there. I have proudly attended some graduations of 18 or 20 aboriginal youngsters, but when you ask what their future plans are, without exception they are moving into the social services area.

So I say that is a failing on our part of our community that we do not excite or interest more of our aboriginal youngsters to look at departments like Agriculture, like Highways, like Natural Resources as a future for them to be interested in.

Mr. Deputy Chairperson: Order, please. The hour being 6 p.m., I am interrupting the proceedings. The Committee of Supply will resume sitting at 8 p.m. this evening.

* (1440)

FINANCE

Mr. Assistant Deputy Chairperson (Gerry McAlpine): Will the Committee of Supply please come to order. This afternoon this section of the

Committee of Supply, meeting in Room 255, will resume consideration of the Estimates of the Department of Finance.

When the committee last sat, it had been considering item 3. Comptroller (a) Comptroller's Office, (1) Salaries and Benefits \$123,000 on page 64 of the Estimates book. Shall the item pass? The item is accordingly passed.

3. Comptroller (a) Comptroller's Office (2) Other Expenditures \$11,000—pass.

3. Comptroller (b) Financial and Management Systems (1) Salaries and Employee Benefits \$443,800—pass; (2) Other Expenditures \$99,100—pass.

3. Comptroller (c) Disbursements and Accounting (1) Salaries and Employee Benefits \$2,017,600—pass; (2) Other Expenditures \$1,317,600—pass; (3) Less: Recoverable from other appropriations (\$526,600)—(pass); Subtotal (c) \$2,808,600—pass.

3. Comptroller (d) Legislative Building Information Systems (1) Salaries and Employee Benefits \$443,500—pass; (2) Other Expenditures \$426,100—pass.

3. Comptroller (e) Internal Audit Services (1) Salaries and Employee Benefits \$1,469,200—pass; (2) Other Expenditures \$182,300—pass.

3. Comptroller (f) Information Technology Services (1) Salaries and Employee Benefits \$722,400—pass; (2) Other Expenditures \$68,700—pass.

Resolution 7.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$6,797,700 for Finance, Comptroller, for the fiscal year ending the 31st day of March, 1996.

Item 4. Taxation \$11,137,400 (a) Management and Research (1) Salaries and Employee Benefits \$849,600.

Mr. Kevin Lamoureux (Inkster): Mr. Chairperson, due to the fact that I have another commitment in the other committee of Health, I do want to ask just basically for some information, which hopefully the Minister of Finance (Mr. Stefanson) will be able to

provide for me sometime over the next couple of days, and then end up asking some specific questions with respect to the GST versus the PST.

The information that in particular I am looking for—and it might already be out there and available for the public—is just some sort of reference in terms of where it could be found would be appreciated. The type of information that I am looking for, for example, in terms of graphs, is with respect to the annual deficits over the past decade to 15 years.

I am also interested in trying to get some sort of idea on equalization payments, the EPF funding in particular, broken out for Education and Health and Family Services, if you will. Again, if it can be brought over the last 10 to 15 years, along with equalization payments themselves.

I am also very much interested in the different types of bonds. I know that we have the Builder, the HydroBonds, Grow Bonds out there. Bonds that government or its corporations make available for the public or private sector, if you will, some form of a listing of those.

And, finally, the total accumulated debt of the province without its corporations and the total corporate debts that would be owed, for example, the MPIC, Hydro, MTS, would again be very much appreciated.

Again, it is not necessarily the line in which to ask these questions. If this information is provided, it will provide me the opportunity to be able to possibly ask questions at a later point in time and would be, as I have indicated, much appreciated.

Unless the minister has comments that he wants to add to that or he wants to respond specifically to my request, I will go right into the questions I have with respect to the GST, PST.

Hon. Eric Stefanson (Minister of Finance): Mr. Chairman, if it is agreed, I do not have any problem providing the information requested, and we will do so hopefully in the next handful of days.

Mr. Assistant Deputy Chairperson: Is it the will of the committee that Mr. Lamoureux be able to ask questions on this matter? [agreed]

Mr. Lamoureux: Mr. Chairperson, actually I am quite content with the minister's response, and, therefore, would like to actually move on to the issue of the GST and PST. I know the province had put forward a proposal last year to the federal government with respect to what they believe should be happening with respect to the GST. I am wondering if the Minister of Finance can elaborate on just what the proposal—I understand it even receives support from other provinces.

Mr. Stefanson: I do not have any problem responding. Technically that follows under the next section, which is Federal-Provincial Relations, and so on. I believe there might be some questions from the member for Brandon East (Mr. Leonard Evans) on this issue as well.

What the Province of Manitoba put forward as an alternative to what was coming from the federal government, was something along the lines of the provinces getting out of the provincial sales tax, the consumption tax, turning that over to the federal government so that they would in effect have all of their consumption taxes, the GST and PST, in exchange for the equivalent dollar amount from existing federal personal income tax points.

So basically simply saying, turn over the provincial sales tax to the federal government, have the federal government from their existing personal income tax points turn some of those back over to the provinces, that would equate to the equivalent dollar amount. That was put forward as an alternative for consideration because obviously we as a province were not supportive of the options that had come forward from the federal government.

Originally—I do not know that I need to go back into too much history—the standing committee made a particular recommendation. Then the federal minister came forward with what was called a six-four option, where under an integrated sales tax they would turn over six percentage points to the provinces and four

percentage points to the federal government. That created a significant revenue shortfall for provinces that would have to be made up elsewhere. The federal government then came back a little later and offered a seven and five, a 12 percent combined, basically a harmonized GST, a 12 percent, turning over seven percentage points to the provinces. Even in Manitoba's case that still meant a loss of some revenue. It meant making up that revenue from some other source, like personal income taxes.

* (1450)

So we were concerned about the shift from the consumption tax to the personal income tax. We were concerned about some of the base broadening that would take place under a harmonized GST, that you would be into books and other areas that would be taxed that are now not taxed. Probably one of the overriding concerns of many of the provinces was, once you get into this, how do you move forward in future years? How do you make adjustments to rates when you have a process that will require some form of agreement between all of the provinces and the federal government?

So on both the impact on our economy, the impact on consumers and the decision-making process in the future, we were concerned about what the federal government was proposing. We put forward an alternative, as did the Province of Ontario.

I am not sure if any other provinces came forward with alternatives. That was back in the fall of 1994, and even though we have had at least one Finance ministers' meeting since, the issue of the GST has not been back on Finance ministers' agendas. It appears that the federal government, at this point in time, has chosen to put the issue of the GST on the back burner.

Mr. Lamoureux: Part of the proposal from the province would be if you are giving up the ability to have the consumption tax would this then not necessarily require, even though it might, some form of a constitutional limit because it is consumption tax? You would forfeit in the future of ever raising a tax in this nature with that particular proposal?

Mr. Stefanson: I would have to get officials' help here as to what legislative or constitutional amendments were required. Obviously if there ever was agreement around that approach it would have been on the basis of the federal government agreeing and the provinces agreeing. It was put forward as an alternative and basically the federal government has not got back to us or, I believe, any of the provinces in terms of some of the other alternatives that have been put forward. So, as I said, the issue of the GST at this particular point in time is an issue that really is sitting idle.

Mr. Lamoureux: The intent of the government would be not to have a consumption tax in the future.

Mr. Stefanson: The intent was a willingness to give consumption taxes to one level of government so they could make decisions on rate, what items are charged the tax and have autonomy in terms of decision making in that area, in exchange for an equivalent amount of the existing federal personal income tax points. The other objective through the whole process was that it should be neutral to taxpayers, that at the end of the day our objective in Manitoba, certainly from taxes that we control, is that Manitobans would not be paying any more taxes. But alternatively under some of the other proposals we also could not be faced with a situation where our revenue could be eroded either because we need the revenue that we currently have in our system.

Mr. Lamoureux: At the current level of retail tax that has been estimated to come into the province, what percentage of that, if you will, is money that would be classified as net revenue for the province, by the time you take into consideration the collection and the bureaucracy that is currently in place to collect that revenue?

Mr. Stefanson: Mr. Chairman, our gross retail sales tax revenue estimate in '95-96 is \$699 million; the estimated net after departmental cost collection is about \$695 million.

Mr. Lamoureux: Actually, I am pleasantly surprised. So \$695 million out of that \$699 million is in fact solid revenue, net revenue for the province. Actually, I am fairly pleased to hear that. I did not quite expect that.

What percentage would the federal government have to then garner or give to the province in order to come up with the \$695 million if we are currently at 7 percent? In other words, the province would require somewhere around 6.8 percent, 6.7 percent directly back from the federal government to make this revenue-neutral?

Mr. Stefanson: Mr. Chairman, as we mentioned, we were prepared to consider turning over that revenue to the federal government, the \$699 million or the \$695 million of provincial sales tax in exchange for existing personal federal income tax points. Each federal income tax point generates a different level of taxation than a retail sales tax point.

I would have to get the percentage for the member, but the intention would be that that transfer would generate the same amount of revenue back to our provincial government.

Mr. Lamoureux: How much additional revenue would be generated if the province did harmonize the tax with the GST at the 7 percent?

Mr. Stefanson: I will get the officials up here if we are going to get into that detail, but we would have less revenue. If we harmonized at 7 percent we would have less revenue than we have today because of the input tax credit that is in place for the GST.

Mr. Lamoureux: The input credit, that is the credit that goes back, that is returned bimonthly or every three months to the consumers through the GST, is that what he is referring to?

Mr. Stefanson: No. Again, I would have to clarify the filing requirements of the GST. I know it is done fairly frequently, but it is the input credits and what they have actually paid. It works its way all the way through the system so that the consumer ultimately pays.

The businesses get an input credit when they pay the GST against what they then collect. That is how the GST system works as opposed to ours, which is purely charged at the one end. You do not get a credit for what you have paid.

Mr. Lamoureux: I am wondering if the minister can give some sort of indication if he sees any other alternatives that are out there. Is this the only option that this government is prepared to consider?

Mr. Stefanson: This time I do not see any other alternatives. I have been at several meetings since I have been Minister of Finance, and other than the proposals that have come from the federal government, there have been a couple of proposals come out of the provincial governments, including Manitoba. I know most provinces have concerns with various aspects of most solutions than what they have seen to date. All I can say is, certainly the feedback I get is—I do not get a lot of complaints about our provincial sales tax.

It is one of the lowest rates in Canada at 7 percent. I believe now only Alberta is less at zero percent. British Columbia and ourselves have 7 percent, so we have the second lowest rate—tied for second lowest rate in Canada. We give various reductions back to certain industries. We have an investment tax credit that gives a reduction back for manufacturing and processing businesses. We have eliminated the PST on the hydroelectric input into manufacturing and processing, PST on long distance, 1-800 has been eliminated. So we have done a series of strategic things to remove any disincentive as a result of our provincial sales tax to create more economic activity.

In terms of all other taxation matters facing provincial governments and federal governments and all the other federal-provincial issues, the full harmonization of the GST with provincial sales tax is not one of the highest priorities. To be quite frank, it was a commitment made by the current federal government during an election. I think they are realizing now that they are into it there is an awful lot more to it, and there are a lot more pressing issues facing the country than full harmonization.

Mr. Lamoureux: The tobacco tax revenue has also decreased substantially, and I am wondering if the minister can indicate why he believes that has been reduced year over year?

Mr. Stefanson: Actually, on the tobacco tax revenue side we are quite pleased that it is able to stay fairly

consistent. The '94-95 revenue is \$118 million. In '95-96, we are projecting \$114,500 million, realizing the challenge we are facing with significantly lowered tobacco or cigarettes in our neighbouring province to the east. That reduction of \$3.5 million is really driven by two things; one, there is continually less consumption of tobacco products, which obviously affects revenue; and secondly, we also continue to enter into more tobacco tax agreements with aboriginal bands that affect our revenue stream. But most of it would be on the basis of just reduced consumption.

* (1500)

We have actually done a very good job of not only maintaining our revenue but also securing the concerns that many Manitobans have that lower tobacco prices lead to increased smoking. Most studies that we have seen from various organizations confirm that, that price is a deterrent, particularly for young people.

Through the program we have had here in Manitoba we have been able to maintain our tobacco taxes and so on at the same level that they were before the federal government put in place their reductions, basically to deal with a smuggling problem in the province of Quebec.

Mr. Lamoureux: Mr. Chair, does the minister believe that we have any smuggling problem currently in the province at all?

Mr. Stefanson: Mr. Chairman, we are satisfied that it is very minimal, and it is not a major problem in Manitoba.

Mr. Lamoureux: Once again I am pleased to hear that because I know when the federal government made the decision it was a major concern, that in the provinces of Quebec and Ontario there was a significant amount of tobacco smuggling that was occurring. The federal government at the time had to make a very unpopular decision in the minds of many, in particular in the province of Manitoba. It is somewhat pleasing to hear that the Minister of Finance believes that the impact, if any, has been minimal on the province. He feels the primary reason for the reduction is, in fact, less people

smoking in the province. I think that that is a positive thing.

Again, I appreciate having the opportunity, particularly from the member for Brandon, for allowing me to ask questions right up after Question Period. Thank you.

Mr. Jim Maloway (Elmwood): I would like to follow up a bit on the member for Inkster's questions on the tobacco tax. Could the minister give us an idea of what the province's contribution to the antismuggling campaign has been since the beginning of the effort?

Mr. Stefanson: Actually, the detailed information on Tobacco Interdiction is on page 72 of the Supplementary Information.

Mr. Leonard Evans (Brandon East): I was going to get to this when we got to the Tobacco Interdiction section. I just wanted to—under Taxation Administration reference is made to processing tax refunds on a timely basis for overpayments. I was wondering how much overpayment are we talking about here?

Mr. Assistant Deputy Chairperson: Excuse me. Could you bring your microphone forward please? I would just ask you to repeat that.

Mr. Leonard Evans: Yes, I will just repeat that statement, Mr. Chairman. There is reference made to the Activity Identification of the Taxation Administration, and reference is made to processing tax refunds for tax overpayments. I was wondering what kind of taxes are we talking about, and to what extent do we have overpayments? Is that a major issue? Could we get some idea of the percentage of overpayments by tax?

Mr. Stefanson: Mr. Chairman, I am told the vast majority of those are vehicle refunds where there are vehicles bought and sold within the six-month time frame when you can get your sales tax back. That is the vast majority of what is referred to in that section. I can certainly undertake to provide any more detail around that issue.

Mr. Leonard Evans: Do you not find overpayments on income tax, or is that handled federally?

Mr. Stefanson: Basically not under ours, because if you look at the taxes that are all affected by this—they are outlined at the top—which do not include personal income tax or corporate income tax that are done in conjunction with the federal government which are the more common where you would have the overpayment and then get the refund when you file your tax return.

Mr. Leonard Evans: I appreciate the minister's response which is fine, but surely there may be some overpayments in some other areas. Take mining tax, for example, is that a possibility?

Mr. Stefanson: Mr. Chairman, not so much the mining tax. In fact I wish we had more mining tax revenue over the last couple of years, but if it is going to occur it is usually where there are instalments having to be made, and those are more applicable to something like the corporation capital tax. There might be a refund there after they make an instalment once they file their annual return. I guess similarly under the health and post-secondary education tax that at the end of the year when they file their declaration, there might be an adjustment that is required as a result of that.

Mr. Leonard Evans: So basically, of all the monies that are refunded, you are saying 90 percent, 95 percent is regarding vehicle sales or rebates on vehicles, not taxes?

Mr. Stefanson: That would be correct, Mr. Chairman.

Mr. Leonard Evans: You also process refunds for Native Fuel and Tobacco Tax Rebate Programs. How much money is involved here, and how extensive is this process?

Mr. Stefanson: Mr. Chairman, for tobacco there are, I believe, 42 reserves that have agreements with the Province of Manitoba, and for 1994-95, \$2,168,899 was collected and remitted to the bands who had agreements.

In the case of fuel, I believe 38 reserves have agreements with the Province of Manitoba, and for the

year 1994-95, \$4,577,064 was reimbursed to service station operators located on the reserves operating under these agreements.

Mr. Leonard Evans: Mr. Chairman, just passing on to another item that used to be a big topic of debate in this province, and that is coloured fuel for vehicles. I notice this area of the department engages in fuel samples for the coloured tax-exempt fuels. Could the minister explain how that program is working now? How many staff do you have doing this? How extensive a program is it? Are there major problems?

Mr. Stefanson: I am told there is generally very good compliance with this program. We have approximately eight staff that are involved in taking samples for fuel. It is important to note that the RCMP have the kits and have the capability to do that as well, so I am told overall that there is generally good compliance.

* (1510)

Mr. Leonard Evans: How does it work? Perhaps I should know, but is the sampling done right at the farm? Do you visit farmers at their farms or do you stop people? Are farmers stopped on the highway for tests?

Mr. Stefanson: We do not stop farm trucks, because they qualify to use tax exempt fuel. We generally do not go on the farmyards, although on occasion that can happen. The most common approach is a spot check approach for vehicles that would not qualify to be using tax exempt fuel, and that will be the RCMP and usually or quite often our staff in conjunction or in concert with the RCMP.

Mr. Leonard Evans: The minister said it was not much of a problem. I take it very few farmers are discovered breaking the law in this respect. Is that true? What are we talking about, 50 cases a year, 100 cases a year or 10 or 12?

Mr. Stefanson: Mr. Chairman, I am told it is a very low incidence of farmers that are caught doing this. It can be anybody else who gets their hand on tax exempt fuel, whether it is for an automobile or a trucking operation or whatever it might be so, again, what

officials are telling me is that generally within the farm community, there is very, very high compliance. It is not a problem.

Mr. Leonard Evans: Is the enforcement totally carried out by the RCMP?

Mr. Stefanson: Mr. Chairman, it is generally in conjunction with the RCMP in terms of road stoppage, public safety and so on. We do have the authority for our staff to do it independently, but it is generally in conjunction with the RCMP.

Mr. Leonard Evans: Well, obviously farm vehicles on the highway are allowed to use this type of fuel, so how do you know which nonfarm vehicles you even want to stop? More than likely a person who is in farming would have access to this fuel more so than an urban dweller, unless he has a friend who lives in the city. How do you know, how does the RCMP or how does the department know? Is it just a random stopping of people to check or is there some selection process?

Mr. Stefanson: Generally, spot checks is how program is administered. Occasionally, they will go into an area and do extensive road checks in a given area based on whatever information that might be at hand at that time, but generally it is spot checks.

Mr. Leonard Evans: Has the department made any estimate of how much revenue is foregone with this type of program? In other words, if you did not have a coloured fuel program, how much additional tax revenue would you receive?

Mr. Stefanson: If I understand the question correctly, it was, what is the value of the exemption that is being provided through tax-exempt status? We will undertake to provide, rather than try to estimate here today, that figure to the member for Brandon East.

Mr. Leonard Evans: While just passing onto another area, I note that this Taxation Administration section maintains historical files on each taxpayer is required by all areas within the Taxation Division, that is a pretty big order. Does that mean that every taxpayer in Manitoba has a historical file kept on him or her?

Mr. Stefanson: A similar answer to one I gave earlier, again in this particular department: We do not administer the personal income tax or the corporate income tax, so again here the definition of taxpayers are individuals or entities that remit these other taxes to us, which are not necessarily all the individuals who pay personal income tax in Manitoba, but in our computer system we do have the database on everybody who is paying retail sales tax, motor fuel tax, corporation capital tax and so on.

Mr. Leonard Evans: I gather, Mr. Chairman, it to be essentially business units, business organizations, or organizations and associations incorporated or otherwise, rather than persons as such, as we consider it, like the individual consumer or individual taxpayer who is not concerned or engaged in some economic activity. I do not know whether that is the best way to describe it.

Mr. Stefanson: Mr. Chairman, that is a pretty good way to describe it.

* (1520)

Mr. Leonard Evans: Specifically, I note—I have not talked about any of these numbers, I have not asked questions on any numbers per se in the expenditures—in some places there is a considerable increase in communications spending, and this is one area that has had a fair increase, going from \$300,000 to \$352,800, I believe it is. It is quite a substantial increase.

I note, there are some lines where there are some slight decreases, but there are one or two areas where there are significant increases, and this is one of them. I was wondering, why does this have to be?

Mr. Stefanson: Mr. Chairman, the page the member is referring to is page 67 of the Supplementary Estimates. I believe it shows the Communications line at \$352,000. You can see by the detailed information there that it is basically all in Postage. There has been a budgeted increase for postage expenses and on the combination of what might happen to rates and also volume. This is where we send out all the notification, whether it is the information circulars on the retail sales tax or information circulars of any of these other

Taxation Acts that we administer. As you can see from the Communications breakdown, it is all in the area of Postage, or primarily in the area of Postage.

Mr. Leonard Evans: I can see a rate increase as the basis for this, but why would the volume increase? Volumes usually increase if there are changes in tax programs.

Mr. Stefanson: Mr. Chairman, most of this increase is estimated to be as a result of rate adjustments. The reason there would be a volume increase is, we continue to improve the information we are providing to taxpayers through the information bulletins and doing them on a more timely basis and doing more of them so that all of our taxpayers are fully informed on their taxation requirements.

Mr. Leonard Evans: I do not have them all marked here, but I notice in various places, percentage-wise at least, there are some substantial increases. There is the odd decrease. Internal Audit Services—I am just going back to page 59—is going from 10.2 to 12.5. That is a small number, from \$10,200 to \$12,500. It is a small number, but percentage-wise it is, what, about a fifth increase. I note from different places, under Legislative Building Information Systems, Communications going from \$20,000 to \$33,000. That was on page 57, 20.3 to 33.2. There is the odd place where there is a decrease. There is the odd place, as I say, where there is a substantial, at least percentage, increase.

I wonder if the minister could undertake to review the whole area of communication spending and maybe give us a note because there is the odd place there is a decrease. I notice going ahead under Federal-Provincial Research there is an increase—I know we are getting to that later—from \$75,900 to \$94,500. It is about a \$20,000 increase.

Mr. Stefanson: Well, Mr. Chairman, as the member indicates, some do go up. Some do go down, like the Management and Research is going down from 14 to 11. The Tobacco Interdiction one is going down, but other than the kinds of answers I have given him on information bulletins and so on, it is not as though there is any other major communication taking place within

the Taxation Division of the Department of Finance. But I will undertake to do a review and provide any further information that can illustrate why they have gone up slightly.

Mr. Leonard Evans: Communications, does that cover advertising as well as direct mail?

Mr. Stefanson: Yes, it does, Mr. Chairman.

Mr. Leonard Evans: Well, I will look forward to a sort of a note on it or a review, to be fair to the minister and his staff. I note there are many that are small ones usually that are diminished, but two or three stand out at fairly significant percentage increases and they are larger amounts.

Well, passing on to the subappropriation dealing with Audit, I notice that one of the functions—I am looking at page 69—is to recover unpaid tax revenues. I am just wondering if the minister could give us some idea of what areas are we talking about here, unpaid tax revenues. I guess we are not talking about income taxes again. What areas are we talking about generally here?

Mr. Stefanson: Mr. Chairman, what that refers to is basically taxes deemed to be due as a result of audits and refers to then the payment and recovery of those taxes that are due.

Mr. Leonard Evans: Can the minister describe the dimension of the problem? How many dollars are we talking about being recovered? How successful are we at recovery?

Mr. Stefanson: Mr. Chairman, the estimated direct recovery in the last fiscal year as a result of audits is about \$30 million.

Mr. Leonard Evans: Does the department spend a significant amount of money in connecting these audits and collecting these monies?

Mr. Stefanson: Mr. Chairman, you can see from page 70 of the Supplementary Estimates what the cost is of the Audit division. Besides the audits that lead to direct recoveries, a major part of our whole taxation

system is a self-assessing system. Obviously having an Audit department enhances compliance and ensures compliance and those kinds of functions.

*(1530)

Mr. Leonard Evans: I think the minister used the number \$30 million. From what area is that? Is that essentially retail sales tax revenues?

Mr. Stefanson: It really comes from all areas and obviously can vary from year to year quite significantly.

Mr. Leonard Evans: Would it include—let us take our example again—mining tax unpaid revenues? Could it include that? I gather the answer is yes.

Mr. Stefanson: The question was?

Mr. Leonard Evans: I am just saying, are there any mining taxes that are in this category of not being paid?

Mr. Stefanson: Just to be clear what we are talking about, we are talking about taxes paid as a result of audits. The audit can find a whole range of things, sometimes very innocent mistakes on, as the example was given, bringing equipment in from outside of a province, sometimes the business not realizing that taxes are due on it and so on. That is why, within all of these statutes, it can vary fairly significantly from year to year where the recoveries come from.

Mr. Leonard Evans: Does the minister and his staff have much trouble with the health and education levy?

Mr. Stefanson: The short answer is no, Mr. Chairman.

Mr. Leonard Evans: It would seem to me that the problem area there is when you get to the cut-off point, you know, debate as to who is above and who below the line in order to pay or not to pay this particular tax.

Well, it is not, I think, especially about the health and post-secondary education levy now, the payroll tax, but I cannot help but note, as I have on past occasions, that the taxes go with this even though we were promised it was going to be eliminated some many years ago. I

know, and I think reality would dictate, this tax probably will never be eliminated. It may be scaled back a bit more, but I cannot ever see it being eliminated by virtue of the fact that it brings in a substantial amount of money. We are talking about a couple of hundred million dollars, give or take, and the government is very dependent on all sources of revenues these days. Especially since it does not want to increase other taxes, I cannot see it necessarily going forward and fulfilling a promise made a couple of elections ago to eliminate this tax.

Mr. Stefanson: I think the point worth making, Mr. Chairman, is when this tax was introduced several years ago, I believe the exemption level was \$50,000. Today it is \$750,000. As a result, approximately 90 percent of businesses no longer pay this tax, particularly small business, and obviously it enhances their ability to create jobs and compete.

Mr. Leonard Evans: Well, I appreciate the fact that the exemption level has risen. We raised it a couple of times, I believe, when the NDP was in office, and probably would have raised it again. So essentially the tax is coming from larger corporations, including federal Crowns, but the commitment was made categorically that this tax would be eliminated, period, and I just make the point that will be a fine, frosty Friday morning when that happens. There would have to be a revolution in our economy or something. We would have to have monies coming from heaven, or whatever, in order for this tax to be eliminated. I just cannot see that happening.

Mr. Stefanson: Well, Mr. Chairman, I assure the honourable member that we will continue to look at making adjustments to remove this tax from as many businesses as possible. We now have 90 businesses exempt, and that has helped create jobs in Manitoba. We will continue to do what we can to work towards the ultimate elimination of this tax.

Mr. Leonard Evans: At any rate, Mr. Chairman, the minister has to acknowledge that this is a significant amount of revenue and it does help him to achieve whatever he wants to achieve by way of balancing a budget or obtaining surpluses even. It would be quite a blow if suddenly this tax revenue was taken away.

Just going on, there is reference made to "Detection of smuggling and other offences evidenced by successful court prosecutions and tax recoveries indicating satisfactory investigation programs." In other words, this observation, which is on page 69, does that mean that the court prosecutions gives the public evidence of the fact that the department has been successful in detecting smuggling or that it exists to some degree? I find it a bit of a strange way to put it. I gather the objective is to seek out smuggling where it exists and prosecute as required. At any rate, could the minister give us some data on the extent of this? How widespread is it now, and what categories are we taking about? Everybody is familiar with tobacco products, but are there other products as well?

Mr. Stefanson: Mr. Chairman, some examples would be liquor, some retail sales products, occasionally boats or something like that, major items. As I said earlier on the tobacco, we are fortunate that smuggling is not a major problem here in Manitoba.

Mr. Leonard Evans: I imagine the minister is only referring to smuggling across provincial borders not across the international border. That is under the federal jurisdiction, right?

Mr. Stefanson: No, we are concerned with both, and we work very closely with the federal government, federal excise as an example, in terms of controlling smuggling from the United States.

* (1540)

Mr. Leonard Evans: But the actual detection at the international border I would have thought would be done by federal officials.

Mr. Stefanson: Mr. Chairman, in many examples it does involve more than just the federal government and the federal excise. It will involve the RCMP, it will involve our staff from the Department of Finance, sometimes the City of Winnipeg Police. Sometimes they will work collectively at the border and other times it will take place within our province.

Mr. Leonard Evans: This is a large and could be very complicated subject. I appreciate the fact that detection

takes place on occasion other than at borders. It could be that information is found elsewhere.

How do you measure the trend in this area? We are talking about all kinds of smuggling over provincial borders. What is the trend? Do we have any historical data in this respect?

Mr. Stefanson: Mr. Chairman, one of the real indicators is in our revenue sources, and from our own revenue sources they continue to grow. We also do it on a comparative basis to see how we are faring across Canada and so on. So one of the single easiest indicators if you were having a problem with the smuggling in a given area is that very quickly your revenues could start to erode.

Mr. Leonard Evans: Does the minister not have data on the actual smuggling processes, the actual smuggling activities? Do you not have data showing the amounts of money involved, the number of offences, et cetera?

Mr. Stefanson: Mr. Chairman, of course we have files on any detection in these areas. As I have indicated, it really has not been a problem in Manitoba, and looking back over the years there is no escalation of any smuggling activity. The only slight problem area we did have for a period of time was the tobacco issue which, as I say, is basically being well adhered to now here in Manitoba.

Mr. Leonard Evans: So I gather there are data on this and it is not published, but basically speaking the observation is that smuggling is not a growing problem. If it is at all significant, it is probably with the challenges with the tobacco and tobacco products.

Reference is made to determining tobacco and fuel taxes paid by Indian bands. How do you go about calculating this? How do you determine this matter of taxes paid by native bands?

Mr. Stefanson: Mr. Chairman, on the fuel tax issue there is a record of every sale to every Status Indian purchasing fuel on reserve. So that is a method of keeping track of the fuel tax rebate on reserve. On tobacco, it is done on a consumption basis on the

estimated percentage of consumption of Status Indians on reserve, and that is entered into in every individual agreement that we enter into with Indian bands.

Mr. Leonard Evans: I do not recall whether the minister gave us a number on this. Did the minister give me a number or can he give me a number? How much money are we talking about in the tobacco and how much are we talking about with fuel? Did you just give me it now?

Mr. Stefanson: Mr. Chairman, I read those amounts under both the fuel tax and tobacco tax into the record a little earlier.

Mr. Leonard Evans: Mr. Chairman, I will look at Hansard and get those subsequently.

For whatever reason, reference is made to auditing 15 Manitoba-based truckers. What is the purpose of this audit?

* (1550)

Mr. Stefanson: Mr. Chairman, we are part of an international fuel tax agreement with several provinces and many states in the United States which is supported by the Manitoba trucking industry and makes the whole filing of the forms relative to tax and so on much simpler and more straightforward. One of the parts of that agreement is compliance. You need to do a minimum number of audits every year, and this fulfills our requirement here in Manitoba.

Mr. Leonard Evans: I gather this is an audit of the trucking firm as opposed to—it would be an audit of a trucking company as such. How do you go about deciding who you are to audit? First of all, could the minister give us an idea of how many trucking companies we are talking about and, therefore, what percentage are we dealing with here?

Mr. Stefanson: I should point out, when I mentioned that we are part of the international fuel tax agreement, when we do the audits out of the Manitoba-based companies, it then involves compliance with all of the agreements, all of the other provinces and states that are part of the agreement.

Having said that, I am told there are approximately 600 Manitoba-based truckers. I will confirm that. That sounds like a fairly large number. I guess if you think of a lot of the very small truckers it might, owner-operators, it might make sense. So this gives you then a sense of 15 out of 600.

Mr. Leonard Evans: Are we talking about, when you have 15 then, is this just of a random sample, or are we identifying, say, 15 of the largest companies?

Mr. Stefanson: Mr. Chairman, it has to be a mix of large, medium and small so you get a sampling.

Mr. Leonard Evans: What has the department found out from these audits? What is the bottom line? What has been achieved by this audit?

Mr. Stefanson: Mr. Chairman, the member for Brandon East may have seen the announcement when Manitoba joined the International Fuel Tax Agreement. It took effect on January 1 of this year. So we are just going to be going through our first round of audits here in Manitoba, and we will gladly provide more detailed information when we are doing this again a year from now. We are just going through our first set of doing it. Our staff have been brought up to speed, trained on what the requirements are, and we will be doing our first audits in 1995.

Mr. Leonard Evans: Well, there are audits and there are audits, but is there some major objective in this audit?

Mr. Stefanson: You are right. I do not want this to get confused with other traditional audits. These are audits under the International Fuel Tax Agreement. So it is a very specific audit related to that agreement as opposed to the others which would just fall under the same—truckers would fall under the same process as every other business in Manitoba in terms of whether it is a retail sales tax or a payroll tax or whatever kinds of audits. This is purely as it relates to the International Fuel Tax Agreement.

Mr. Leonard Evans: At any rate, will information be forthcoming on this at some point? Did the minister indicate that? After the first one is completed, will

there be a document or will there be some material on that?

Mr. Stefanson: Mr. Chairman, not unlike the discussion we have had on some other compliance issues around our taxes in Manitoba, we can certainly have the same kind of discussion again about the International Fuel Tax Agreement, but we would not be releasing individual information on individual businesses as a result of audits, not unlike any taxpayer audit.

Mr. Leonard Evans: Well, we will just leave that for the moment. I am still curious as to what the objective is, what is under this agreement, what is going to be achieved by this? I am still curious about that.

Mr. Stefanson: Mr. Chairman, we will certainly gladly provide information around the International Fuel Tax Agreement. We have done two in conjunction with Manitoba truckers, two press releases on the whole agreement and so on. So in terms of providing background information to the member for Brandon East, we will undertake to do that.

Mr. Leonard Evans: I thank the minister for that offer. That would be great if he could just bring forward some of the news releases or whatever information is easily available.

Just passing on to another item here—references made to the general public, taxpayers in western Manitoba are provided with information necessary to comply with the statutes. I think I can more or less guess, but I wonder if the minister can explain what this is all about.

Mr. Stefanson: I am sure the member for Brandon East does know the answer, that this is really our Westman office out of Brandon, Manitoba, staffed with about 15 people, more or less, that services that part of our province on behalf of our Taxation Division.

Mr. Leonard Evans: I appreciate that, Mr. Chairman. Is there anything the office has to do that is different from say an office in Winnipeg? What I was thinking of was whether there was any problem because some communities are near the Saskatchewan border. I

guess as long as our taxes are less than the Saskatchewan taxes, we do not have much problem, but I was wondering if there is anything caused by that proximity to Saskatchewan.

Mr. Stefanson: No, Mr. Chairman, there is nothing unique. Some of the individuals who work out of this office, report to this office, live in some of the surrounding communities—Boissevain, Virden and so on. Other than that the functions of the office are the same as out of Winnipeg.

Mr. Leonard Evans: I thank the minister for that information. I just wondered whether there was something unique in the region that the office had to be concerned with over and above other responsibilities, and I gather the answer is no.

I would like to pass on to the Tobacco Interdiction section, which is probably one of the more challenging areas for the department in terms of ensuring that the people comply with various provincial statutes. I appreciate it involves the RCMP, Ontario Provincial Police and so on. There are stories in the paper, from time to time, and I happened to notice, I guess over the weekend, a story about 400 Manitobans being identified through obtaining records from a particular company called Star Tobacco in Ontario. I had earlier thought the minister was telling us, well, there is not much of a problem here, but it seems to me when you find 400 people from one company alone, that seems to be a fairly big problem.

I was quite surprised, personally, at that amount, that there were 400 people from one company alone who somehow or other escaped paying provincial taxes on cigarettes or tobacco products. I also appreciate the fact that newspapers do get the facts wrong once in a while and interpret things a little oddly sometimes, but I was wondering if the minister could comment on this problem.

It seems that through one company alone—this incidentally is probably a very effective way of determining illegal purchase of tobacco products as opposed to stopping people on the highway.

* (1600)

Mr. Stefanson: Firstly, it was not all from one company. What we have here is this is the first time that we have been able to deal with collecting the tax as a result of mail distribution of cigarettes. It has been something that has been worked on for a period of time with the federal government and with our officials, so what we are talking about here is really a catchup. This is the first time letters are being sent as a result of the work that has been done with several companies spanning many, many months.

I think the member will recall it has been part of our discussions and frustrations with the federal government, the ability to deal with the mail order side of cigarettes coming into Manitoba. It was resolved, and this is the first time we are able to deal with it.

It represents many months; it represents several companies. I reiterate what I said before that we are fortunate that smuggling is not a major problem in Manitoba. Manitobans are basically abiding by the law, buying their cigarettes in the traditional ways that they always have. You can tell by our revenue sources that they are for all intents and purposes holding firm after you factor in consumption reductions and so on.

Mr. Leonard Evans: It just seemed to me that this was probably a more effective way, although it is a different dimension, I appreciate. It seemed to me a more effective way in a way than having, say, RCMP stopping people on the highway when they come in from Ontario. I very rarely travel, I am very rarely—in fact I do not think I have been across the Ontario border, by car at least, for years, so I do not know what the situation is.

To me it is distasteful to have to have a police force stopping citizens or whatever they do. I do not know whether they do random checks or whatever with regard to tobacco products. I for one support the government's objective. I really want us to be able to maintain our revenue sources, but I have a—I guess it is a conflict.

On the one hand I appreciate that we need the money, we should be entitled to those revenues. At the same time, it does infringe on individual liberties, and it certainly does infringe on interprovincial trade.

We always give so much lip service to inter-provincial trade of products in Canada and the whole notion of free trade among provinces certainly, but when it comes to—here is an area that suddenly there is no such thing as free trade. It is just the opposite, absolutely no free trade. It is definitely regulated, and you must comply with the taxes of each province.

There is, in my mind, on the one hand I can see benefits from the government's policy. On the other hand it does in my judgment lessen our democratic situation. It does lessen the freedoms of Canadians, not only Manitobans but Canadians.

Mr. Stefanson: I am pleased to hear overall the member for Brandon East's support, because he knows full well that this is an issue that none of us wanted to be faced with having to deal with. As I said earlier to the member for Inkster (Mr. Lamoureux), it was as a result of a decision made by the federal government to lower federal tobacco taxes to deal with a smuggling problem in the province of Quebec, had a domino effect across our country.

We know that the province of Ontario tried to deal with it through enforcement that lasted a few days, and they were unable to sustain the kind of activity that was taking place, I guess, primarily in Ottawa-Hull and in those regions.

It has certainly been a situation that all of western Canada did not want to be faced with if the federal government had maintained their traditional levels of taxation equitably across Canada, so we do appreciate the support with what has been a difficult issue to deal with.

Mr. Leonard Evans: Could I ask the question: Does the minister know how the RCMP operates in this matter? Is it just a spot check of cars coming into Manitoba from Ontario? I wonder if the minister could explain?

Mr. Stefanson: Mr. Chairman, at the time that we entered into this the media asked me the same question. I have to give the same answer, that that is all part of enforcement and as a result I should not be providing details on that.

Mr. Leonard Evans: It is a big mystery, trying to find out I suppose. My colleague for Elmwood is going to ask a number of questions in a moment, I believe, on this area, but I just have one other question. What about air transport and people coming from elsewhere with cigarettes or tobacco products of some kind or other at the airport? Is there any attempt made to control this?

Mr. Stefanson: The short answer is yes.

Mr. Leonard Evans: Is that with private planes or does that include commercial flights as well?

Mr. Stefanson: Again, the answer in that case is both.

Mr. Leonard Evans: The minister is telling us, for example, he is satisfied that they are keeping check on, say, flights coming in from Ontario by Air Canada, by Canadian Airlines. Presumably a person could come in with three or four suitcases full of cigarettes, for example. To my knowledge, when you come on a domestic flight nobody checks your baggage. You collect your bags and go home.

Mr. Stefanson: Again, I cannot talk about enforcement. Yes, we do follow up in those areas based on reasonable and probable cause, but I cannot get into any of the enforcement issues.

Mr. Leonard Evans: It would seem to me it is a very difficult area because people could easily come with several suitcases full of their favourite products. I do not know how anyone has the right to stop them or check them because we are not talking about international flights, we are talking about domestic flights. There is freedom of movement in the country, unless there is something in the legislation which gives certain authorities the right to open your suitcase because they think they may find some tobacco products on which the taxes have not been paid.

Mr. Stefanson: I have nothing more to add.

Mr. Leonard Evans: I will just make this last comment here. In a way I realize I share the objectives to obtain as much revenue in keeping with our laws. It is regrettable that the federal government took the

action that it did, causing this problem. Yet, at the same time, it is really unfortunate because it does chip away at the democratic freedom of our citizens.

There are some people who would argue in a very extreme way about the rights that people should have. I know we have responsibilities to be law-abiding citizens, but at the same time it seems to me that—especially when we are talking about people, Canadians travelling within Canada, generally law-abiding citizens and yet maybe breaking the laws. It may not be in their opinion.

As a matter of fact, this is a very important legal question. Do we have the right to do what we are doing? I do not know. I am not a lawyer, but I think there is some suggestion made that if it finally goes to court, I am not sure whether the court system, the judicial system, will uphold what the government has been doing.

Mr. Stefanson: Mr. Chairman, I guess I just want to exercise a little caution and want to indicate that at this stage it is difficult to comment on the substantive constitutional challenge other than to say that we believe the legislation is constitutional, and we are prepared to defend it vigorously in the courts.

The matter is before the courts. It is not proper to comment further or to engage in discussion or debate as to the legal validity of the current legislative scheme. So I express that as a caution for all of us at this particular point in time.

Mr. Leonard Evans: I would defer at this point to my colleague the MLA for Elmwood, who has a number of questions to ask on this same topic.

Mr. Maloway: Mr. Chairperson, I would like to ask the minister how successful the whole effort has been, then, to have spent, I believe, 18 months and spent roughly—well it is hard to say what they have spent exactly. It looks like on salaries alone it has cost the province an extra \$582,000 in a 12-month period.

My guess is that the overall operation has been a money loser, or at best a break-even proposition based on the increased revenue that they have got versus the

expenses that they have put out. I ask the minister whether he can confirm that is, in fact, the case.

* (1610)

Mr. Stefanson: Mr. Chairman, similar to what I said earlier, if we were to follow the reductions that occurred in eastern parts of Canada the lost revenue to the Government of Manitoba would be approximately \$80 million.

So there is a significant revenue issue but, as well, I point out I had the opportunity to meet with many health organizations over the course of the last year and a half and virtually all of them support our initiatives and show various studies that show that this is also very much of a health issue, that there is a direct correlation between price and the smoking habits of individuals, particularly our young people, so it is a combination of a financial and a health issue.

Mr. Maloway: Mr. Chair, I am not quarrelling with the minister's intent here to reduce smoking, and in the process, but what I am suggesting is that perhaps the minister will admit that this effort is costing as much as we are saving in revenue.

Mr. Stefanson: No, I would not admit that at all, Mr. Chairman. As I pointed out, the revenue being saved and protected is \$80 million versus the costs as outlined on page 72 in the Supplementary Estimates.

Mr. Maloway: Mr. Chairman, does the minister have any information on the possibility of larger quantities of cigarettes being brought across the border through the use of watercraft or small aircraft?

I know they are watching the highways pretty closely, but could large quantities be brought in through the back door?

Mr. Stefanson: Again, Mr. Chairman, I am not at liberty to outline any specific enforcement activities other than to indicate that we do pursue all avenues.

Mr. Maloway: I guess I am not asking the minister to detail any specific incidents that his department is working on, but I am asking him whether, in fact, they

have even considered the possibility that huge quantities could be brought in through the back door through boats and aircraft while they are very vigilant on the highway. Has he looked into that situation, and if not, why has he not?

Mr. Stefanson: Mr. Chairman, I want to assure the member for Elmwood (Mr. Maloway) that we consider all modes of transportation.

Mr. Maloway: So the minister is agreeing then that there has been some effort made to look into this area, that large quantities may be brought in through the use of boats or aircraft.

Mr. Stefanson: I will just restate, Mr. Chairman, that we consider all modes of transportation as part of enforcement.

Mr. Maloway: I would like to ask the minister, in view of the recent article a few days ago in which it was noted that sales records of a firm in Toronto were seized and I believe 400 letters were sent out to the customers of that firm collecting the sales tax, it appears to me that that is one efficient way of collecting the tax, far more efficient than the RCMP efforts on the highways. Why was that idea not acted on earlier? Is it being acted on with respect to other companies, because it seems like an obvious partial solution to the problem?

Mr. Stefanson: As I said earlier in response to a question, we started working on this immediately at the time that the federal government reduced their taxes. As I said, this is the culmination of many months of work. The press report was inaccurate. It does not involve only one company, it involves several companies. In fact, part of the changes that were required to allow this kind of enforcement included some federal legislative amendments as well.

Mr. Maloway: Can the minister confirm that all of the suppliers' records that have been discovered at this point have been seized, or is this just a situation where only one or two companies' records have been seized?

Mr. Stefanson: I cannot confirm that. We are back into discussions around enforcement.

Mr. Maloway: Mr. Chairman, I would like to ask the minister, in a different area now, some questions regarding the collection of retail sales tax and payroll tax.

Can the minister give us an update regarding the attempts to collect the \$200,000-plus PST, provincial sales tax, arrears regarding the Clancy's restaurant chain? He had promised in the past to do several things. That was about a year ago, and I think the minister has had ample opportunity to have his staff fulfill those promises of that time.

Mr. Stefanson: Mr. Chairman, I think, as the member for Elmwood knows, that company has filed for bankruptcy, and we along with some others are an unsecured creditor.

Mr. Maloway: Well, Mr. Chairman, a year ago the minister promised to, quote: examine the series of events and what, if anything, could be done about earlier collection of the problem.

I believe he was quoted as making that statement in a Free Press article last year. Further to that, an official of his department said that there was a current review that would determine whether any further action is required, and this was in regard to the department's inability to press charges against the officials of the company.

Now there is a clear indication here that as a result of this situation the department was going to conduct a review and a study of this situation and come up with some answers to these questions. I want to know, where is this study? Who did it? Where is it? Why do we not have it?

* (1620)

Mr. Stefanson: Mr. Chairman, all I can tell the honourable member is that I am satisfied the department did everything that they possibly could in this particular instance, and they did everything legally possible in this situation.

Mr. Maloway: Mr. Chairman, I would like to ask the minister then, are there any provisions of The Retail

Sales Tax Act and the payroll tax act that allow a delinquent to be taken to court?

Mr. Stefanson: There are provisions in both of those acts to take a party to court, but in this particular situation the party was bankrupt and there are no proceeds available to be distributed to unsecured creditors.

Mr. Maloway: I would like to ask the minister then why the department did not press charges then for failing to file proper provincial sales tax forms. I will accept that by the time this department actually got moving on this particular account, the taxpayers of this province were out upwards of \$350,000. I accept the fact that they bungled this situation.

I am trying to find out at that point why they did not proceed to at least charge the principals with failing to file proper sales tax, because part of their argument was that they were misled by improper filings and they were looking at possible criminal charges in filing of false PST forms. What do they have to say about this?

Mr. Stefanson: Mr. Chairman, all I can tell the honourable member for Elmwood (Mr. Maloway), and I hope he will take my word for it, is that the department did not bungle the handling of this transaction and took all appropriate steps in the circumstances.

Mr. Maloway: I would like to know whether anything was turned over to the Justice department. There was a suggestion that that could be done in this situation. If there was an indication of serious criminal code offences, they would be turned over to the Justice department for action. I would like to know whether anything was done in this vein.

Mr. Stefanson: I am told that we had the input of the Justice department on this matter.

Mr. Maloway: Could the minister repeat that last statement?

Mr. Stefanson: Mr. Chairman, I indicated and I am told that we did have the input of the Justice department on this matter.

Mr. Maloway: Would the member table any or provide us with any documentation that would help us to understand as to what made up the decisions that this department made in this situation that caused Manitoba taxpayers to be out upwards of \$350,000 in sales tax?

Mr. Stefanson: I am not sure there is anything I can provide him with. I will review the matter, and if there is anything of substance or use that I can provide him with, I will. I want to assure him, as I have before, that we have an outstanding record in Manitoba in terms of collecting taxes that are due.

Mr. Maloway: Mr. Chairman, there was some reference made to the provincial Labour department also filing court liens in an attempt to recover money, wages for employees. How much money did the department recover on behalf of the employees?

Mr. Stefanson: I do not have that information. The member refers to the Labour department. It is probably a question more appropriately asked when the Department of Labour Estimates are up.

Mr. Maloway: Mr. Chairman, I would like to know why the department did not press charges in this particular case? What were the reasons? The minister has said that the company was out of money. We accept that, if the department did not move quick enough to try to seize what it could have if it had been on top of the situation. So given that, the department still did not move when there was clear indication of improper filing of the PST forms. The minister makes reference to the Justice department, that he had referred it to the Justice department. I would like to know why, after this period of time, has still nothing been done by this department in an effort to satisfactorily put this case to bed? What is the reason?

Mr. Stefanson: I have informed the member that I believe that we took all reasonable steps and precautions through this entire matter, and at the end of the day the taxpayer is bankrupt and there is no money available.

Mr. Leonard Evans: I propose that we pass the Taxation section now and go on to Federal-Provincial Research.

* (1630)

Mr. Assistant Deputy Chairperson: Item 4. Taxation (a) Management and Research (1) Salaries and Employee Benefits \$849,600—pass; (2) Other Expenditures \$103,800—pass.

Item 4.(b) Taxation Administration (1) Salaries and Employee Benefits \$2,456,700—pass; (2) Other Expenditures \$1,455,300—pass.

Item 4.(c) Audit (1) Salaries and Employee Benefits \$4,701,100—pass; (2) Other Expenditures \$682,100—pass.

Item 4.(d) Tobacco Interdiction (1) Salaries and Employee Benefits \$582,600—pass; (2) Other Expenditures \$306,200—pass.

Resolution 7.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$11,137,400 for Finance, Taxation, for the fiscal year ending the 31st day of March 1996.

Item 5. Federal-Provincial Relations and Research (a) Economic and Federal-Provincial Research (1) Salaries and Employee Benefits \$1,006,200.

Mr. Leonard Evans: Mr. Chairman, this is a big area. It involves our relations with the federal government and the problems that all provincial governments are now facing because of federal cutbacks. It also involves taxation at the federal level that bears on provincial taxes.

I am thinking particularly of sales taxes. It is an area of great concern to any government, the fact that they are facing severe cutbacks because of decisions made by the present federal government.

Before we get into those big policy areas, I am just curious, why is there such a big increase in communications in this area? I raised this question before with the minister, but there seems to be quite a significant jump from about \$76,000 to about \$95,000 in the spending of communications. What are we doing? The last explanation was, well, we are sending out more direct mail re tobacco tax or whatever.

Mr. Stefanson: Mr. Chairman, it is not that we are doing any more in this area. I gather it is more of a reallocation to reflect the actual expenditures estimated for '94-95. This area includes postage. It includes the printing of the budget. It includes the property tax insert, all the things that we have been doing for many, many years, so it is not that there is any new initiative or new function being performed. It is an estimate to more realistically reflect what we expect to spend this year.

Mr. Leonard Evans: So I take it, then, that we actually spent more than the allocated amount last year.

Mr. Stefanson: The short answer, I believe, is yes. It is a reallocation and more realistically reflects what we are expecting to have spent in that area with expenditures being down in some of the other areas under Other Expenditures.

Mr. Leonard Evans: So I gather we are going to get more bulletins and brochures and little leaflets telling us about great budgets that have been brought down by the Minister of Finance.

Mr. Stefanson: You can never get too many of those.

Mr. Leonard Evans: I was trying to find the page number, but it has slipped my mind here. I believe there is some reference made in the 1995 budget to the minister undertaking an exercise, probably with his provincial counterparts, to approach the federal government on this whole cutback exercise that they have announced. I was wondering what exactly is the minister prepared to do to protect Manitoba's interest in this area.

There was reference made on page 4 of the financial review and statistics of your 1995 budget. You have a table there and a footnote indicating the impact of the 1994 and 1995 budget. A three-year total impact for '94-95 is \$391 million, a lot of money. I am just wondering, what is the minister prepared to do to try to dissuade the federal government from cutting these programs as it indicates it wishes to cut?

Mr. Stefanson: Mr. Chairman, I have written the federal Minister of Finance expressing our concerns

requesting an early meeting of Finance ministers. At this stage, there is no national meeting of Finance ministers scheduled. There is tentatively a western Finance ministers meeting scheduled for the end of this month which had to be postponed from an earlier date as a result of the Saskatchewan election. It was scheduled to be held roughly in conjunction with the western Premiers' meeting and has since been postponed. That was western Finance ministers. We are hoping that western Finance ministers will be able to meet with Mr. Martin by the end of this month.

So we have written to him, expressed our concern, outlined our concern, pressed for early meetings on the issue, because while we know we are okay in the 1995 fiscal year, obviously this issue needs to start to be addressed starting with our next fiscal year.

Mr. Leonard Evans: I wonder if the minister can enlighten me, since we are talking about these federal budget announced cuts of transfer payments, is it correct that in your medium-term fiscal plan you have not taken into consideration the 1995 announced cuts?

Mr. Stefanson: That is basically correct. As the member for Brandon East knows, we received the federal budget not much before our budget. We had the opportunity to include it here in our document as information, and we have outlined a series of steps that we intend to take over the next months.

Mr. Leonard Evans: I am not sure what those steps are. I do not recall that the minister made them public. Maybe he did. At any rate, the '96-97 fiscal plan would indicate a balance. There is no surplus, no deficit. It balanced. If you were to include the federal budget monies, it means you would have a deficit of \$87 million. So somehow or other is the minister telling me he has already announced how he is going to make up for that \$87-million deficit?

* (1640)

Mr. Stefanson: Mr. Chairman, the member is correct that if you add back the \$87 million you start with a deficit of \$87 million, but in this budget year that we are in we expect to have a surplus of \$48 million which can be applied against that \$87-million shortfall,

bringing the net shortfall down to approximately \$40 million.

Some of the avenues we will be pursuing over the next months will be the meetings and discussions with the federal government. I anticipate from some feedback I have had that we will have the support of some other provinces. Obviously, again, the discussions that we have had before and was confirmed by various agencies was that we used conservative revenue estimates in our budget, so if our revenues come in a little stronger that will allow us to deal with that shortfall. If our dollar can strengthen and if interest rates continue to drop, again those are very large expenditure areas that can assist us in terms of meeting with that \$40-million shortfall.

Subject to all of those things, we then will be dealt with having to potentially find reductions of about three-quarters of 1 percent of our expenditures if none of those pan out, I guess is the way to put it.

Mr. Leonard Evans: I am a bit amazed when the minister states that he will have some monies to transfer from '95-96. Hopefully, if he does have this \$48-million surplus he will have that to transfer and apply against an \$87-million shortfall in '96-97. I had always thought if you indicated that you had a surplus that those monies would go to pay down the debt. Obviously that is not going to happen. You are not going to pay down the debt with that \$48-million surplus. You are going to simply transfer it to '96-97.

Mr. Stefanson: Mr. Chairman, first just to clarify in terms of pursuing discussions with the federal government, the intent is to pursue pointing out to them the error of their ways in terms of their budget priorities and utilizing the contingency fund to assist provinces with Established Program funding.

Again I would encourage the member, if he has not had the opportunity yet, to read the section on the balanced budget legislation, because what we outline there is that there is a target for the Fiscal Stabilization Fund of 5 percent of expenditures. The intent is to utilize any surpluses to build up that Fiscal Stabilization Fund to that level. Again the schedule that is outlined as part of the balanced budget

legislation shows starting to make annual debt servicing payments in the fiscal year 1997-98.

I can certainly run through all of that legislation, but that is how it would work. There is a Fiscal Stabilization Fund with a target of 5 percent of expenditures. Roughly \$270 million is the objective to get that fund up to starting in '97-98, to start making annual payments on the debt starting at a minimum of \$70 million, I believe. That would pay off the debt in approximately 30 years. It is like an open mortgage. If there is the opportunity to make payments earlier, that opportunity will be there for government.

We have clearly outlined the intention to utilize the Fiscal Stabilization account.

Mr. Leonard Evans: Mr. Chairman, the other concern I have with regard to the medium term fiscal plan is the basis for your operating revenue. I am sure you will argue, well, your operating revenues that you project are realistic and so on. Just how realistic are they? I believe there was some criticism made by an economist with the Conference Board suggesting that your expectations are a bit too rosy in terms of increasing operating revenue.

I guess basically what I am asking is: What rate of economic growth—I think the operating revenue, to some extent, is related to the estimated rate of economic growth projected. What rates of economic growth are we projecting, and how do we come with these rather positive looking steady increases in operating revenue?

Mr. Stefanson: Firstly, I think when the member for Brandon East talks about the Conference Board of Canada, he is referring to an article that appeared in the Winnipeg Free Press around the time we tabled our budget.

I thought the member had seen the letter that the individual from the Conference Board sent directly to Mr. Duncan McMonagle of the Winnipeg Free Press, where he clarified that the Free Press was incorrect.

He said: "I am writing in order to clarify remarks attributed to me in an article by John Douglas entitled

"A Daring Blueprint", which appeared in the Winnipeg Free Press on Saturday, March 11, 1995. Following further analysis of Manitoba's provincial budget released on Thursday, March 9, I have concluded that the underlying economic assumptions contained in the budget are realistic and that the revenue projections are attainable. Indeed, the real economic growth forecast for Manitoba in the budget document over the next three years is lower than the most recent Conference Board outlook for the Manitoba economy over the same time period. I trust that the results of my further analysis of the Manitoba budget will be of interest to your readers. Please don't hesitate to contact me if you have any further questions regarding the economic implications of the budget." Mr. Paul Darby, Director, Economic Services, the Conference Board of Canada.

I hope that clarifies what you read in the Free Press as a result of a letter from Mr. Darby.

Mr. Leonard Evans: There was some reference in the minister's statement about me knowing about this letter. I do not know how the public was supposed to know about the letter, unless you made an announcement about it. I do not recall any announcement about it.

Mr. Stefanson: Mr. Chairman, I had the opportunity to close on Budget Debate, and I read that written letter into the record on the closing of Budget Debate.

Mr. Leonard Evans: Gee, I missed that. Okay, I did not hear you. Well, I will read it. Let us get back to that. What is the basis of your operating revenue increases? What are your rates of growth for these years '96-97, '97-98 and '98-99?

Mr. Stefanson: Just to give a comparison, if you use real GDP growth starting in 1995—I will give the numbers for Manitoba: for '95, 2.1 percent; for 1996, 2.1 percent; for 1997, 1.5 percent.

To show that comparison to numbers used for Canada, Canada during that same time period was using in 1995, 3.4 percent; 1996, 2.3 percent and 1997, 2.3 percent. I guess the more commonly used are the nominal GDP growth. In our case in Manitoba, 1995 will be 3.8 percent; 1996, 3.7 percent; 1997, 3.6 percent.

Mr. Leonard Evans: Is the minister talking about the real growth rates then? You mentioned Manitoba and then you mentioned Canada. Were you comparing the national estimates with Manitoba or was that term Canada used in a different—I did not quite follow the minister there.

* (1650)

Mr. Stefanson: I guess the point is to confirm the point that we were discussing about whether or not we are using optimistic or not optimistic forecasts, sort of in keeping with the letter from the Conference Board.

To give a comparison to the nominal GDP figures I just gave, the Conference Board shows Manitoba consistently higher in all three of those years. In 1995 the Conference Board shows Manitoba at 4 percent; 1996, 4.5 percent; in 1997, 4.1 percent. So again I think the point here is to illustrate what I said at budget time, that we are using the less optimistic economic forecasts. Based on that pattern over the last couple of years, if things pan out and our economy performs better than the less optimistic, which we are expecting it will, that should also assist our revenue.

Mr. Leonard Evans: Well, if I understood the minister correctly a minute ago he told us that the Estimates, this medium-term fiscal plan Estimates was based on a projection of—this is real growth rates for Manitoba—2.1 in '95; 2.1 in '96 and 1.5 in '97. Did I hear him correctly?

Mr. Stefanson: That is correct.

Mr. Leonard Evans: What about '98 because your plan goes to '98-99?

Mr. Stefanson: Keep things moving along and I will get that for the member.

Mr. Leonard Evans: Well, my only comment about these numbers is that we have three years of positive numbers, and it has been suggested that 1998 will be positive, too. That will be four years of positive numbers. Yet if you look at the historical record—and I am looking at Conference Board numbers which may be slightly different historically still with the Stats

Canada, although Stats Canada is supposed to be the final authority—you see every other year it is negative. Like in 1990 our real growth was 1.1 according to the Conference Board but 1991 it was minus 4.6, and the following year was 1.9 but then the next year was minus 0.9. Then we have two positive years although what are they, 3.2 for '94 and they are showing 2.6 for '95, although that is still a forecast so that may or may not come about.

So what I am saying is that we live in a world of business cycles, and we do not always get positive numbers whether we like it or not. I find it strange that you can have four years of positive growth rates when the reality is that you get negative numbers in there.

Mr. Stefanson: Mr. Chairman, I think the fact is these are what forecasters are forecasting. They are the experts in the field and we are taking the lowest of the forecasters. So we are being extremely cautious. I am not sure which page the member was going from but even the years, I believe, that he was citing, we were better in Canada in three out of the four years in the early 1990s. From 1990 to '93 we outperformed Canada in three out of those four years. So again, in a relative sense, Manitoba has done very well.

Mr. Leonard Evans: Yet in 1993, Mr. Chairman, Manitoba was the only province to register negative growth according to Stats Canada, 1993. I think of the 10 provinces, Manitoba stood out as the only negative province.

Mr. Stefanson: I will just reiterate, Mr. Chairman, the bottom line is we are using the most conservative forecasts of the economists in this area. The member refers to 1993. I am sure he recalls full well what kind of a year 1993 was, particularly for our agricultural community; with extremely—the wettest summer I think we have had in the history of Manitoba, if I recall correctly.

Mr. Leonard Evans: Mr. Chairman, the minister is making the point for me. The point is that we do, unfortunately—and I am not suggesting the government is directly responsible. If agriculture is bad, their performance is bad because of bad weather, poor weather, too much rain or not enough rain or whatever,

it has a bearing on the gross provincial product. There are other factors that will have bearing on the gross provincial product which may be beyond the control of the provincial government. I am saying the reality is that we do not normally get four years of positive numbers. Frankly, I do not know how anyone could predict with any certainty what the rate of growth is going to be in 1998. I mean, when you are in the forecasting business you always make sure you are in the long-term forecasting business because you will not be around to be accountable for the results of your forecast. The minister is saying now he is going to have four years of positive numbers, that is what he is working with, and that is why he can show four years of steadily increasing operating revenue.

Mr. Stefanson: Mr. Chairman, I think the member for Brandon East also makes the point that those can be volatile and they can swing in both directions. Over the four-year period we have taken the most pessimistic economic growth numbers in terms of the assumption. So again, even accepting his argument that during those years we might have another wet summer or whatever, I also would suggest that during some of the other years we will outperform the estimates that are there and on average will at least hit the average of those four years.

Mr. Leonard Evans: The point is, Mr. Chairman, you can take the least optimistic, you can take the average, but to me it seems to be unrealistic to assume that you are going to get steady growth three, and I think in this case you are talking about four years in a row.

You look at some of the revenues obtained by the Province of Manitoba and you will see, unfortunately, from time to time, there is a fall-off. In '90-'91, our revenue in Manitoba was in the order of about \$4.9 billion. The following year it dropped to \$4.7 billion. So there is one example where revenue dropped. It seems that the theory here is use an average or use the least optimistic or most pessimistic, but still I say that still may be unrealistic.

Mr. Stefanson: Well, Mr. Chairman, I just reiterate that we are using the least optimistic economic growth assumptions. I am told that after the recession in the early '80s that there were four or five years of steady growth. The numbers I have given the member for

Brandon East, as I say, they are the least optimistic, and they show a decline in growth from the 2.1 down to the 1.5 in 1997.

I think we have taken every precaution to cover off the kinds of concerns that the member for Brandon East is talking about. I read to him the letter from the Conference Board of Canada that confirms, from their point of view, that we are being very realistic in terms of our assumption. That was the point I made when I tabled the budget and I continue to make that point, that we are not being overly optimistic or ambitious in terms of our economic growth assumptions.

* (1700)

Mr. Leonard Evans: Am I correct, though, that the minister does not have the number for 1998?

Mr. Stefanson: Mr. Chairman, 1.9 percent.

Mr. Leonard Evans: That is an increase then. You are 2.1, 2.1, 1.5 and then you are going up to 1.9.

At any rate, I am being very doubtful. No matter how much good will and how much hard work everyone does, I am very doubtful whether we can predict with any confidence the revenue levels as the minister is doing. At any rate, I think I have made my point in this respect.

Particularly, when it comes to the bottom line of deficits or surpluses, there is always the uncontrollable factors including changes in federal government policy. I appreciate the minister has got a Fiscal Stabilization Fund, but in many ways that sort of muddies the waters. You are using it to smooth out the numbers, admittedly, but the Free Press accuses you of fudging the books with it. That goes back a couple of months ago, a major editorial they wrote on the Manitoba Budget. I think it was entitled "Fudging the books", and there was reference made to the Fiscal Stabilization Fund. They have one in B.C.; it is called the Budget Stabilization Fund. The short name for it there is the BS fund.

Mr. Stefanson: All the people I am most concerned about are the bond rating agencies, the investment

dealers, the people who invest in Manitoba, and they have confidence in how we keep the books and how we perform. It is reflected in areas such as having the third-best borrowing spreads in all of Canada during 1994.

I could go on for quite some time if we want to talk about the strong economic performance and strong fiscal performance in this province. I am sure the member for Brandon East would want me to do that, but, for the time being, I will save those comments for another moment.

Mr. Leonard Evans: There are some others here that want to ask some questions under this section, but I just want to ask the minister again about the GST. The member for Inkster (Mr. Lamoureux) touched upon it, and the minister provided some information. It was more or less along the lines of harmonization and so on.

Has the minister totally given up on the fight to have the federal government eliminate it? This particular federal government, this Prime Minister, this Minister of Finance, Mr. Martin, campaigned on eliminating—not modifying, not changing the name of—the goods and services tax.

Categorically we heard him say this over and over, and yet there is not a word coming out of Ottawa these days about eliminating the GST. So I was wondering whether the minister is still of the view—I believe his predecessor was, he was of the view that the GST should go. I think we were unanimous in the House that we were opposed to the GST.

So my question to the minister is, what is he doing now to fight the good fight to get the federal government to drop the GST? It is the most hated tax in this country.

Mr. Stefanson: As the member for Brandon East knows, we have not supported any of the proposals that have come from the federal government, either from the standing committee or the first proposal floated by Mr. Martin, or the most recent proposal put forward a year ago last spring, where they were talking about a single GST-type tax levied at 12 percent, with 7

percent going to the provinces and 5 percent to the federal government.

We discussed that at Finance ministers in October. We opposed that proposal for several reasons, as again I think the member knows that proposal would result in Manitobans paying an additional \$29 million more in overall taxes. It would also result in higher taxes on many purchases like books, children's clothing, home heating, funeral services, and so on.

It would have resulted in having to increase personal income taxes to make up the shortfall on the provincial sales tax, which again was unacceptable to us because, I think most of us would agree, consumer confidence, while it has been improving, has been fragile. We were concerned about taking more money out of the pockets of Manitobans before they even have the discretion or the choice to go out and spend that money on some products.

So everything we have seen to date from the federal government has been unacceptable to us, and we believe not in the best interest of Manitobans. To try and conclude this issue, we did put forward, along with Ontario, some alternatives. We never heard back from the federal government on those alternatives.

The last Finance ministers meeting that the GST was even on the agenda was last fall, last October. We met again this year to discuss budgets and fiscal matters, the GST was not even on the agenda.

As you heard me say earlier to the member for Inkster (Mr. Lamoureux), we do not get a lot of complaints about the provincial sales tax here. There are a lot more important issues facing finance ministers across this country. You are right, it was an election commitment of the current federal government. To date, they have not put forward anything that we believe would be in the best interests of our province.

Mr. Leonard Evans: Has the minister, either at the federal-provincial ministers' conference or by way of correspondence or a special meeting, made serious proposals to the federal Finance minister to consider other kinds of taxation so that the GST could be dropped totally.

I will give one example. There has been discussion in the business papers recently about financial transactions taxes. I read one article, I wish I had it with me. I cannot remember the numbers, but they proposed a very minute tax on the sale of bonds, the buying and selling of bonds. It would be a fraction of 1 percent, one-tenth of one percent, a very tiny amount. Yet that tiny fractional tax on, say, the sale of bonds and the bond market, I am talking domestically, would raise enormous amounts of money, hundreds and hundreds of millions of dollars of new revenue. I know there would be people who will cry out that this will interfere with the bond market and so on, but that idea was proposed by an economist. He made a good point of the significant amount of revenue that it would achieve for the federal government.

I am using that as one example. I am just saying, it is my view that over the last decade or two there has been a shift in tax burden from the wealthier groups onto the shoulders of the middle-income and lower-income groups. There is a lot of statistical information showing that both in the United States and Canada. What we have seen take place has been very regressive, in my view. I think it would be a progressive view to have some form of financial transaction tax. I am using that as one example of an idea that could be proposed by our provincial Minister of Finance.

There are a lot of other ideas, ways and means that the federal government could obtain taxes which are not as burdensome on the average Canadian as the GST is, far more progressive than the GST. The GST is regressive in many ways.

I am asking the minister—I rather suspect that he has not made any proposals for new forms of tax that the federal government could look at.

Another one that has been talked of in fact has been in international transactions in tax. In fact, I believe it is going to be discussed at the G-7 conference in Halifax in a matter of weeks. Even the Prime Minister has made some reference to the fact that national governments, sovereign governments are being held up by international speculators, and one way of coping with this is to consider some form of international transactions tax.

Professor Tobin of the United States has written on this. He is a well-known American economist that has written on this. Others have as well.

I am making reference to this by way of example to say, well there are ideas out there, new forms of taxes which are less harmful to the economy. I believe the GST is harmful to our economy. I believe there are new forms of taxes that are less harmful and are more progressive.

If the minister had any comment on this I would like to hear it.

Mr. Stefanson: No, Mr. Chairman, we have not suggested any areas of increasing any existing taxes or introducing any new taxes to the federal government. Certainly those kinds of options are open to them to consider and review. As the member for Brandon East (Mr. Leonard Evans) has mentioned, they made the commitment to scrap the GST. We have been dealing with issues that have come forward from them in terms of the interrelationship with the provincial sales tax. None of the solutions they have proposed are in the best interest of Manitobans. First and foremost, I view that as our responsibility.

While we will try to be co-operative with the federal government, our responsibility is to represent Manitobans. The kinds of proposals that have come forward have really been a full harmonization of the GST with the PST. As I keep saying, they are not in the best interest of Manitobans, and we do not support them.

Mr. Leonard Evans: Can the minister tell us whether the subject of the utilization of the Bank of Canada monetary policy come up at the recent ministers' meetings?

* (1710)

Mr. Stefanson: The short answer is no.

Mr. Leonard Evans: As I said, the member for Crescentwood (Mr. Sale) will be asking some questions, but I just want to make one point here, a very important point and a suggestion, to the Minister

of Finance, to study the idea, to pursue the idea of using the central bank more actively as we used to do after World War II and during World War II.

The Bank of Canada was used very successfully to finance a good portion of the federal debt. What that meant, of course, is that you had interest-free money for the federal government to utilize in whichever way necessary. One of the reasons we were so successful in World War II was because we used the Bank of Canada. By 1943, 25 percent of the federal debt was held by the Bank of Canada. In fact, a great percentage was held for some years after World War II.

Today, because of the influence of monetarists' economic policy and under Mr. John Crow, in particular, the former Governor of the Bank of Canada, the amount held by the bank is very minimal. I think it is only 5 or 6 percent. I understand the American federal reserve system itself, which is their central bank, holds in the order of close to 30 percent; however, that is calculated.

I read one study which would indicate that Canada's burden of interest on the public debt could be relieved by hundreds upon hundreds of millions of dollars—I wish I had the article with me—if we even went up to the American level of holding the federal debt around 30 percent instead of 6 percent. This involves changes in the bank act.

Of course, what has happened is the commercial banks as of about two or three years ago have been able to buy federal government bonds without any assets. You do not have to have a nickel for a commercial bank to lend money to the Bank of Canada by taking Bank of Canada bonds. The commercial banks do not need a nickel of assets to back up those loans. They have a free reign there. It seems to me that there has to be some changes. We have to go back to some of the reserve requirements system that we had before and which most countries still have.

I am suggesting that the problem of governments having insufficient monies for social programs, education and whatever, goes back to the fact that we are spending too much money on interest on the debt. That money is going essentially to commercial banking

institutions, financial institutions. The banks are getting rich. Financial institutions are getting rich and so on, and the governments are having to cut back or increase taxes or whatever.

I am saying that instead of making all these huge payments, the federal government and the provincial governments could get some interest-free money which would take the pressure off. Under the Bank of Canada Act it can, on direction by the federal government, actually buy provincial bonds. To that extent, and under certain arrangements, under certain regulations and a responsible method, a responsible manner, you could assist the provinces.

So I say the bottom line is, how do we maximize employment? How do we maximize jobs in the country? How do we maximize economic growth? How do we ensure that our industries can expand and create jobs for our people? One way to do it is to have a progressive monetary policy with an active central bank.

I would think that this Minister of Finance could do Manitobans and the country a great favour if he would take up that cause and begin advocating it at federal-provincial financial ministers' meetings and in any other way with the federal government. There are some vested interests which would be very much against this, but I would say, by and large, the whole economic system that we have would be enormously enhanced through this move.

Mr. Stefanson: Mr. Chairman, the member for Brandon East has shared these thoughts with me before and I will take them under advisement.

Mr. Leonard Evans: A last point, I will give him some references that he can read. Even Paul Hellyer, a former federal minister, has written a book entitled *Funny Money*, where he criticized what has been happening. He is no raving socialist. He is not making it like he is a raving capitalist. He is saying the system—it has just come out. It is called *Funny Money* by Paul Hellyer. The point of *Funny Money* is that the commercial banks can create money now without any assets. They can create money by buying Government of Canada Bonds without holding assets against it.

The fact is that the commercial banking system does create money. He is pointing out the difficulties that have resulted from the monetarist's philosophy followed by the Bank of Canada. He is saying, let us go back to what we did after World War II and very successfully during World War II—you know we did not say to Adolf Hitler in 1943: Sorry, Adolf, our debt is too big; the interest on the national debt is too big so we have to call our troops back.

We used the Bank of Canada in large measure to finance the war effort. We did a very successful job of it. At any rate, I leave those parting thoughts with the minister and yield the floor to my colleague the member for Crescentwood (Mr. Sale).

Mr. Tim Sale (Crescentwood): Mr. Chairperson, I would just add to the comments of the member for Brandon East (Mr. Leonard Evans). Pierre Fortin, who is certainly a mainstream economist, has written on this issue.

When these discussions take place about the role of the Bank of Canada, often, and I think unfortunately, staff and sometimes the members opposite smile perhaps in reference to discredited Social Credit theories of funny money, so-called.

I would just ask the minister to ask his staff to provide him with a comparison of the degree to which the OECD nations central banks operate substantially differently from Canada's central bank and hold substantially different amounts of the debts of those countries. I do not think it is reasonable to dismiss those who are saying that our central bank ought to have some role other than purely beating inflation into the ground. This is not discredited theory.

When pointing to the role of the Federal Reserve in the United States and pointing out the level of the American debt, which they in effect monetize or hold, it is not pointing to a raving socialist organization.

I think the minister should request a full appreciation of this issue in a nonpartisan way, because I think far too often the way the neo-Conservative right deals with this is to laugh it out of court instead of to seriously examine it from a macroeconomic perspective and to

look at what other nations, in fact, are doing. Canada I believe is virtually at the bottom of the list in terms of the degree of its central bank's holding of its own debt instruments.

I just add those comments. If the minister wishes to respond, I would be glad to have the response, but he may already have done all the responding he wants to do on this particular issue.

Mr. Stefanson: I think I will say the same thing. I will take the member's comments under advisement.

Mr. Sale: Mr. Chairperson, in beginning my questions I wonder if the minister could tell us whether Manitoba's economy also suffered a decline in the first quarter of this year as apparently our federal growth went negative for the first quarter, according to recent reports. Did the Manitoba economy also go negative in the first quarter?

Mr. Stefanson: Mr. Chairman, I am told that our provincial accounts do not come out for a couple of more months yet. They lag behind the national, so we do not have that information at this stage.

Early indications are there are some bright lights. Manufacturing shipments appear to be strong. Retail sales were generally holding. A weaker spot is housing starts. On balance, we will have to wait until we get the final numbers.

Mr. Sale: Mr. Chairperson, okay, I would like to raise a number of questions around the Established Program Financing Act and the minister's strategy in regard to the negotiations with his federal and provincial counterparts in terms of the Canada Health and Social Transfer, which is proposed to replace EPF and CAP.

First of all, does the minister broadly agree with the mathematics, which show that under current assumptions with no changes the federal transfers under CHST will move to approximately \$10 billion by the end of '97-98 from a current level of approximately \$17 billion?

Mr. Stefanson: Yes, Mr. Chairman.

Mr. Sale: Would that then imply that the transfer for Health alone, using the current fractions, if we simply prorate the current fraction, would be something in the order of \$3.3 billion or \$3.2 billion as opposed to the current levels of \$6.3 or \$6.4?

* (1720)

Mr. Stefanson: It sounds like the member is just doing the math of calculating what the reduction would be from the \$17 billion to the \$10 billion, if I understand correctly. But what we are going to be faced with, as he knows, is no allocation, but a block fund. That is one of the areas of concern that we have.

Mr. Sale: I am not trying to trap the minister here on numbers. I am simply trying to say that if we take the current CAP transfer, the current post-secondary transfer and the current Health transfer and scale them down by 40 percent, which is the cut over the next three years, will that indicate a Health transfer in the region of \$3.3 billion?

Mr. Stefanson: I would say the answer would be yes.

Mr. Sale: My question then is around the strategy that the minister intends to use in addressing this issue. The current level of Health funding is something in the order of .8 percent of GDP from the federal government in a transfer. If the current reductions continue to '97-98 on a straight-line basis, that will bring the federal budgetary transfer for Health down below half of 1 percent, significantly below half of 1 percent of GDP.

I wonder whether the minister has any kind of overall view of the need for a federal transfer for health care, or is this simply a disappearing number that we have just accepted will happen?

Mr. Stefanson: Mr. Chairman, I am not sure if I am directly answering the question, but we take the position that we want and expect the federal government to be partners in funding for Health, for Canada Assistance Plan, for post-secondary education, as they traditionally have, although that has been eroding over time. Now we have seen a very significant plan of reduction over the next three years.

Obviously, we oppose that, and we expect them to be full partners.

I found it a little ironic during the federal budget being delivered when all of the government stood up, gave a standing ovation when reference was made to the Canada Health Act. I would expect that that will be backed up with the financial support that is required to maintain an accessible, affordable health care system in Manitoba.

Mr. Sale: The minister probably knows that I have taken part in the Health Estimates as well. I have been asking the Minister of Health (Mr. McCrae) similar questions. I am wanting to have a better sense of what the government's strategy is in this issue.

If you believe the federal government should be a partner even though it has now become a very minority partner, what do you feel would be a level that would make that partnership sustainable? Would it be less than half of 1 percent of GDP, in other words, in the order of \$3 billion or less, which the minister knows is less than 7 percent of the cost of medicare in Canada. Is it a higher number? Do you have a number?

Mr. Stefanson: I think first and foremost the frustration with this issue has been the lack of involvement in discussions with, I would say, all provincial governments, that really we have had very little opportunity for input into what is basically a fiscal decision made by the government. So that is our starting point of frustration.

We have now been calling on an opportunity to sit down with the federal government. I think it ultimately involves more. I can have discussions as Minister of Finance on the fiscal and financial side, but many of these issues are going to involve discussions with Health ministers, discussions with Family Services ministers, discussions with Education ministers.

So I am not going necessarily with a predefined funding level at this particular point in time, but I am very concerned with the magnitude of the federal reductions over the next three years and the lack of opportunity for us—part of the theory when the federal government entered into this was to say, can we find

more efficient ways to deliver these services? Can we find economies of scale that will save us money and so on? Nobody can argue with that. I think that should be the objectives of the provincial governments collectively and with the federal government.

We went into the discussions on that basis but ultimately found out that the federal government has set a fiscal target now. Now they are backfilling, and we have been calling on a meeting of the Finance ministers. We got caught with our own provincial election here, but we have been calling for Finance ministers' meetings. So far, no national meeting has in fact been scheduled. We might meet at the end of June as western Finance ministers with the federal minister, but our position is we are full partners. We want to have full discussions, and we certainly find that what has been done at this particular point in time is financially and fiscally unacceptable.

Mr. Sale: Mr. Chairperson, I appreciate the minister's difficulty in answering the question in detail, but I want to continue to press a bit on it. It seems to me that if we believe that the federal government has to be a player, which I think we all do—there is no such thing as medicare if the federal government has no role in it. It just becomes 11 or 12 or however many jurisdictional health programs which may or may not have the qualities of the Canada Health Act's five principles. Then it seems to me that governments need to have a strategy. Then the strategy would have to have some kind of sense of what is our target here. What are we trying to achieve?

So what would a strategy look like? Well, it would have some kind of legislative framework, maybe the 1977-78 formula which at least put a base of cash in place and guaranteed that the cash would grow with the economy. There was a base. There was discussion to establish that base, although the federal government essentially dictated that it would be half of what it had transferred in the base year prior to that.

What does the minister think would be an appropriate base that would allow the partnership called medicare to continue? What would be the target for that base? Would it be 1 percent, one-half of 1 percent, not suggesting that we can achieve it even in a one- or two-

year period, but are you going into this process with some consensus among your provincial colleagues, with a target, with a legislative framework or are we going in to be kicked around by federal bureaucrats as I think we have been in the past very often on federal-provincial negotiations? We have wound up wearing it much too often.

* (1730

Mr. Stefanson: Mr. Chairman, the member refers to a consensus, and I should point out that western Finance ministers were scheduled to meet this month, and this was one of the most significant items on our agenda. Unfortunately, that had to be pushed back because of the Saskatchewan provincial election. Whether or not we can meet in advance of a meeting with Mr. Martin remains to be seen in terms of availability of everybody.

One of the points I would like to make is as western Finance ministers there have been a lot of areas where we have co-operated, where we have taken consensus positions and taken them forward to the national table on the whole issue of equalization, when the federal government was reviewing equalization, we had a position paper. I guess that was a position paper out of the equalization recipient provinces, but on other issues, we have had western Canadian positions from the four western provinces.

So again I think with this issue we would be looking to do something very similar to see if there can be some consensus building with at least our provinces to the west that we do meet with annually and so on.

I think in terms of moving forward on the issue, there are probably two focuses. We start that there have to be some fundamental principles in place around health care in terms of recognizing we both have a role to play, the federal government and provincial, and are your principles going to continue to be principles that we support—accessibility, affordability and those kinds of fundamental principles.

Within that, we have to have the discussions about the funding levels. We are prepared to sit down and have discussions, but as I keep saying, we are not

prepared to accept the kinds of reductions we are seeing over the next three years.

I do not need to reiterate what the health care minister says on many occasions about the percentage of our provincial budget that goes to health care. Our per capita levels of funding and so on, here in Manitoba, on a relative basis, stack up very well across Canada, but we will be turning to the federal government to fulfill their commitment and back that up with adequate funding.

I think what they are proposing to do over the next three years is definitely unacceptable, although I do get concerned when I hear the musings of the Prime Minister talking about a 10-percent reduction in health care, budgets being a target or—I should not maybe put words in his mouth that he necessarily said a target, but being something that could be done or could be achieved.

I guess for us, the most important is, we need to be sitting down at the table with the federal government as soon as possible.

Mr. Sale: Mr. Chairperson, I would just want to put on the record that Canada spends roughly 5.8 percent of its GDP on medicare, and I think it is unhelpful in the extreme when we keep talking about 10 percent on Health, because the provincial governments cannot control what the international drug companies charge for their drugs and are in no position to control the things that are not covered by medicare. They are in a position to control the 5.8 percent that they spend.

Canada has, I think, an unparalleled record of cost containment in health expenditures in the public sector. Our private sector expenditures have grown, but the public sector expenditures on health care have been extremely well contained, particularly since we are up against an elephant that has totally out-of-control expenditures. It is no mean feat to control expenditures in a very vulnerable area of your economy, such as Health, when you are up against a nation that has virtually no control of its health care expenditures, so I think we have done a remarkably fine job, and governments across the country have been the main instrument for doing that.

One of the components of that fine job has been the fact that it is a national system. It has the characteristics of a national health care system and all the provinces are single payers. I think Bob Evans, Dr. Robert Evans, and many other Canadian health economists have said that it is the single-payer role in the Canadian health care system that has helped us to control our costs, particularly against the pressure from the United States.

So I think that the minister should bear that in mind in thinking about the strategy, because if we lose that national character, we will lose that single-payer role as provinces, which may not feel the same as Manitoba, move to privatize larger and larger pieces of their system and thereby lose control of more and more of the Health expenditure dollar.

I want to then ask the minister, does the government have a formal legal opinion on the enforceability of the Canada Health Act in the event that there are no more budgetary transfers for health, which will happen in Quebec probably '97-98, '98-99, somewhere in there.

Mr. Stefanson: Mr. Chairman, I am not aware of any at this time.

Mr. Sale: This is where the honourable intentions of the government and its actual activities, I think, tend to come apart in the eyes of some of us at least.

If we believe that the federal role is vital, and if we take the at least informal opinions of a number of constitutional experts that in the absence of actual direct transfers they cannot enforce the Canada Health Act, then it would seem to me to be at least worth the time to get an opinion as to whether this is likely to be the case or not. I know it cannot be tested, but this is one of those no-win mug's game situations where you cannot test it until the transfers are gone. By the time the transfers are gone, it is too late to test it.

I think one of the ways of convincing Manitobans that you are serious about maintaining medicare would be to find out whether those of us who have worried about this question are correct or not. Does the federal government have to have money on the table in order to enforce the Canada Health Act?

Mr. Stefanson: Mr. Chairman, I think, as the member knows, we are committed to the Canada Health Act. We are committed to ensuring that the federal government provides their fair share of funding for health.

The rest of his comments, again, I will take those under advisement.

Mr. Sale: Mr. Chairperson, will the minister seek a legal opinion on this question from appropriate constitutional advisors?

Mr. Stefanson: As I have indicated to the member, I will take his suggestion under advisement. My efforts at this particular point in time are to pursue the financial discussions with the federal government.

Mr. Sale: I would simply say to the minister that it will be difficult to convince Manitobans that your government is serious about this issue if you have neither a fiscal target in mind for the federal government's role nor a legal sense of whether the federal government is in fact a required partner to enforce the Canada Health Act, because I think people will see a lack of sincerity in the position of the government if it is widely perceived that the Canada Health Act cannot be enforced and therefore medicare is dead at the point at which Quebec loses its last budgetary transfer.

I know this may sound arcane in terms of anything the public might be interested in, but I believe they are interested in medicare. I believe it is the government's duty to ensure the public understands what is at stake in these discussions and not to treat them as confidential, behind-closed-doors discussions of Ministers of Finance but in fact a matter of urgent public policy that the public needs to understand and have a window into.

* (1740)

Mr. Stefanson: Mr. Chairman, I want to assure the member for Crescentwood that there is no lack of sincerity on the part of our government. We are strong supporters of the Canada Health Act. As I indicated, we have also been pressing the government for a proper process to allow input not only from Finance ministers,

Health minister, other ministers, the public included, and to date have been somewhat frustrated by the process that they have followed to arrive at their decisions. But I want to absolutely positively assure him that there is no lack of sincerity on our part.

Mr. Sale: Mr. Chairperson, I take the minister's assurances, but I would contrast—and here I am, obviously, speaking personally—the role that I was asked to play for a previous government of a different stripe in 1985, when it was clear to the same staff who are sitting around the table today that the end result of the cuts that were being proposed by Mr. Wilson, the then-Finance minister, would be the end of federal transfers, budgetary transfers, for health and higher education. There was some mathematics involved in how long that would take, but there was not much doubt that it was going to happen.

Quebec at that time did an appendix to its budget to show the mathematics and to make the very strong case. Manitoba launched a public lobby that had public education as well as direct social action by concerned groups—hospitals, doctors, nurses, social services agencies, government. The government of the day briefed the opposition with all the data that were available. I was the staff person responsible for that, though I was very much under the tutoring of the present staff, the staff at that time because I was not an expert in these areas by any means. Nevertheless, I do not think there was a single piece of data that was not shared publicly about the implications of the federal transfers.

There were public meetings held. We wrote and circulated thousands of copies of a document that attempted to help the public understand what was at stake. We visited other provinces, met with other Departments of Finance, met with social service groups, employee groups, management groups. We, in other words, attempted to put what has now become, 10 years later, unfortunately, what we said was going to happen. It is no joy being a prophet in this regard, but what we said was going to happen has happened.

We fought publicly, and we did not win. It may be that if this government fights publicly, it will not win either. But I am relatively firmly convinced that if we

fight behind closed doors, we will certainly not win, and the public will never know where the government stood on hard points of public policy.

So I guess I would urge the minister to consider bringing forward a nonpartisan public strategy of educating, informing and inviting Manitobans to take a very public role in this because I am utterly convinced that medicare will be gone in four to five years if we continue down the same road so that the federal government ceases to be a partner. I cannot see how we can maintain it against the fiscal pressures that face all governments and, in particular, the poorer provinces.

Mr. Stefanson: Mr. Chairman, other than to say I do make note of the member's comments, obviously, we will be moving forward with this issue over the next several weeks and months.

Mr. Sale: Mr. Chairperson, I hope that taking them into consideration results in some visible action and that we get invited to be part of a nonpartisan process of trying to save this particular program.

I would like to ask the minister some questions about equalization, if I may. His predecessor, Mr. Manness, made a great deal of his view that essentially Manitoba was shifting its emphasis from trying to save or maintain the Established Program Financing Act as a vital component of our province's ability to afford reasonable social programs, including health, and was focusing on equalization. Equalization negotiations, I believe, were 1994, if memory serves me correctly. Could the minister outline what the achievements were of those negotiations that resulted in significant improvements to equalization as we now know it over the previous version?

Mr. Stefanson: Back in February of '94, there had been a five-year renewal of equalization funding. From Manitoba's perspective, the most significant adjustment was in the whole area of property tax calculation that actually generates some additional revenue for Manitoba.

I think the one concern we, along with all recipient provinces, had with the renewal was that a ceiling on

equalization growth still remains in place. So when I referred to a paper earlier, that was a paper that was done by the seven recipient provinces expressing, obviously their support for equalization, but their concern that a ceiling to a certain extent does not defeat the purpose, but it restricts what should flow from that formula.

It has been renewed for five years. During the last election, the government of today talked about predictability, stability and those kinds of things. I guess the predictability is, we do have a five-year agreement, but the formula still can be a very volatile one.

Mr. Sale: I wonder if the minister could do two things: Could you tell us what the revenue enhancement for Manitoba was as the result of any changes in terms of dollars? Secondly, would the minister be willing to share, although it may already have been released and I missed it, the paper done by the seven provinces?

Mr. Stefanson: I will have to get the number in terms of the financial impact of the property tax adjustment for the member. I do not think there is any problem providing him with a copy of that paper I refer to.

Mr. Sale: I thank the minister for that. To then ask the minister, is it still your view that equalization is going to make up for the drastic cuts under the Established Program Financing Act, which appeared to be the view of the previous Minister of Finance? At least that was how I took his comments at a number of public events at which I was present.

* (1750)

Mr. Stefanson: I guess, Mr. Chairman, I would question the comments being attributed to my predecessor. I think, if one is looking at the funding formulas that we receive from the federal government, one could argue the greatest equity is in the equalization formula, but that is not to suggest that that unto itself allows for significant reductions in Established Program funding or whatever.

If we are saying, if we are faced with the reality that the federal government is going to make some funding

reductions, the equalization program provides greater equity for us, but we go back to our earlier discussion about what is a reasonable and fair level of funding that the federal government should be providing under existing programs or under their new Canada Health and Social Transfer, so I do not in any way accept it as an either/or that they are all critical and essential to provincial governments and to providing services that we need to provide.

Mr. Sale: I am glad to hear the minister say that because it may simply have been my misunderstanding, but I certainly believe the previous Minister of Finance appeared to think that increases in equalization would offset decreases in other transfers.

I would ask the minister to clarify if my understanding is incorrect. My understanding of equalization is simply that it acts as a backstop to our own source revenues, that is, as our own source revenues weaken or strengthen in relation to the five-province standard, our equalization rises and falls, that this is the role of equalization.

It does not, in any sense, attach to the 33 percent of revenues that flow to the province from the federal government through other sources; it simply backstops our own social revenues.

Mr. Stefanson: The theory that I have always had explained to me is that it provides for reasonably comparable levels of service and reasonably comparable levels of taxation, in effect, backstops revenues, but also then is utilized by provinces in program spending.

Mr. Sale: Mr. Chairperson, I may need to ask staff to interpret that answer for me at some private point. I think he said, yes, but I am not sure.

The reason that I asked that question is that during the election campaign, at least some of your candidates appeared to say that the losses in EPF revenues over the next three years would be, in substantial measure, offset by projected gains in equalization. I certainly saw that in print, and I heard it said in public places by people who now sit in this House on your behalf. Is that the view of the government?

Mr. Stefanson: Mr. Chairman, I cannot recall a single one of my colleagues saying that. There were certainly many individuals from another political party saying that, along with members of the current federal government saying that. We never accepted that, continued to make the point that all of these programs are separate and distinct and should be viewed and determined on their individual merit. They are there for particular reasons, and let us deal with the reasons there and what are adequate levels of funding.

I would just correct that. I am not aware of a single colleague of mine that would have been making those kinds of statements.

Mr. Sale: Mr. Chairperson, I thank the minister for his answer. I am glad to know that is the case. It was not my actual experience, but that is neither here nor there at this point. I have no further questions in this area and am prepared to pass on this particular one.

Mr. Assistant Deputy Chairperson: Item 5. Federal-Provincial Relations and Research (a) Economic and Federal-Provincial Research (1) Salaries and Employee Benefits \$1,006,200—pass; (2) Other Expenditures \$293,500—pass.

5.(b) Manitoba Tax Assistance Office (1) Salaries and Employee Benefits \$267,500—pass; (2) Other Expenditures \$56,500—pass.

Resolution 7.5: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,623,700 for Finance, Federal-Provincial Relations and Research, for the fiscal year ending the 31st day of March, 1996.

We now move onto Resolution 7.6. Item 6. Insurance and Risk Management (a) Salaries and Employee Benefits \$215,900.

Mr. Maloway: Mr. Chairman, I would like to ask the minister whether he could tell us what the deductible is in the case of personal injury claims against members of the Legislature. I recall since I have been here, the deductible used to be zero in the case of two or three MLAs that were being sued—this representing both parties in the Legislature. I know they were covered with a zero deductible. I believe there was a change

around 1987 to where the MLA had to pay \$10,000 as a deductible. Would the minister confirm that for us, because a lot of time has gone by since those days and perhaps it is even higher now? We should know that in case we were to make some statements that might be misconstrued by people.

Mr. Stefanson: Mr. Chairman, the MLAs are treated the same as all other employees in terms of the deductible being \$250,000. In terms of if a claim is made against an MLA the government actually starts to pay from dollar one. The deductible is \$250,000 but the government, through an agreement, pays from dollar one.

Mr. Maloway: My final question to the minister would be, when was that changed?

Mr. Stefanson: Mr. Chairman, apparently it was in around 1989. I will undertake to confirm the year and provide any information to the member on that adjustment.

Mr. Maloway: Can the minister confirm that it was in fact zero and then it went to \$10,000 and then it is back to zero? Is that the chronology?

Mr. Stefanson: Mr. Chairman, it apparently went from zero to \$10,000 to \$25,000 to \$250,000, but the government has always maintained that it would pay the deductible.

Mr. Assistant Deputy Chairperson: I will interrupt the committee. It is now six o'clock.

Mr. Leonard Evans: Is there a leaflet or a pamphlet or a letter on this that could be made available?

Mr. Stefanson: Yes, there is. Yes, it will be available.

Mr. Assistant Deputy Chairperson: Item 6.(a) Salaries and Employee Benefits \$215,900—pass; (b) Other Expenditures \$31,300—pass; (c) Insurance Premiums \$1,647,500—pass; (d) Less: Recoverable from other appropriations -\$1,647,500—(pass).

Resolution 7.6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$247,200 for

Finance, Insurance and Risk Management, for the fiscal year ending the 31st day of March, 1996.

The hour now being six o'clock, the committee will recess until 8 p.m. when they will resume the Estimates of the Department of Finance.

HEALTH

Mr. Chairperson (Marcel Laurendeau): Would the Committee of Supply please come to order. This section of the Committee of Supply has been dealing with the Estimates of the Department of Health. We are on item 1.(b)(2).

Would the minister's staff please enter the Chamber at this time.

Mr. Tim Sale (Crescentwood): I wonder if, for the benefit of those who are not able to hear due to whatever in the House, the minister's response in regard to the Lorenzo's Oil issue and other issues that my colleague the member for Kildonan (Mr. Chomiak) raised, could the minister simply begin by clarifying that announcement for us?

Hon. James McCrae (Minister of Health): First, let me apologize to the House for being so soft-spoken earlier in Question Period. I was asked earlier on by the honourable member for Kildonan about Lorenzo's Oil, and I have some additional notes that I could refer to to tell honourable members what we are trying to do.

A number of weeks ago, I would place it in late March, early April, the issue of the noneligibility of Lorenzo's Oil came to my attention. I knew that it was a treatment recommended by a doctor, Dr. Greenberg, associated with the Metabolic Service at Health Sciences Centre. This physician felt that this was the only appropriate treatment for the young people involved.

As luck would have it, it was not something that was properly covered under our Pharmacare program, not properly covered because it does not have a certificate of compliance from the federal authority, which is one of the things you have to have in order for a product to find its way to the Pharmacare drug formulary. But

Lorenzo's Oil is not a drug, per se, it is a nutritional supplement.

There are some big words that I will refer to, and if Hansard would like to have those words spelled out we will do that subsequently. Lorenzo's Oil is otherwise called glycerol trioleate/glycerol trierucate, and do not hold me to this pronunciation, please. Adrenoleukodystrophy, otherwise know as ALD, is a hereditary, progressive, neurodegenerative metabolic brain disease associated with adrenal insufficiency. The only known effective treatment for the childhood form is bone marrow transplant.

Over the past two years twelve Manitoba ALD individuals have been identified, and six could be eligible for bone marrow transplant. Preparatory to bone marrow transplant patients are being treated with a low-fat diet and Lorenzo's Oil. Up until now Lorenzo's Oil has not been approved as a drug by either the United States or Canadian drug regulatory authorities and, as such, it does not qualify as a benefit under Pharmacare or other provincially funded drug programs.

Children's Special Services is currently partially funding Lorenzo's Oil for one family, but that was done prior to determining that Lorenzo's Oil was not approved as a drug. Funding options were considered through the manufacturer, the hospital, external nonprofit agencies and research funding. There were found ways, apparently, in a couple of other provinces, i.e., Ontario and British Columbia, and I am not sure today how they managed to do it there, but probably similar to what we are doing here. In Ontario it was done through a research project. Anyway, it has been recommended after some consideration, and I requested that this consideration happen, that Lorenzo's Oil be provided to ALD patients prior to bone marrow transplant through Manitoba Health's Life Saving Nutritional Support Program. That program is the same program, as I said earlier in Question Period, as the Life Saving Drug Program, but this part of it covers nutritional supports.

This oil costs on average \$500 a patient per month, and that is asking a lot for an average family, and I believe the families we are dealing with are in that

category, and I have no wish, and neither does the honourable member for Kildonan (Mr. Chomiak) or the member for Crescentwood (Mr. Sale) or anyone else that I know of, to see that sort of hardship imposed on families who are already having enough trouble trying to cope with the problems associated with the disease in the first place.

Dr. Greenberg, director of Metabolic Services, Health Sciences Centre, has been advised of this decision and will be making the necessary arrangements for funding with Manitoba Health. I hope that gives the honourable member some of the background that he was looking for.

Mr. Sale: Mr. Chairperson, to the minister, I am sure that all members would want to express our thanks to you and your department for finding an appropriate mechanism to ensure that families will not face the kind of hardship that the family in Pine Falls was facing, and not only that family.

I should just tell the Chairperson and our record that I was approached on this a week or so ago by a pharmacist who had employed one of these young people who now have children with this disease, and the pharmacist himself was in tears, recounting the level of distress that the family had and the level of pain that the children were suffering. So I think this is humane and appropriate and the right thing to do, Mr. Chairperson, and I commend the minister and his department for so doing.

Mr. Chairperson, we were speaking when the committee rose last week about questions of federal financing, and I want to return to that and hopefully conclude that line of questioning to the minister. Mr. Minister, you indicated that you are going to be attending a provincial ministers' meeting later this month. Could you give us the timing of that meeting?

* (1440)

Mr. McCrae: It is hard, Mr. Chairperson, to nail this down for the honourable member today. I was just today looking at some correspondence between Minister Ramsey from B.C. and, you know, trying to set things up with the federal minister. I guess there

is—I do not know what all the problems are. I know there are elections happening in Ontario and Saskatchewan. That may have some bearing, because a meeting on such an important matter with the federal minister should be attended by ministers from all the provinces. There was talk of, and even in the correspondence I looked at today, of a meeting in late June, and I am not able to give it more definition than that today, unfortunately.

Mr. Sale: Mr. Chairperson, I understand the minister's inability to pin that date down, given the realities of the elections, and certainly holding such a meeting without Ontario's minister present would not make a whole lot of sense. So I thank the minister for his answer.

I would like to ask the minister whether he and his staff pursued the question that I raised at the end of my questioning last day, namely, whether the government had a legal opinion as to the enforceability of the Canada Health Act subsequent to the end of federal budgetary transfers to support health at the provincial level. Does the minister have an answer to that question, Mr. Chairperson?

Mr. McCrae: Mr. Chairperson, no, there is no legal opinion on the point, at least not here in Manitoba. I think that I would have to repeat what I said last week, that I guess it has been viewed, certainly by me and maybe by others, that we have had a lot of legal opinions over the years, as we have discussed constitutional arrangements. They all, really in the end, amounted to not very much because a government operating within its authority can do things on a budget day that somehow leave us and our health system in a vulnerable position. I do not think we ask for a legal opinion because we feel very strongly that if there is little or no money on the table from the federal government, their ability to enforce the principles of the Canada Health Act is severally diminished if not totally removed.

However, the idea the honourable member puts forward is something I will continue to consider. I do not know what there is for us to gain on that, but, if there is something, you can be sure we will examine whether we ought to be seeking that sort of legal opinion.

Mr. Sale: Let me say, Mr. Chairperson, I am puzzled by the answer of the minister. Let me say why. I think that both of us, in this discussion we have had about the overall policy of medicare in Canada, which I found very helpful and, I think, has been constructive and nonpartisan to an extent that is rare perhaps, I think it is a very useful discussion.

I thought that the minister had concurred at some point—I cannot quote the particular line in Hansard, but I thought the minister had concurred that the federal role was vital in maintaining medicare in Canada, that without the federal active role through budgetary transfers, the federal voice would be either minute or still.

Therefore, there would be nothing which would prevent provinces that, unlike Manitoba, may not have a deep and abiding commitment to medicare and its five principles. So I asked the minister, was there an opinion on the question of the enforceability of the Canada Health Act without federal budgetary transfers precisely because I think that is part of that public education issue to which I think the minister and our side of the House have agreed was a vital thing for all of us to engage in, that is, to inform Manitobans, as best as we are able, what the consequences of the withdrawal of federal funding would be.

Obviously, they are severe financially, but if there is solid legal opinion that says there simply is no enforceability of a federal statute in an area of provincial jurisdiction without federal dollars, then I think that particularly if it is the government that has that opinion, the government's hand in working with its counterparts across the country in educating Manitobans and in lobbying for a sustained federal role, all of which cannot help but benefit Manitobans, the government's hand would be significantly strengthened if someone of the stature of Jack London or Roland Penner or Schwartz or any of the constitutional people at the faculty or any who might not have the kind of partisan identification that those particular names might have, but I think it would be useful, Mr. Chairman, if there was a person of stature who advised the government, and, frankly, although I understand the minister's smiling at this, it might be very useful if it was someone who had some cross-

political lines; that is, if the opinion was not seen to be the opinion of a hand-picked expert by the government but was someone who had stature in the issue.

So I think this is a very important part of our public education campaign, to allow Manitobans to understand that this is not just shrill rhetoric on a few people's part, that medicare is over the day the federal transfers dry up, but, in fact, that this view is sustained by significant legal opinion which the government itself has sought. That is why I am continuing to push this question, Mr. Chairperson.

Mr. McCrae: Mr. Chairperson, I do not mind if the honourable member does, because I value the concept and the reality of a national health care system. I will probably differ on the issue of how many dollars are going to be available, but I do think there should be dollars available from the federal government. I just do not know how many I should say that there should be available from the federal government.

* (1450)

The federal government has, in its own way, and I do not think it is a very good way, but in its own way, has tried to do a little bit of what the honourable member is saying, in the area of public understanding of the issues and so on, by virtue of its health forum which the Prime Minister talked about in the federal election campaign and wrote about in the red book, and that is one forum that even if we are not very satisfied with the way it has been set up and everything, we should make every bit of use of every avenue we can.

Now, Noralou Roos from the Manitoba Centre for Health Policy and Evaluation, whose opinions I respect—I do not know if representing Manitoba is the right word, but she is there from Manitoba as part of the health forum, and as I have done before, I would encourage dialogue between people like the honourable member and Noralou Roos because I think that can be useful in helping Dr. Roos get an important message to Ottawa. I am not trying to say I am giving up. I am not giving up. I am a strong advocate for a strong national health care system because, like so many others, I have friends and relatives in all parts of Canada. So I want people everywhere to have a

reasonable expectation of a health care system that has embodied in it those principles in the Canada Health Act.

With respect to the honourable member's suggestion about the legal opinion, I am listening to him, and I will take very seriously what he has had to say as we prepare for our participation in the upcoming meeting, whenever it is going to be and wherever it is going to be. I do not know whom we should ask for that legal opinion right off the top of my head.

As the honourable member was mentioning the names, what immediately came to my mind was the Minister of Labour (Mr. Toews), who was formerly the head of the Constitutional Law branch of the Department of Justice. However, he now will probably not be seen as truly nonpartisan since he occupies the Treasury benches along with the rest of us over here, but I certainly enjoyed working with the Minister of Labour when he was an employee in the Department of Justice. He certainly demonstrated his commitment to his country and his role in various constitutional discussions.

Somebody of the kind of stature the honourable member is referring to ideally would be the right kind of person to give us an opinion about this. Sometimes the trouble with asking for a legal opinion is that sometimes you do not know what you are going to get when it comes to an opinion.

In the light of some of the discussions we have had already, if the federal government could make a case in a courtroom somewhere that there are so many dollars, which I know it can do—I ought not engage in this kind of discussion because I am obviously not a judge, and I am not a lawyer either. I do not want to put myself in their place. I will take very seriously what the honourable member has said, discuss it with senior personnel in the department and make a decision. Maybe sometimes we have done this in the past, gone in with other jurisdictions who share the same concerns and worked on issues, sometimes with some success, sometimes with no success, but I take very seriously what the honourable member is saying, and I will pursue this further.

Mr. Sale: I thank the minister for that response. One of the nice things about seeking a legal opinion is that you do not have to take it, nor do you have to publish it if you do not feel that it is favourable to the course you wish to take. I simply believe that it would immensely strengthen the hand of those who are fighting for our medicare system, if the federal government's position could be seen to be as weak as those whom I have asked informally believe it to be, in regard to the constitutional position.

I simply think that no court—I mean, my opinion is that no court will sustain their right to impose conditions when there is no budgetary transfer associated with the conditions, and it is not an area of federal jurisdiction. It just seems to be weak on so many grounds that it would be difficult to sustain. Nevertheless, let me move then to the second issue that I would like to see if the minister has considered and see if he is willing to pursue a particular direction on.

We spoke at some length, Mr. Chairperson, about the question of the level of federal funding, and the minister has indicated that he might think that the level might properly be lower than I might think. Let me suggest to him a number which the public could well understand and which would be seen as reasonable in the light of the circumstances in which Canada's federal finances finds itself, and that is 1 percent of gross domestic product.

One percent of GDP is approximately \$7.7 billion today. The federal transfer today, budgetary transfer, for health is approximately \$6.3 billion, so it is approximately \$1.4 billion, \$1.5 billion, less than the budgetary transfer for health under EPF is this year. We might well say that this would be a desirable target, one that Canadians could readily understand.

It would be very easy to point out to the federal government and to Canadians that the cost of medicare to Canadians is approximately 6 percent of gross domestic product, 5.8 percent this year, to be exact. That would mean the federal government was transferring one-sixth of the costs of medicare, and in return for its one-sixth, it might be seen to have some voice at the table in regard to conditions.

If the one percent were appropriately indexed to the growth in the economy in the way that the former EPF formula worked, that is, the 1977-78 formula, which escalated EPF at the three-year moving average of the growth per capita, then the federal government would be seen to be what it claimed it was going to be in 1977-78, which is a permanent partner, albeit a minority partner, in the enterprise we call medicare.

So I would like to ask the minister, would he consider working with his colleagues to establish a position that the long-term desirable shape of the partnership we call medicare in this country would be a roughly one-sixth/five-sixths actual funding share, in which the government of Canada pays one percent of GDP, escalated as I have suggested, and the provinces, through their own source revenues and transferred tax points and all of that old history, pays the balance.

Would that seem like a reasonable position to the minister that he might lobby with his provincial counterparts to adopt?

Mr. McCrae: I am starting to enjoy this sort of discussion. I have not really engaged in it very much except as Constitutional Affairs minister when we discussed the various cost sharing matters back then as we worked toward the achievement of the Charlottetown Accord.

I do not know whether to agree with the honourable member or not because what he is saying is that, well, let us ask for a 1 percent share of GDP for this particular part of the pie and that this year, according to the honourable member's numbers he gave me, if I have got this right, would amount to an increased amount of about \$1.4 billion nationally. That is great. I would like to do that and get our province's share of that \$1.4 billion and then that 1 percent would be indexed to the growth of the economy, I take it, up or down, whichever way it should be going, and to get a national position on it.

The only trouble with all of that—it sounds good to me, by the way—is that history demonstrates that such arrangements do not withstand the test of time. I wonder, even if you could get a federal government to agree, maybe \$1.4 billion to a federal government is

something they could maybe work into an arrangement and give the impression that there, we have bought some peace on the health front for whatever length of time we can sustain that. So then along comes some other imperative next year—budget time.

* (1500)

Or if the honourable member is saying, well, let us enshrine that in the Constitution somehow, I do not think anybody has that much interest right now in opening up the Constitution, certainly not in the next few weeks.

So it is not a question of agreement or not on the numbers the honourable member is using, I suggest, although \$1.4 billion to me is not a small amount but to a federal government it may not look as big. It is just that, how do you get a federal government to keep to its promise if it does make a commitment? The recitation of events the honourable member has given us demonstrates that does not happen, that federal governments do renege on long-term commitments. Long-term commitments like of the kind the member is referring to though is probably not as hard to live with year in and year out because it is tied, as the honourable member has said, to an index, i.e., the growth in the economy.

It was formulas like that that got changed around in the first place, so I think the honourable member can understand my frustration. But, you know, is 1 percent the right number to ask for? Why not ask for 2 percent? I mean, if a federal government is going to be in the mood to put more money into the pot to bring us up to the 1 percent then maybe they could be persuaded to bring it up higher, or maybe they would argue for something not quite so high. The problem with it is, because of the way things have gone either politically or economically or both, commitments do not seem to last, and how do you get commitments to last to give us some kind of comfort that you know the rules are not going to change on us?

I would really want to hear what my colleague would have to say about this, the Minister of Finance (Mr. Stefanson). I have not been privy to discussions with him on this nor have I read what he has said recently.

But is 1 percent the right number? I do not really know. It is certainly better than what we have. What is it now? It is three-quarters of 1 percent now, so 1 percent is better, and the honourable member would like to see the stability of that. So would I, but is it achievable is the big question. I guess I have been around here too long or something because I have seen too many commitments that have not withstood the test of time.

So I hope that gives the honourable member some insight of my thinking. It is not as positive as I would like it to be on the point, but what the honourable member seems to have is another formula. Well, somebody else could come up with another one and another one and another one, and maybe we could negotiate one, but how long would it last is my big question.

Mr. Sale: Mr. Chairperson, I thank the minister for the thoughtful response.

The issues the minister raises are, of course, all of the issues of federal-provincial finance, and he is quite right to raise them in the manner that he does. I would just say that I am not suggesting a new formula. The formula I am suggesting is essentially the 1977-78 formula in which the cash portion of the transfer was all that was subject to escalation. The tax points were detached in that five-year period from '77-78 to '82-83. So I am suggesting returning to that formula, not inventing a new one. Nor is it a new idea to have a base amount. In the 1977-78 agreement that started this whole thing, the base amount was established as what the federal government shared with the provinces in what is known as the base year for EPF purposes, which is 1976-77.

So there was a base established of dollars which were then subject to escalation or, as you have pointed out, decreasing, although that did not ever happen. It is an elaborate formula, and there are floors and ceilings built into it but, nevertheless, I am suggesting that we return to that formula for two reasons.

One is, the way that formula works, there cannot be, under that formula, an end of federal government fiscal transfers. It is just not mathematically possible because

the base is established and the escalation clause is established. It could only be changed if the federal government went in and tinkered with the formula which, of course, is what Trudeau did and what Mulroney did and now what Chretien is doing. The minister is quite right to point out that there is nothing that can stop a federal government from tinkering with federal legislation.

Against that, I think we have to take the point that Canadians are still immensely supportive of medicare. They do not want to see their medicare system dismantled. I couple the concern with establishing a new base with the political reality that if our fears about the constitutional question are correct, that is, if the federal government cannot sustain the Canada Health Act in the absence of transfers, and the federal government is clearly on the record many, many times saying we will sustain the Canada Health Act, then they are in a very awkward position. If there is substantial constitutional opinion that says you cannot sustain it without dollars, the question then becomes, what dollars are required to sustain it?

That is the question. I think it would be very helpful to go into a federal-provincial meeting with some sense of a target. I am not suggesting, by the way, that we say to the federal government you have to go up to \$7.7 billion this year. We might agree to a five-year process to reach that. We would agree to anything politically. I think the critical point is, can we establish a base that is credible to Canadian people, that is credible to ministers of Health, that you can say we have taken action on this at least to save this critical part of our social safety net.

I despair of linking together post-secondary education, health and welfare under a thing called the Canada Health and Social Transfer, I think it is called, because there are no dollars identified for anything in there. Anybody can choose their base, and once we are into that new transfer program, then I do not know how we can say what dollars are for medicare unless somebody says this is the base.

So what I am urging the minister—and I do not have any particular attachment to 1 percent. It simply seemed like a credible amount to be able to inform

Canadians and Manitobans that we are standing together on this program, and the federal government's share is 1 percent. It sounds to me pretty cheap, Mr. Minister, but it is better than what we have got now, and it is twice as good as what it is going to be two years from now under the 40 percent cutback that is coming over the next two years, because two years from now, on a pro rata basis, the federal transfer for health will be down to half, a little less than half of one percent of GDP.

I am taking the minister at his word that he is as deeply committed to medicare as we are, and I am trying to think through in this process of Estimates what a credible strategy would be for Manitobans to push this question, to take national leadership on this question. So that is why I suggest that we think about a target, and 1 percent seems a whole lot better than three-quarters of 1 percent if you are trying to sell something to the public.

* (1510)

Mr. McCrae: I think what the honourable member and I are trying to do is, while we are both looking to Ottawa to help us and to help this country with a national program, we are still, the two of us, trying to figure out what it is that drives each other as well, and that is fair. That is the way it should be, and to make matters even more confusing, we have a federal authority that looks at the realities it faces and says, so that it can appeal to whatever two sides there might be to this issue, we are going to work to sustain the health system, but we are going to be flexible about it. Now that should get everybody wondering what everybody else means too, and that is, I guess, the trouble with legislation and the way it is drafted sometimes. Even some constitutional wording can be as ambiguous as you want it to be.

For the life of me, I have trouble understanding why they did not have a sixth fundamental principle of medicare, that being that we have to be friendly, or a seventh, that we must be nice to each other. Let us get some definition around these expressions. I am not trying to be facetious. I think this is a serious problem because the honourable member's view of what a universal health care system and my view of what is a

universal health care system might be different, might be somewhat different, might be a lot different, might be a little bit different or, on some issues, exactly the same. So then are we going to ask some judge or some group of judges to decide what "universal" means?

(Mr. Mervin Tweed, Acting Chairperson, in the Chair)

As a former Minister of Justice, I can tell you that sometimes I feel nervous taking a case to the courts because you might feel in your heart of hearts that you have got the gods on your side, but maybe the judge does not see it that way. So you are stuck sometimes with something you did not bargain for. So then, like, does universal mean that you get to have your tattoo removed? Is that what a universal system is and that it is available to everybody? That may be under the heading of comprehensiveness. But the point is, everybody does not have a tattoo, so is that fair? So should we put fairness in there too and then argue all day about what fairness stands for?

I think the drafters and the people who—[interjection] We could move from universal because I know there are people in this room, in this Chamber, the member for The Pas (Mr. Lathlin), for example, will argue that things are not universal and maybe others as well. I know they are not universal because I know that if it is harder for you to access, which is another word, than somebody else because of distance or whatever, you could argue that access is an issue. It does not mean you are going to win your argument, or it does not mean you are right, does not mean you are wrong, but you can argue it.

That is the beauty of being Canadian. We can argue all these things and argue them and argue them and argue them, and we just keep on doing that, but while we are doing it, there is always that little reminder, that we all stand for something here as Canadians. So that is why we still have the health system that we still have, because there is something there that we all seem to agree on, although it is a matter of degree, comprehensiveness. Public administration—for example, the member for Kildonan (Mr. Chomiak) is going to someday argue that any participation by the private sector in health care delivery is somehow

straying from the public administration of a health system. I will argue the other way and that would be on philosophical grounds, I suggest, but that has been done already.

Portability, I am not so able to talk about that one, but accessibility is certainly one we hear about from time to time. Certainly our rural compatriots here have a good case as far as I am concerned for the issue of accessibility. The people in Killarney, for example, would no doubt want to raise the issue of accessibility when the obstetrics matter is raised for discussion in that neighbourhood. Just sheer distance can have an impact on what you or I might think of as accessibility. We can carry these things to extremes and have a full range of health services in every community in our province, and of course we would not have a health system very long if we tried to achieve those kinds of ends.

I want to get back, though, to the whole issue of a public meeting of the minds, or at least a public understanding, which I think the honourable member is crying out for but for different reasons. He is crying out for a better understanding of the health system because he wants the public to understand that this ought to be a national program, that there ought to be significant federal involvement and I agree with him about it, but I want to put a different emphasis on this too. While we are talking about all this, because I have a responsibility for one jurisdiction's health system here, I want to have a public understanding about need and about outcome, about getting value for the dollars that we Manitobans are contributing to the health system.

I do not want the honourable member's thrust, and there is nothing wrong with it, but I just do not want that to get all the attention and the reform issues that we talk about quite often, i.e., the outcome issues and the needs issues to get lost in a struggle over where the dollar is going to come from. As the honourable member recognizes, I am sure, the determinants of health ought not to be lost in the debate.

Let us take, for example, the building of a water treatment centre. Is that a health expenditure? I think maybe we have probably not counted it as a health

expenditure so we would have more dollars to put into hospitals and doctors, but that is a very basic health expenditure. You could get a federal government, either in a public forum or in a courtroom, arguing that its support for an infrastructure system that guarantees clean water was somehow a health expenditure. So therefore you lost your case because you forgot to give us credit for all the money we put into this water treatment plant or that sewage disposal plant, which are fundamental health expenditures, it could be argued.

So the determinants of health are going to be part of the other side, and they should be part of our day-in and day-out endeavours to deliver a quality health system. I used to think of health care as doctors and hospitals, but I do not anymore and I am glad that I do not anymore because there is so much more that we should be thinking about.

* (1520)

So maybe that does not satisfy that one aspect of this that the honourable member is talking about, but you can be sure that these other matters are very much part of the health discussion, and the forum that the federal—I should tell you a story about this forum. Some of us provincial representatives were wanting to be part of that forum, wanting maybe even to have a co-chair from the provinces, and the federal minister was not too interested in that for whatever reason—you would have to ask the federal minister why—but when it came right down to it, then we were saying, well, why have a forum then? We are the ones that have to run the systems. Why have a forum if you are not going to allow for provincial participation? The answer was it is in the red book and there is going to be a forum. It does not matter whether it does anything or achieves anything, but it is there so you are going to get a forum.

That is maybe a humorous little story but I think it says a lot, too, about how much you do not know if you are not in the hands-on business of running a health system.

The federal government's budget for health is like equal to one of our smaller departments in Manitoba. Maybe that is not fair. I forget what its budget is, but it is very, very small, the federal health budget, because

really they are involved in some standard setting and involved in testing of products and that sort of thing, and involved in aboriginal health, but the relationship to their budget, total, is infinitesimal next to what it would be at a provincial level.

So we are saying, I am saying to the federal government, do not try to preach to us too much about what it is like to deliver a health care system because you have never walked a mile in the shoes of any provincial jurisdiction. You have never had to run a health system, so you really cannot claim to understand all the ins and outs of health, so therefore all the more reason to allow for significant participation from the provinces on this. I think maybe they thought we were going to overpoliticize it or spoil their party or whatever, I do not know, but it did not add up to me because you should have provincial input into something like that.

Mental health issues are very important too and those issues form part of the honourable member's formula and that is a question for him to address when he gets to his feet again, but how do we know that the dollars that come to us from Ottawa, for health, anyway, are all going to areas that the federal government expects that they should go to? I am not sure what they expect it should go to, but suppose we decide to use health dollars to fund a program to clean up an environment which is causing a community to be sick. Is that a health expenditure? Is it a health expenditure to use money from Ottawa for something other than a hospital or a doctor? Well, I sure hope so because we are trying to fund some very, very important community-based types of health programs, and I am just not sure what strings are attached to those federal dollars. I suspect they are not very well tied on, those strings, and that we may be talking about something that is not quite as clear as it sounds in the first place.

Mr. Sale: The minister raised a number of points. I lost track of the number, frankly. That may have been the purpose; I hope not though. Let me ask the minister in a very clear way, I hope—will the minister work with his provincial colleagues to attempt to establish consensus on the level of federal finance, fiscal transfers, cash for health care that would make some level of intuitive sense to Canadians and would assure

Canadians, then, that the federal voice was not being stilled? Just a straightforward question—will you work with your colleagues to establish a base from which, then, we might be able to save medicare as a national program, as some hope of surviving?

Mr. McCrae: The honourable member might hope for a yes or a no on that one, and I am sorry but I cannot do it quite that simply. I certainly do want to see a federal role and I would like to see it as strong.

The reason for that is that I do not think it is right, even today I do not think it is right that Manitoba should have a health system that is so much better than a health system they might have in other provinces. I do not think it is fair to those people in those other provinces that Manitoba does so much better. The honourable member may want to ask the member for Kildonan (Mr. Chomiak) to disagree with me on that point, but we are clearly one of the best ones in this country and I would like to stay that way. Yet, is it fair that we are so much better than they are in some other jurisdiction? Is it fair to those Canadians, and my fellow Canadians, in the other provinces? So rather than just saying yes, I put it in that way, and the reason I am hedging a little bit on making a clear, clear response is because I still want to be assured that if the federal government agrees to 1 percent of GDP for health, will it then cut in some other area which has a health impact?

I think the honourable member will understand that, but are we running a danger, a risk, if we do what the honourable member is saying that maybe we should do. Yes, for budgeting purposes, it makes it nice and for public discussion. The federal government can then say, well, we put in our 1 percent of GDP so we are okay, but we are going to cut back on infrastructure program to help pay for it. Does that not confuse the issues just as much as they are confused today?

So I do not know if I should insist on that sort of thing, because budgeting is such a funny business in this country. We claim, for example, to have balanced our budget here in Manitoba. We have people on the other side of the House saying, oh no, you have not balanced your budget. You used all these other revenues and their one times and all this thing and that,

so you do not really have a balanced budget. And we say yes we do, and you say no you do not. That is the way the discussion goes.

So I will think about these things as I go forward. I will ask my department to address the issues the honourable member is raising as we prepare for our participation in the upcoming federal-provincial meeting.

Mr. Sale: Mr. Chairperson, I appreciate the minister's unwillingness to answer definitively. I realize the position he is in but simply say to the minister that this is a logical end of our discussion, that is, if the federal role is vital and if the federal role can only be enforced with dollars, then there must be some agreement about the dollars. I know these dollars technically flow through Finance, but they flow through Finance to your Estimates.

So yes, I think you do need to have conversations with the Minister of Finance (Mr. Stefanson), and yes, we need a strategy, and you do not want to detail it in Estimates to us. I understand that. I do think that unless there is a provincial position that says, there is a base, there is a formula, there is federal presence guaranteed, then your commitment to Canada's medicare system will ring hollow in the eyes of Manitobans and certainly in the eyes of members on this side of the House, because we cannot have it both ways.

We cannot say we are committed to medicare in Canada and at the same time let the federal government do what it is apparently doing—in the stroke of a pen, over two years, cut their commitment by 40 percent to health care, to the point where Quebec will have no transfers by 1997-98. What are we saying? Mr. Minister, you have raised legitimately the question about other provinces' health care systems. What are we saying to the people of Quebec who, I hope, will decide to stay in this country and, I am sure, you hope will decide to stay in this country? What are we saying to them when there is no more federal cash for their health care system? They lose nothing by separating in the health care area. There is no more federal transfer. There is nothing to come off the table for them by 1997-98.

(Mr. Chairperson in the Chair)

So it is not just in our interest; it is in every province's, including the poorest province's interest, that there be a base that the per capita transfer be assured to them and a mechanism that might have some currency for the federal government and perhaps for the provinces to ensure that would be an amendment to the Canada Health Act.

* (1530)

Many of us have long argued that if we are committed to medicare as a program nationally, then the funding arrangements for that program should be enshrined in the medicare act, not in a piece of fiscal legislation that can be treated by the federal government as though this is just finances over here, it does not affect health; Finance ministers will deal with this, it will not affect you. We heard that at various points in the past. Health ministers, you stay out of this; we will fix up the financing.

Well, we know the result of that now. So a mechanism might be to see if there was some consensus, at least, to argue the Canada Health Act is the proper place to have the transfer for health located, and the level of that transfer, of course, is going to have to be argued and debated, but I raise this simply to put the minister on notice that we, on this side of House, will be deeply concerned about the minister's commitment to health care if, when he goes to meet with his fellow Health ministers and the federal Health minister, there is no Manitoba position that says, first of all, the federal role is vital; and, secondly, the federal role has a floor; and, thirdly, we have a mechanism to offer to the federal government to make that effective.

I honestly believe, Mr. Minister, you would have the support of this side of the House if you went with that kind of a strong position, and I would say to you that if you do not go with the strong position, you will face public criticism because I know that you have said how committed you are to medicare, but that commitment has to have some teeth. I am suggesting that some of those teeth are likely best enshrined in the Canada Health Act and in the establishment of a floor under which transfers will not fall.

I would be interested in the minister's response to those remarks. I do not mean to be hard, but I think that is where we are going with this.

Mr. McCrae: Ultimately, Mr. Chairperson, we do reach a point, I think, where we have a difference, and maybe we are approaching that point, because at the end of the day, I will argue that we are only going to be fooling ourselves and our fellow citizens if we try to pretend there is more money in the pot, either federally or provincially, than there is.

As small an expenditure as expenditures for the federal Department of Health, federal expenditures on social transfers are very, very big, and they are still lacking in priorities when you go through the details of the recent federal budget. I say that in a critical way, but I think that we are engaging in some—I do not know what you call it—but we really are fooling the people of our country if we say we have very little money because we have spent it all in the last 30 years and much, much more, but we are going to protect everything.

The honourable member has to take his comments in concert with comments made by his colleagues in this place which is to spend more, and the honourable member has argued in the past that we can tax more. I do not know if he is still arguing that, but he has argued that. That is not on for the members of this side of the House. So if that is where the rubber hits the road, or whatever it is, then, yes, there is a division between us on that point. I cannot make more resources exist than do. I do not think I can, because we are committed not to tax the people more and we support a federal government in its efforts to ratchet down the deficit and the public debt for this country.

I can go into the long story, but I probably will not, the long story about my own experience in watching governments over the years, and I think I was there and relatively aware of what was going on when governments began to get us into the dark, deep, black hole of debt and the tax-and-spend philosophy. I was, in my own defence, there arguing against that approach. So, just for those who thought I might have been arguing that we should spend too much in those days, that was not true. So that is where I think it is

going to come ultimately, and I think it has been played out in recent elections and will be played out perhaps in future elections.

Let us look at Saskatchewan, for example, where the party identities—it is fairly paradoxical, as a matter of fact, what is happening in that province where it is argued by many that it was a Conservative administration that got into some heavy spending and it was a New Democratic administration that is doing something about that. We will find out soon enough but apparently with the support of the people to get a handle on finances.

We cannot talk about our health system, our education system or any of the other ones as if there were no fiscal realities. We pretended for a long time that fiscal issues did not matter, that, you know, these things were so important to us that we could ask our children to pay for them and our grandchildren. There was no moral problem doing that until recently, I believe, the people of this country have said enough of that sort of approach. Those people are the ones we are supposed to be governing for. We are governing for the future. Well, you can get me right back on the track that, well, if you do not address the health issues, there is not much of a future anyway. I think we are addressing the health issues. We are doing it within a framework that is responsible, certainly in Manitoba.

Mr. Chairperson, I know the challenges are not going to go away in the next few years, that is for sure. Our ability as a province could be threatened depending on the economic circumstances that happen in the next few years, but I feel confident that governments, more quickly or not more quickly, are moving in the right direction. Even Ontario, which got off to a very bad start because they failed to recognize the realities and thought they could solve the problems in Ontario with the traditional, i.e., the approaches of the last 25 or 30 years, you could just spend more and get yourself out of all that trouble, it did not work.

In the later years of the Ontario administration they started addressing the realities. Unfortunately for them, they had to take some pretty drastic measures, far more drastic than anything we have had to take here in Manitoba. British Columbia, maybe some of the same

lessons learned there, but I think the Saskatchewan situation looks a little more like what is happening right here in Manitoba, to me.

All I am saying to the honourable member is do not question my wish to have a strong national health system. You can always question my government's way of going at doing that, but my goodness, I am a Canadian like everybody else around here and hope to enjoy the benefits of being Canadian like everybody else. It comes down to, are we going to have a better health system by asking the federal government to continue to borrow money in order to give us more so that we can strengthen our health system.

* (1540)

It is a good thing to ponder, but while we are pondering it let us make sure we are spending the dollars well. There is ample evidence that we have not been over a long time, not only here but across the country. We have been spending it all on expensive high-end, tertiary, et cetera, types of care. Let us do a better job of spending the dollars we have.

We are going down that road now and I claim Manitoba is well out in front there, but the other provinces are coming right along with the same idea—to get some value for the dollars we are spending. I guess the federal government can also say that to us when they want to justify if there is a reduction in their share. They can say we cannot afford to give you more anyway but just in case you do not buy that argument, you are not doing a good job running the health system anyway so we are going to give you a little less and maybe you will smarten up.

The debate will just go on and on. That is okay, because I think Canadians really do spend a lot of time thinking about the social service network that we have in our country. They should because that is what sets our country apart from so many others. If we are going to have a difference of opinion, I think it is going to be on that point. I will operate on the presumption that there are only so many dollars and the honourable member will say, no, but we can find some more. We will be interested to see how the debate goes from there.

Mr. Sale: I think there is not a lot of sense in continuing this line, because I think the minister understands that the federal role is vital, the federal role comes at a price. The question of the level of the price is open for debate, but the fact of the price is not. If there is no price, then the federal role is not there. I think we have had that discussion. I take it it has been a useful discussion.

I would say on the question of the federal affordability that I would simply return to the idea that a developed nation led by any government which could not find 1 percent of its gross domestic product to contribute to health care has got screwy priorities. Whether we can get to that in two years or five years is open for debate.

In terms of, is there money available, I will not get into the macroeconomic issues, but a credible interest rate policy, a credible monetary policy in this country, has widely been seen as necessary to making those monies available.

Even as conservative an institution as the Royal Bank of Canada last week issued a report which pointed out that the federal government, under the previous government and under the previous head of the Bank of Canada, had made the '91 to '93 recession significantly worse by its monetary policies and added immensely, far more than we are talking about in health care costs, they had added to our debt and our deficit far more by their wrongheaded monetary policy.

I do not want to get off onto that, but I would just say to the minister, we are not talking about a big sum of money here in order to stabilize the federal role. I think that politically it would pay us great dividends to go into those negotiations with a sense of what that role ought to be and a sense of the ballpark in which we would want to play it out.

Otherwise we will be finessed, as we have been finessed over and over again, by federal bureaucrats and federal ministers who make exactly the speech that the minister just made—the cupboard is bare, the cupboard is bare. I do not think the cupboard is bare. I do not think a developed nation can say to its people, the cupboard is bare for health care but there are other

things that we can continue to do. I do not want to continue that particular debate. I think we have had a useful exchange on that, and I hope that it has been useful to the minister. It has been to me.

I want to end with just one question, and I hope it does not get us off into a long discussion, but the minister made the point in the second day of Estimates of this committee that a number of nations had a higher health status and yet spent less money. He referenced, in particular, Scandinavian countries and Japan.

I just want to make a comment that there is a lot of evidence emerging that that has not much to do with their health spending. I think the minister has, in other ways, said this as well, that public health expenditures, public policy, etc., is more related, as you have said, to the determinates of health, and the determinates of health are what determine health status, not spending in the acute care system. That is not a reason to underspend in acute care, but it is a reason to recognize that you cannot raise your health status in a country by simply spending more money in acute care, that the payoffs are very small.

I would just like to ask the minister if he would concur with the views of a number of eminent experts, and I cite Fraser Mustard and the work that Mustard has done, as one place that you might look for such expertise, and he has a long bibliography of people. The body of opinion is simply that what seems to be a really basic determinate of health status is what is called power distance.

An example of power distance is income disparity. The nations that have relatively lower income disparities between their wealthiest and their poorest seem, on the whole, to have the higher health status. It is a sense in which income and employment policy and the sense on the part of the citizen that they have some control over their lives, that they are not at the whim of employers who lay them off in a moment's notice or the whim of governments who change the rules on a moment's notice.

The sense of the social contract, the social solidarity that is characteristic of Japan and Sweden, to take two quite opposite kinds of societies with very different

views of themselves but nevertheless both have a very clear sense of social contract, that compact patterns of income distribution, characteristic of both societies, and a high commitment to employment as a public policy that full employment is a public policy, a goal, an up-front goal, that those nations have a higher health status.

I would ask the minister if he could respond to the question of what his government is really doing about the first chapter of Health for Manitobans - The Action Plan. What is the minister really doing about that first chapter which has all the health determinate stuff in it? The second chapter has all the institutional arrangements in it. We have talked a lot about the institutional arrangements for financing at the federal level, what about the health status questions to which you, yourself, referred in terms of Japan and Sweden as an example? When are we going to see a clear strategy on this, that your department leads on?

Mr. McCrae: I just want to put in a little postscript to the previous discussion, and then maybe talk about some of the things the member last referred to.

I think that people like Senator Carstairs should get a copy of the discussion between the honourable member and myself, read it carefully, and play a role in Ottawa. The honourable member was not, but I had the opportunity to experience several years of the presence of Senator Carstairs here in this house, who often spoke about things like education and who spoke about things like giving the kids a reasonable start in life, and during our constitutional discussions put a very heavy emphasis on the protection of our social programs and preserving the strength of the federal authority in all of these things.

The discussion between the honourable member and me is simply that. Without that third party involved in a significant way—by saying these things, I am not trying to bring in members of the Liberal caucus in the Legislature here. I am making a very pointed suggestion to the former member of this place who is now a senator sitting as a Liberal in Ottawa and who may be able to use her influence there on this point.

* (1550)

Goodness knows, she has talked about these things enough times. I want to know if Senator Carstairs has changed her mind because on all of these matters that were so fundamentally important to her when she was here and seeking to be the Premier of this province and so on, now there is virtual silence on the part of the senator.

I hope that the powers that be will make sure that the honourable senator is aware of this discussion going on here today, and if she means anything she ever says, maybe it is time for her to start showing us that she means what she says and that she is not simply a grandstander herself. That is the postscript to the last discussion. I felt moved to say those words because I feel strongly about that.

Mr. Chairperson, I am afraid that when we get into a discussion about circumstances that prevail in Japan or in Sweden, countries with whom we sometimes make comparisons, I guess we need to look at the whole picture and I need a clearer understanding of the whole picture, because in some countries, you know, a determinant of health might be the issue of employment, for example, but it is kind of ironic that in some countries where they have a higher level of unemployment, they still have the kind of conditions the member talked about whereby they still are able to maintain their relatively good level of health status, even in places where there is higher unemployment than other places, and in other places where they have something closer to full employment they, too, have good health status.

So not everything matches directly, for some reason, depending on the country, I guess. I understand that something else that seems to me would be important would be the issue of debt and the cost of servicing that debt. I am led to believe that in Japan that burden is not as high as it would be in a place like Denmark or Sweden or somewhere like that, maybe Sweden is a better example, where they have a higher level of debt and maybe a similar level of health status. Debt, though, is important because we know very well every day we are up over \$600 million this year in our budget that has to be spent to service debt.

An Honourable Member: Very sad.

Mr. McCrae: Very sad. Sad hardly even describes the way I feel about that kind of expenditure going for debt. All it says to me is that we must have had a horrible, horrible depression and had to borrow a lot of money to get ourselves out of that mess, except we did not. We had a recession during the early '80s and we had one more recently, but we borrowed and spent like proverbially drunken sailors at a time when we did not need to do that, when we had sufficient revenues to run a good, quality service to the people in our province and we got into all this debt, and now we do not have some \$600 million to spend on building towards improvements to the determinants of health or for that matter for the acute care sector of our health system.

In retrospect, stupidity, national stupidity, you could call it, what we did as a country, but I am in a position and I know the honourable members on this side of the House, certainly the member for Turtle Mountain (Mr. Tweed) and the member for Portage la Prairie (Mr. Pallister), I know they have been saying it for years as well, absolutely stupid to be spending so much money you do not have.

Now, here is where the philosophical differences emerge in a big way, in my view. I know that New Democrats would speak against excessive profligacy. I know they would, and yet we claim that they have supported that sort of thing over the years too. So there is a definite difference in opinion and philosophy.

We do not have all these hundreds of millions to spend on creating better socioeconomic conditions for people to live in, although when you do that, you improve the health status. There is enough evidence out there to show that happy people and people who are not idle all the time and people who spend their time working at constructive endeavours are healthier people. We know that. So why can we not spend \$600 million of this year's revenues on building appropriate labour-creating, job-creating endeavours? [interjection] I am getting a little help here, and it is much appreciated.

We are really taking from future generations. Instead of adding to their quality of life, we are taking from them. I get really upset when I am accused of being part of a government that is responsible for that. We

get into a debate about all of the borrowing of the last seven years that had to be done. Well, may I suggest that if we had not been facing half-billion-dollar-a-year debt repayment charges, our government would not have had to do that, and to be criticized for not balancing the budget in those years is kind of a sophistry, I believe.

In any event, I do digress a little bit. I do not want to get anything started here, but I think I just did. The point is, the comparisons that we make, not all of them are immediately understandable to me. Maybe they are to the honourable member who has more experience in this than I do.

Surely, there are differences even between Sweden and Japan, where they both enjoy what we call a better health status than we do, but there are differences in those countries, and I wonder how relevant those differences are. Diet, to me—I am told that the diet in Japan is something that might have a lot to do with their health status, that here in our country and in the United States and in some European countries, we are into this fast-food sort of generation, and we all know that is not very good for you. Maybe these other countries have not got into that as much.

I wonder if the honourable member can elucidate a little bit about that for my own information. Do those things matter? Does the debt level in Sweden versus the debt level in Japan—how does that figure into the equation when we are talking about health status and those types of things?

Mr. Sale: I am no expert on this, Mr. Chairperson, either. I simply read a lot of stuff, but I think the Health department is in a position to provide that kind of information to the minister, and I would just reference the most recent OECD studies, that do attempt to unpack what are the determinants and what are the relationships. The minister is quite right, the nutritionist is obviously a key one that we have known about for a long time.

The thing that I would like just to close off with is, first, to thank the minister for this exchange. I found it helpful. I think it has been useful to us, and if he feels

that in sharing the exchange with others, I would broaden the audience from Senator Carstairs to include the odd other person, I would be happy to see it shared, if he thinks that would be useful, and I encourage him to do so.

* (1600)

I would just ask whether the minister has listened to the tape or read the record of Dr. Fraser Mustard's presentation to the health conference that his predecessor, the Honourable Don Orchard, convened about, I think, three years ago now. I know the conference was taped, and I have the tapes of Dr. Mustard's presentation as well as the text. He, I think, captures at least at that time, three years ago, the best and most up-to-date sense of what it is that produces higher health status and what does not. He is a wonderfully entertaining speaker, and I hope the minister's staff, if the minister has not heard the tape or seen the material, I hope the minister's staff would make that available.

I think that as a province, if we listen to what Mustard and the experts that he cites, who come from around the world, have to say about improving health status, and what are the cheap and effective ways of doing that, we would see some different policies in all our provinces. In particular, we would see a different approach to maternal and child health, not in clinical terms but in social program terms. We would see infant stimulation programs targeted at low-income mothers and low-income families, in a very broad way. We would see parent-child centres in lower-income neighbourhoods, to help parents learn how to do the simple things, like read effectively to their children, so that they develop language skills before they come to school.

A program that was developed in Israel and interestingly brought to Arkansas by Bill Clinton, a strange way to get to North America, but nevertheless there it was, in which the lowest income, most at-risk mothers are often people who are not comfortable reading. They may have some literacy skills, but they do not have great skills often so reading to their children is something they find difficult. They also

may not simply have access to books to read. Very cheap program, they taught the mums how to read a story to a child. That is, you do not hold the book up and read it. You hold the book, and you read it. They helped them with their literacy skills.

Amazing things happened for those children in terms of preschool readiness levels. Not much to do with health, in an obvious way, but everything to do with health in the kind of way that the minister and I have been talking about.

I think that Mustard's work is seminal work. I think it is really useful stuff, and I hope the minister would ask his staff to provide an appreciation of the range of strategies and, in particular, the very low expenditure strategies that are possible in there, which I think we could well afford within the modest resources that we have available to us.

So I do not ask the minister to respond to that, but I want to thank him for this exchange, and I hope that it has been useful.

Mr. McCrae: I appreciate the honourable member's comments, and not that I want to talk too much or anything, but I just want to make a brief response to what the member had said when he talked about the young people and Dr. Mustard. I have had the pleasure of meeting Dr. Mustard, and I will ask my staff to see if we can track that down. I am sure we can.

By the way, new at the table in front of me today is Associate Deputy Minister Frank DeCock, who is playing a very important role in our relationships with our partners in attempting to achieve those better outcomes and to address things like health status and determinants.

I do not want this debate to end without a reference to the issue of when the honourable member mentions maternal and child issues. For us to pretend that maternal and child issues in the area of health should not somehow include a discussion of aboriginals' conditions—and we cannot talk about it because we get into trouble when we do. There are those who say, oh, you are fobbing it off to the federal government, or it is a racist thing to do.

I will tell the honourable member about an experience I had, to tell him why I am very sensitive about this and fairly passionate about this. I was engaged as a Justice minister at a conference dealing with youth crime and was branded by a participant as a racist for raising the issue that there was a higher level of crime in communities where there was a higher level of aboriginal population. I was branded as a racist for saying that.

My response at the time was, well, you know, if that is going to keep us from talking about it, because somebody wants to be nervous about how somebody else is going to respond, then we will just carry on for another hundred and fifty years in our country, and not address very, very significant problems.

(Mr. Mervin Tweed, Acting Chairperson, in the Chair)

I am not proud of the record of our country in this area, and I guess, we will just have that same record for another hundred and fifty years if every time somebody opens his or her mouth to talk about the realities of it, they get criticized for it.

This goes back beyond that conference I attended. As a court reporter working in Manitoba, in Manitoba courts throughout the province, in the rural and remote areas too, I could see exactly what the honourable member and I have been talking about, economic circumstances not being as good as some other areas, those lead to poor determinants of health, higher incidence of crime, higher incidence of substance abuse, higher incidence of alcoholism and drug abuse and all those things.

So all I am doing, by raising this today, is appealing to honourable members, to, let us please discuss these matters, because even though it is clear the Constitution again talks about the federal government's responsibility for aboriginal Canadians and lands reserved for aboriginal Canadians, it is still our problem. It is everybody's problem. I do not think anybody wants to see these problems go unsolved. I do not, and I would hope that others would join with me and my colleagues in government in finding a way to bring parties together.

My greatest frustration as a minister in this government for seven years is that I have not been able to bring federal and aboriginal leaders together to get anything done. Sometimes they do not even want our involvement. That is there too. But, as a Canadian, I say that is not an area that Canadians are proud of today.

There is nothing really, really significant happening with the new government, and I thought Minister Irwin had all the right intentions, said all the right things, but I do not see the forward movement that I would like to see. I wanted to put that on the record because I am very sensitive to those concerns, not only from a humanitarian point of view, but, if you look at the dollars being spent in the acute sectors of health, you could so easily see those dollars being spent at the primary end of things and get a far better job done, no matter what your level of government happens to be. I thank the honourable member for staying around for that little lecture.

Mr. Kevin Lamoureux (Inkster): It has proven to be fairly interesting, the dialogue and discussion that was going on between the Minister of Health and the member from Crescentwood.

One of the things that I did as a result of that dialogue is I pulled the Manitoba Estimates out, of revenues that are coming into the province. I understand and I appreciate the sensitivity in terms of how government establishes priorities by the way in which, quite often, where they put the dollars, those scarce dollars, which we have or that we collect, into the many different programs, departments and so forth that are out there.

* (1610)

During the most recent provincial election, we heard a lot at the door in terms of the whole question of EPF funding and the federal government's cutback on EPF and what role. I have heard a great deal of minutes being spent on how important it is, at least during these Estimates, that the federal government play an important role in the future of health care, not only in the province of Manitoba but, in fact, throughout all of Canada.

In many of the discussions that I had, for example, at the doors, people were of the opinion that hundreds of millions of dollars were being cut out of health care. Some were even of the opinion that what we were talking about was within the province of Manitoba where we are losing hundreds of millions of dollars from the federal government transfer payments out of health care, which really and truly is not the case. We are talking about an overall percentage of the cut that has been happening to all of the provinces through EPF funding.

One of the things that I have learned over the last number of years is that you can do a lot of things with numbers, with revenues that come in, and one of the best examples of that is to take a look at the whole issue of the gambling and revenues that came into government on gambling, and how government was able to explain its priorities with the way in which it spent those dollars.

I would look and want to see some sort of debate, possibly, in terms of how we believe the federal government might be spending its dollars, the priorities that it is in fact setting. One, of course, might be of the opinion, for example, if you listen to Question Period after Question Period or some of the rhetoric that is espoused by so many, that we are doing pretty bad with this federal budget. No doubt, the federal budget does hurt us in many different ways.

When I speak strictly with respect to the revenue, I look at page 6 of the document that this Minister of Finance has brought in. Equalization payments, a program in which Manitoba has been a major benefactor, has received a substantial increase year over year. I appreciate, in particular, the comments that the member for Crescentwood (Mr. Sale) put on the record with respect to equalization payments. It is how the province of Manitoba is doing relatively compared to other provinces throughout Canada, and that in itself is what determines equalization payments.

Ultimately, we believe that the federal government has a good priority in terms of dealing with the so-called have-not provinces, ensuring that we have the finances to be able to provide adequate social programs to our citizenry in each and every province.

Ultimately, it is up to the province in terms of how it is that we are going to spend that equalization payment. For example, if the government of the day wants to say look, we want more emphasis put onto health care, then government can use some of that equalization payment to finance more health care expenditures. If we believe that the federal government has to take more of a proactive approach in dealing with health care across the country, then ultimately one could argue that maybe the federal government has its priorities wrong and it either has to cut in other places, raise taxes or increase its deficit.

I have heard the current Minister of Health comment on that extensively in terms of the options that governments have to face in today's society. Unfortunately, the bottom line from his perspective is, it is scarce dollars that are there. You cannot spend as governments of all political stripes have spent, particularly during the '70s—of all political stripes across Canada.

If we believe that the federal government does need to take a firmer commitment, I am wondering in terms of where it is that we believe the federal government should be taking that money from. In the \$1.798 billion that it provides, it gives us somewhat of a breakdown of where that money is going. Are we suggesting, for example, that in some of those areas, the federal government should be cutting back and allocating more into the EPF financing, that that, in itself, would alleviate some of the concerns. Are we saying, for example, that they should pull out of Culture, Heritage or Agriculture or Finance, Government Services, Justice, Labour and go down the line? Are we saying that the federal government needs to increase taxes? Are we saying that it has to increase borrowing? This current government would say, of course, no, they should not be increasing borrowing. Are we saying that in fact that they have to have cuts?

Mr. Chairperson, we have seen the cuts that the federal government has brought forward, and as I pointed out, hurts in many different ways. But yes, it is a question that does deserve some sort of debate inside the Chamber, and that is the federal government's ongoing role in Health, and the money that it does hand over to the province, and the biggest

block of that money is through equalization payments. Is it better, or is it in our best interests, as Canadians first and foremost, that maybe we start tagging some of that money? Out of that \$1.798 billion, \$1.04 billion is through an equalization payment that is anticipated in coming.

(Mr. Chairperson in the Chair)

Are we suggesting maybe that some of that money should be tagged, or are we suggesting other dollars that are being transferred over from other departments should be cut back and more given into health care? I believe, as the current Minister of Health no doubt would concur, that we are all taxpayers, and our constituents do not necessarily distinguish, well, the provincial government has given us a break on tax relief and the federal government has decided to increase the taxes, or vice versa, that people genuinely feel that before you come to us to ask for additional tax dollars in whatever form it might be, ensure that we are spending what current monies that we have in the best way that we can, that we are establishing our priorities.

This government has placed high priority on health care and we have seen the health care in terms of the budgetary dollars that have been allotted over the years. Albeit, we have had criticisms in the past of this government. The government has demonstrated that health care is in fact a high priority through the way in which it has found the resources to give to the health care budget. But many of the things that have occurred from within that health care reform or change that I alluded to earlier we would no doubt call into question, the ways in which this government has spent it.

I do think that when we talk about the EPF that we have to be, and no doubt in our minds we will understand the politics of the many different issues that are out there, health care being one of those issues, I would challenge anyone to indicate that the federal government has absolutely no concern nor any compassion about preserving our health care system.

Each and every one of us have heard the current Prime Minister and his claim to want to ensure that health care is going to be there in the future, and the current Minister of Health.

If we believe, as I heard this afternoon from particularly the member for Crescentwood and the minister, that the federal government needs to play a larger role, maybe we should also be talking about other than just saying we want them to play a larger role, but to give direction on how they can be playing a more significant role.

It is not good enough just to say, let us add more money to it without providing those alternatives. I know that I too could likely be criticized for some of the things that I have done in the past when I said, well, we should be spending or putting more resources into a particular area and possibly at least at times not necessarily offering where those resources could be coming from.

The question that I would ask the Minister of Health is, there is a line transfer actually through the revenues from EPF, and I am wondering if the minister actually has some sort of a graph that would demonstrate the reduction of EPF funding over the last 12 to 15 years for the Department of Health.

I also wanted to make reference to two other lines that are presented in the main budget that the minister provided, Minister of Finance (Mr. Stefanson), and that is of course under Other, there is Health \$4.8 million, which is an increase from the previous, and under the Canada Assistance Plan, there is Health at \$14.6 million, an increase from \$12.9 million.

* (1620)

If I can get some sort of an explanation on those two lines and as I indicated, you know, a 15-20 year—I understand that the concern with respect to the EPF is something that has arisen over the last decade-plus. So I would appreciate a graph of sorts just to show the actual decline.

Mr. McCrae: Mr. Chairperson, I believe if a graph of the kind referred to by the honourable member for Inkster, does not exist, I would be surprised if it did not, but if it does not I can give the honourable member an undertaking to find one or to make one available to him as soon as we can do that.

I listened carefully to what the honourable member was saying, and I feel that his comments all taken together amount to a helpful approach to what we are trying to do here in Manitoba and across the country. If the honourable member would not mind, I could give him the benefit of a little bit of my own personal experience. The one piece of advice that I would give would be, do not go out of your way to defend the federal government when it is a Liberal government and you are a provincial Liberal. We have learned that it is not a bad idea to be right in there standing up for your province's best interests regardless of what kind of government there is in Ottawa.

The honourable member, I think, will know what I am talking about. I have been through four elections now and only one of them was an election in which I did not have that particular problem to deal with. When I say "problem to deal with," it is a real one, and I do not blame anybody. I am just saying that those are the dynamics of Canadian politics, and, for what it is worth, considering the source and all the rest of it, I say to the honourable member, you do not need to get up there and defend the levels of federal contributions under EPF or any other program because it will not do you any good, politically that is.

On the other hand, there are reasons if you see a decline. All we are really discussing is the degree, the amount. I think, in total terms, everything taken together, we are seeing and will see declines in revenues from Ottawa. The reason for that—well, the honourable member shakes his head. Well, then he supports the levels of debt that we have, and I am sure he does not want to say that. The levels of debt are too high. Something has to be done about the debt. There is only one federal government and that government has to deal with it.

The honourable member was trying to say that, talk about that, and he is right. No matter which government is in office in Ottawa right now, they have to deal with that. The people of this country demand it. Okay? So all I am saying is, let them deal with it, do not go out of your way to defend that bunch, because I would not want to be defending a federal government under the present circumstances or I would not have to defend again a federal government at the provincial

level. You do not need to. They are there to do their job and we are here to do our job. Sometimes our interests are not exactly the same. Even when your party affiliation is exactly the same, your interests can be different. Your spheres of jurisdiction can be different.

Well, enough lecturing for the honourable member. He does not really need any lectures from me anyway. I agree also with something the honourable member said about compassion. I do not believe any politician who says, I have more compassion than the other guy. I certainly do not believe it from the New Democrats, and I am not speaking to the New Democrats in the Chamber today, I am speaking very generically. I have listened to New Democrats spew forth all these high-sounding words and phrases ever since they became a party, about how they care so much about their fellow creatures. I was not buying it then and I am not buying it now.

The reason I say that is that I differ from the New Democrats on their basic philosophy on how to redistribute the wealth of the nation. That is very understandable, but I will not, in the name of an argument about compassion, accept any New Democrat or any Liberal or any Social Credit or whatever else there is, Reformer. Nobody is going to have a corner on that particular market, and that does not matter, which party you are from.

So I think the honourable member was talking about that, too. I think every government gets elected and does its best to do its job, even in the light of severe criticism. Even Bob Rae probably thought he was doing the right thing, think about it. And the judgments have been and will continue to be made from time to time. But never once would I suggest that Bob Rae or any individual member of his group had the wrong instincts or the wrong motives. They wanted to do right as best they knew it. Well, some populations need to be protected from their governments, and some populations need that protection more than other populations.

I say with all due respect to Mr. Rae and his colleagues that I think they got off to a terrible start and improved some as they went along, but the damage was

done, and well, I am not a fortuneteller, so I better not go any further with that discussion. Never once, in all my discussions, with Mr. Rae and his colleagues—even, Michael Decter, who worked closely with Mr. Rae, I never once questioned his motives either.

If that helps lay the groundwork for the discussion, that is great. I did say what I said about Senator Carstairs, though, and I did so because of my own working experience with Senator Carstairs, and all I want her to do is to remember the things that she said when she was seeking elective office, as opposed to the things she said since receiving appointed office. There are differences in approach, obviously, that maybe have something to do with how one gets where one arrives.

All I am saying is that all of those lessons that we were taught here in this Chamber by the former member for River Heights about caring for the children and about spending appropriately at times and places where it is a good investment and how protection for our health and social services ought to be enshrined in a strong, central government and how all this ought to be guaranteed forever in a constitution, and that will sure take care of all of our needs—I want Senator Carstairs to remember she said those things when she was an elected representative, and I wonder what she is saying today.

I think the honourable member for Inkster (Mr. Lamoureux) made references to the debate and discussion that the member for Crescentwood (Mr. Sale) and I were having. It is kind of fundamental where we go from here, it is true. I find it more and more important for people like the honourable member for Inkster to just be very straightforward, not only here where I always feel that he is, but in his dealings with his federal counterparts too.

I am not here to make them out to be people who are not working for the best interests of our population here in Manitoba, but when it came to the federal budget my main complaint was not on the fundamentals so much as the one fundamental problem that budgets seem to lack any attention to priority detail. When I say that there are all kinds of areas you might call little areas of spending where it just seems like they said take so and so percent off this department's budget and so and so

percent off that one. Well, maybe it is because the federal government is so big that is the way they have to do things, but it does not make as much sense as it should at a time like this.

* (1630)

I would be happy to compare our provincial budget with that one to show where there are priorities. The honourable member identified them in his comments. Health is a major priority or the major priority for every provincial government. It just happens to be the biggest priority for the Manitoba government and I think the honourable member made reference to that and I appreciate that.

I am not here to whine about how many dollars are not there from Ottawa. I am here though to make the point that there is a level of hypocrisy or apparent hypocrisy that exists when the federal government says we are going to still insist on certain fundamentals in health care. We do, I say sincerely, come dangerously close and closer every year to a point where the federal government will not be heard any more on the issue. The member for Crescentwood sounded very, very concerned about that and I am too.

I do not have all the answers myself as to how it is the federal government is going to preserve for itself any kind of authority to deal with issues like the threat of the two-tiered system or the threat of the looming private hospitals in Alberta or some such thing like that. What can Ottawa realistically do if it is facing a provincial government that wants to go even further than that? It is not happening here, but it could happen elsewhere as the federal role diminishes and diminishes.

I am happy the Minister of Labour (Mr. Toews) is not far away from the sound of my voice here. His name came up in the discussion earlier on when we were talking with the member for Crescentwood who suggested that maybe we should get Roland Penner or Jack London to give us some advice on the whole issue of whether Ottawa has any clout left in light of declining contributions to our EPF. The member for Crescentwood was asking if we should somehow get together with other provinces or go it alone or to get a

legal opinion is what he was talking about as to whether there cannot be something done about the approach being taken by the federal government.

I reminded the honourable member, I mean, he mentioned Rolly Penner and Jack London, and these people are extremely well known, it is true. But I also threw into the hopper the name of the Minister of Labour (Mr. Toews) who has a pretty significant background in the area of constitutional law, having headed up our Constitutional Law branch. I could have mentioned two or three other members of our caucus who, I would think would [interjection] Well, exactly, the member for River Heights (Mr. Radcliffe), the member for Riel (Mr. Newman), the member for Lac du Bonnet (Mr. Praznik) might also, all of them put together—

Mr. Chairperson: Order, please. Could I ask the honourable minister as he is speaking to address towards the Chair so that the microphones could pick him up. We are having a little bit of trouble getting you.

Mr. McCrae: I do apologize for that but I always think of members of the government party as sort of equal members in the Chamber, too, and ought to have the attention of the speaker and the eye contact and so on, but I know that we all need to be heard in this Chamber.

Anyway, I digress a little bit. I recognize that, but as it turns out maybe we should not ask the Minister of Labour or the member for River Heights or the member for Riel or the member for Lac du Bonnet to give us a legal opinion because it might be deemed by somebody to be somewhat, you know, political.

The honourable member for Inkster (Mr. Lamoureux) suggests that. Now I would never would have come right out and said that word to describe an opinion offered by any of my colleagues in this House, but I do not even know if that is the right approach, but I do intend to talk with my colleagues about this because is a legal opinion really what is going to put billions of dollars back into the coffers? I do not know how many legal opinions in the past have moved billions of dollars at one time.

But showing his usual infinite wisdom, the Minister of Labour (Mr. Toews) points out that jobs will create the kind of environment we need to guarantee high quality health care in this province, which is a given because we are way ahead of all the others, anyway, but guarantee high levels of service in the health care field, education field, social services field for many years to come.

It is the ability which brings it right back to our own government. Our ability to create and foster an economic climate which generates jobs galore is our best guarantee not only of health care and social services but also the ability for government to keep on balancing those budgets, which is the best guarantee I know of for the kinds of things that everybody in this Chamber and everywhere in this country really want to see for our country. We see ourselves as a very, very successful country in a competitive world, and we see ourselves continuing that way for many years to come.

You know, Sir Wilfrid Laurier did say that the 20th Century belongs to Canada, and, you know, up until a few years ago I thought that he was just a little ahead because it probably will not be till the 21st Century. Then the Filmon team entered on the scene, and I could see that at least in this part of the country Sir Wilfrid Laurier was right.

I do not quote Liberals that often, but there is one of them that had a vision. You know, I think the reason that he that vision was his minister of the interior was from Brandon. That is important. Sir Clifford Sifton was Sir Wilfrid's minister of the interior. He was the first Attorney General from Brandon, by the way, from Manitoba. I was the second one which is kind of nice. I take a lot of pride in that. In any event, Sir Wilfrid said that and he was not that far off.

Because is it not interesting, and now I speak seriously, that in two years out of the last three, the United Nations has said that Canada is the best country in the world. That was a survey based on the amenities, based on the social services that countries can provide to their people, and two years out of three Canada came in No. 1, and the other year it was Japan. So it is not that wrong for us to compare ourselves to Japan in lots of things. Faced with these kinds of

realities that we live in a very, very fine country, which takes its place in the world basically second to none, what is all the rhetoric about, you know, about who is responsible for this and that and the other thing? Well, that rhetoric helps to keep us the best country in the world. I feel that. I believe that. We ought to be very proud of this country and be very vigilant about keeping it the best country in the world.

So we hear from members in the New Democratic Party perhaps—we all have our sort of different reasons and we all have some same reasons too. One of the same reasons we keep talking about, preserving the best of what we have is because we really mean it.

I believe the honourable member for Inkster (Mr. Lamoureux) and I believe the other honourable members as long as they believe me too, because my colleagues and I work hard to preserve the best. While we are preserving the best, let us get rid of that which is not working properly and replace it with that which does and also keep our eyes on the importance of the determinants of health, the health promotion side of things.

You see, medicare and what the honourable member for Crescentwood (Mr. Sale) was asking me about, we were basically talking about medicare all the time. While medicare is important, as Prime Minister Chretien said, it is there to keep us from getting into those catastrophic things. That was what it was designed for. Then he went on, of course, to say that a lot of things do not have to be covered. Well, we like covering a lot of things in our health care system in Manitoba and it is on that point that we may get into debate with the Prime Minister. Of course, he is trying to keep our expectations from rising too high and maybe he should because he is not going to be able to send us as much money as they used to send.

* (1640)

I want the member for Inkster to know I understand that. I am really only going to pick a little bit at the federal budget. I am not going to condemn it. I think, in general direction, whomever was in office this year in Ottawa did not have much choice. This is the general direction it had to go.

I will be critical on the so-called little areas even though they are not so little when you think about it in human terms. When I see Minister Marleau, see her correspondence to me the day after the budget saying that you know, the nutrition program is going to be cut and the program for moms, prenatal programs, are going to be cut and in comparative terms the numbers were not big compared to the whole budget, but still big enough to have an impact, I thought, well, they did not do a lot of work to prepare for that budget. They just sort of hit the bottom lines and said let us look after our bottom lines and let somebody else worry about the details. I thought that was the thing I wanted to criticize in the federal budget. It is not a fatal flaw in terms of the total direction of the budget.

I sense sometimes New Democrats would say, no, we could have gone back to the other method. Very often it is, have a fair tax policy and everything will be okay. In other words, find all those billions of rich people in this country and billions of large corporations and just gouge them and everything will be fine. I do not think it is quite that easy. No one has yet convinced me that it is. Until somebody does, I will remain working with my colleagues on this side of the house to show Manitobans that we have our priorities well placed. I will just gently nudge the honourable member for Inkster to implore his federal colleagues next year when they do their budget—have a little more attention to detail.

Mr. Lamoureux: Mr. Chairperson, I believe, actually you and I now both heard not only the Minister of Health, but the Premier (Mr. Filmon) offer advice, political advice to me. I always appreciate receiving advice and that advice was, of course, whatever the federal government does, go and oppose it and oppose it in the best way that you can. You have nothing to benefit by saying anything positive about the national government.

I appreciate and I thank them for their advice. I do not think it will have, with all seriousness, any significant impact on me. I am already aware of the benefits and the negatives of what the federal government might or might not necessarily do, but I am also aware that, at times, government and the New Democrats do tend to exaggerate what is going on.

Even in the lengthy answer that the Minister of Health gave, he made reference, well, maybe we get legal opinion as to why and if they can and what we can do about getting them to take on more of the responsibility, to get them to put in more billions and billions of dollars, Mr. Chairperson.

Again, I would like to see the numbers. I do not necessarily believe the Minister of Health is right on, when he says billions and billions of dollars that have been taken out. I would ask, in particular for the province of Manitoba, he has made the commitment in terms of getting back to me with respect to some form of a graph over the last 10, 15 years, of the EPF on Health.

So I will ask him specifically, on the line of Health, under Others—it is 2.(h), if you like, total revenue of \$4.869 million, what that line is there for, along with, under the Canada Assistance Plan, there is Health at \$14.611 million, and the actual amount of the Health transfer payments, just for the last three years through EPF.

Mr. McCrae: Mr. Chairperson, we try to be very responsive over here. We came sort of prepared to discuss the Estimates of Expenditures, as opposed to Estimates of Revenue, but that is alright. We do not have it at our fingertips, but I think that we can get what the honourable member is asking for. My only concern is, he is probably going to disagree with the numbers when we get them anyway.

I remember being on the platform with the former member for Crescentwood, Avis Gray, and we had a disagreement about what the federal budget was going to mean in terms of revenue for the next three years. For the life of me, I could not figure out her numbers, and for the life of her, she could not figure out mine, and yet we were both right, according to us. You know how that goes.

Mr. Chairperson, just as soon as the honourable member clarifies that, I would be recommending a five-minute recess.

Mr. Lamoureux: Mr. Chairperson, the reason why I am interested in those specific numbers is because we

are talking about the federal government's commitment to health care. Just in reading and perusing this—and what caused me to peruse it was the member for Crescentwood's (Mr. Sale) concentration on this very important issue. When I look at the actual numbers of Health, from the \$4.6 million to \$4.8 million, there is an increase there. Under the Canada Assistance Plan, under Health, again, there is an increase from \$12.9 million to \$14.6 million. There is a couple of million dollars in terms of additional dollars going into Health, and then under the EPF funding there is a reduction from \$420 million to the province to \$416 million. There is \$4 million difference. There is just under \$2 million coming into Health from two other lines and there seems to be \$4 million that has been cut out from the EPF.

This is the first time that I have gone through the Health Estimates; I could be missing something here, and that is the reason why I am asking the Minister of Health. Out of the Health EPF, what percentage of that \$4 million reduction is actually from Health. We could take the five-minute recess and come back.

Mr. Chairperson: Is it the will of the committee to take a five-minute recess? It is agreed.

The committee will recess for five minutes.

The House recessed at 4:47 p.m.

After Recess

The House resumed at 4:56 p.m.

Mr. Chairperson: I call the committee to order.

Mr. McCrae: Mr. Chairperson, just before our little break the honourable member for Inkster was asking for some information, and I am advised that we can make that information available to the honourable member for next day.

Mr. Lamoureux: I will leave that line of questioning until I actually get the information, and, of course, because there is no hidden agenda that I am looking

for, what I am interested in is in fact to compare what I see at least on paper approximately \$1.9 million increase in two other lines of health care transfers compared to the \$4 million decrease through the EPF funding.

I wanted to move on to—actually I would like to be able to continue what I started last time we sat as a committee, but prior to doing that, I want to pick up on an issue that I brought up today, actually during Question Period, because I think it has a lot to do with committees that are out there. The Minister of Health was very kind in providing a list of all the different committees that the Minister of Health has commissioned or ongoing. Some of them, of course, are past committees. I take it they have stopped. One of those committees deals with the need to try to recruit more medical doctors, in particular to go out into rural Manitoba.

What caused me to raise the question, it was brought to my attention, actually one of my assistants was reading through the newspaper and found an interesting story with respect to doctors who were being recruited potentially to go out and work in rural Manitoba, and there was a conditional register.

If I can I will quote right from the paper: The conditional register would exempt South African doctors from a requirement of two years of internship, but not other immigrant doctors. The two-year rule would also be applied to the latter retroactively, even against doctors who have been working in their field for years. That rule alone eliminates 60 of the 76 unemployed immigrant and refugee doctors in the province.

When that particular article was brought to my attention, I thought it might be a good question to ask the minister. He indicated during Question Period that he does not believe that there is anything that would establish a two-tier system in terms of immigrant doctors possibly practising medicine in the province. I was glad to hear that, but I am wondering if the minister can give us the government's position on immigrant doctors that do come to Canada and how we might be able to take care of two problems in one by trying to resolve these two issues hand in hand. It

seems that there are doctors who potentially have the qualifications if they were given the opportunity possibly to write the exam or something of this nature.

* (1700)

Mr. McCrae: I am happy the honourable member feels reassured with respect to the issue of any bias. I am told and assured there is no bias for any reasons other than reasons relating to appropriate training and standards by which we can measure the ability for a doctor to carry out his or her practice.

The honourable member singled out one country, South Africa. There are other Commonwealth countries that have similar levels of academic achievement required before graduation from medical school. The thing with graduates of foreign medical institutions that are not the Commonwealth ones is that they have not got the same standards that are required in Canada and, I think, U.S.A., U.K., Ireland, New Zealand, Australia, South Africa. That is the problem. It is not any inherent bias against somebody who does not happen to come from those countries. It is the difference in academic standards followed in the other countries.

Technically, as far as the college is concerned, their concern is that a) that a physician meets the requirements set by Canada, and then they have their own requirements, the college, does. Countries whose medical school programs do not meet the same standards, people who attend those medical schools may have more difficulty meeting the requirements for service to the residents of Manitoba. That is what we are talking about; it is an academic issue and nothing else. Any suggestion that there might be some other kind of bias involved, I would want to follow up and make sure that was not the case.

For example, it was suggested to me that it is not fair that some people cannot rewrite a test. Well, I wanted to follow that up a little bit because in the mind of the person making the allegation, that policy reflected some kind of an inappropriate bias on the part of the college. I wanted to satisfy myself that if such a bias existed, that it was terminated, stopped, and if there was no such bias, that that be made clear too. Now I

understand the College of Physicians and Surgeons is willing to have a look at that policy. So that is good, in my view.

(Mr. Mike Radcliffe, Acting Chairperson, in the Chair)

Two bottom lines: one is let us get some medical service to underserved areas and secondly, let us make sure that the practitioners meet appropriate requirements so that we do not have a two-tier, i.e., one kind of expertise required in some parts of Manitoba and a different kind or an inferior kind somewhere else. That is all it is.

I understand that immigrants coming to Canada are told before they come to Canada, and it is a Canada-wide policy, that there are no assurances given that they would receive licences to practise medicine in whatever their destination in Canada. I can understand how it would make somebody feel to think that we cannot find a doctor for community A and yet there is a doctor working at a minimum wage in Winnipeg somewhere. The point is, is that doctor able to meet the requirements of our College of Physicians and Surgeons? It is a made-in-Manitoba college. They have their made-in-Manitoba way of deciding who should be registered to practise medicine and who should not, and what standards are required to be met in order for someone to get on the register.

Still and all, we want to make opportunities available to the extent that we reasonably can, keeping in mind the balance that we must strike. Once someone is licensed to get a conditional licence, we are extending from one year to five the opportunity to practise and bring the skills up, and meanwhile the community can benefit as well. That one-year term was seen to work against the long-term location of physicians in some regions, and the five-year one is felt to provide a better level of stability for Manitoba communities.

Mr. Lamoureux: Mr. Chairperson, I want to continue to have more dialogue with respect to this particular committee. The actual name of the committee, is it the Physician Resource Committee? What is the actual title? I am just trying to find it in the document that the minister provided.

Mr. McCrae: Mr. Chairperson, a year ago the government of Manitoba entered into an agreement with the Manitoba Medical Association. As part of that agreement, it was decided that there would be a Medical Services Council. That Medical Services Council is there to make recommendations to the government as to how is the best way to spend the \$250 million that is there for the medical services—[interjection] Down to \$242.5 million, how best to spend that to get the right results, as we were discussing earlier about needs and outcomes and so on. How best to spend physicians' fees to achieve maximum benefit for the population?

That council was set up with representation from the medical association, from the government, from the College of Physicians and Surgeons. I think the Centre for Health Policy and Evaluation is represented there. The medical school is represented, and the medical students, I think, have representation there as well. Not on that one? It is on the other one? Right, not on that one, the students are not on the Medical Services Council. And community representation as well on the Medical Services Council.

Also part of the agreement with the MMA was that a subcommittee of the Medical Services Council would be struck to address the very important issue of physician resources throughout Manitoba. It was recognized by the signatories to the agreement, which is quite historic really, because it is the first time we have had a peaceful working relationship with the physicians in, I am told, 20 years in Manitoba, so that is very significant.

A subcommittee of the Medical Services Council is the Physician Resource Committee. The Physician Resource Committee is charged with the responsibility to see that we have doctors in all those regions of Manitoba where they are needed and also the issue of the specialty requirements is addressed. On that committee we have representation from the public, three representatives, plus that is the one where we have the medical graduates or Medical Students Association, the MMA, the government, the Manitoba centre, the college. Carolyn Park, our provincial nursing adviser is on that committee, too, and representatives of the public.

* (1710)

The Physician Resource Committee, late last year or early this year, put out an interim report. It is their job to make sure they have produced a final report by the end of this year. That report, it is our expectation, will have contained within it the longer-term plan for physician resources. We do not want to be faced on a frequent basis with some new crisis in some other Manitoba community where their doctor has passed away or their doctor has left to go to the United States or somewhere else, or their doctor is on holidays. We want to make sure that we have a locum tenens program that will be there for the longer term so that we will not have an issue of crisis proportions every time a position decides to leave a community.

We would like to know there is something that can be done every time that happens, because the honourable member has to recognize that you look at the city of Winnipeg and remove one family practitioner from Winnipeg—[interjection] Well, it is not as serious a matter, obviously, as it would be in a community like Leaf Rapids where you would have a serious problem. If you have two or three physicians working in a community and one of them leaves, you have just either doubled or greatly increased the amount of work that has to be done by the remaining physicians. The longer you allow that to go on the sooner burnout is going to set in, and you are going to have very unhappy physicians and burned out physicians and maybe physicians who want to leave.

We do not want that, and that is why we had the foresight a year ago to agree with the MMA that this was something that needed to be addressed. Thank goodness we did, because if we did not, I would suggest, we would be in a lot worse shape today than we already are in, and that is not to say we are in perfect shape today. We have pressures in some communities that absolutely must be addressed on a priority basis.

Mr. Lamoureux: Mr. Chairperson, you know, I can recall our former critic before Avis Gray, Dr. Cheema, who often made reference to immigrant doctors who come to Canada and the lack of recognition for credentials, if you like. So the rural Manitoban

shortage of doctors has been an issue over the last number of years. It is not something that has come about now.

In listening to the minister, I understand then that the committee that is established would be a subcommittee of a committee that was established by the MMA. Now, I am wondering, you know, what would the—I should not necessarily say the criteria, but why would the government not, knowing that this has been an issue now for a number of years, have established a committee to deal with this particular problem years ago? Or, you know, playing devil's advocate if I may, if they feel that it is an issue, why did they not charge MMA to look into it years ago? Why are we dealing with that particular issue today as opposed to, you know, six—it was in all likelihood about six years ago when it was actually first brought to my attention.

Mr. McCrae: Well, Mr. Chairperson, with all due respect, the problem goes back much longer than the six years when the honourable member first became aware of it. I became more acutely aware of it in recent years too, but it has been an ongoing problem for provinces in Canada for—I would not even want to hazard a guess how many years it has been. It has been a lot more than six that doctors have congregated in the larger communities.

This Physician Resource Committee was not something established by the MMA, as the honourable member said. It was established with the MMA as part of an agreement with the government. It is not a new concept to try to do something about this problem. We have the Standing Committee on Medical Manpower that has been in existence for a number of years, and I do not know how many committees before that. It is not a new problem.

It is a particularly sticky one, and no one wants to say they have all the answers. Some people say, well, force the doctors to go to rural Manitoba. Well, do we force architects to go to rural Manitoba? Do we force MLAs to go to rural Manitoba? The trouble is, with forcing people, you tend to make them wonder if you are not infringing on their rights just a little bit.

The old question about, the carrot or the stick, comes into it. I have tried really hard, and either way I see it, depending where you stand, whatever measure you bring forward can be viewed either way. So, I say, well, we are trying to offer a carrot. Somebody else says, no, you are trying to drive us out. You are trying to drive us out into the country where we do not want to be. So, I find, and other governments, and other ministers have found, this to be a sticky problem for many, many years. Only by working in co-operation with the MMA will we hope for some success, I suggest, on a consistent basis.

Over the years, I do not know how many things have been tried. One initiative might work well in a particular circumstance, but it might not work in a different community on another day, and in different circumstances. It is like you almost have to have a tailor-made system, to tailor make an initiative each time a problem crops up. That is what has been missing, I suggest. I think communities have tried with inducements of one kind, or incentives of one kind or another, housing arrangements, various sorts of incentives. They work for some; they do not work for others.

To say we are just beginning to look at that is not correct. I suggest for many years various governments and ministers have grappled with this, and I continue with this issue. I think that we are beginning to work our way to a point where the players are going to be more willing to work together. We are just determined that we will not accept a model of medical health delivery that only gets delivered out of the big centres. Not good enough for Manitobans, in my view, so we are finding ways what with conditional registers, pools for locum tenens, and all these different things. I say all these different things because one idea will not solve the problems in every corner, every region. It seems like everywhere you go, they have a little bit of a different kind of a problem, so a simple, easy to understand solution does not work everywhere.

Mr. Lamoureux: Yes, that is why we want to be able to provide a number of different potential solutions that are out there.

In the article it makes reference that there are 60 people, at least a minimum of 60, that are excluded from this. Now, again, I do not want to say that this is a fact, because I do not have the background in order to substantiate that it is a fact that there are 60 people that are prepared and would be doctors if given the opportunity, but I have not heard anything to counter that.

I have heard over the years that there are a significant number of individuals in the province that do have the ability or would like to be given the opportunity to demonstrate that they have the ability to become a doctor and would jump at the opportunity to be able to go and service a rural community, and I think that is a viable option, and this is an option that has been there for a number of years.

Another option, and I believe I made reference to it in question period, was the idea of the enticement for individuals, in particular, not exclusively, but in particular, individuals that live in rural Manitoba that are entertaining the thought of going into medical school, and that is to possibly offer to pay substantially, if not possibly even wholly, the cost of putting them through that facility in return for a commitment in terms of time in that rural community.

The Minister of Health makes reference to, well, you want to provide a carrot as opposed to booting them out of the city, if I can put it that way, and I concur. And the biggest carrot of them all, no doubt, is the rural way of life. If we can provide other carrots, then let us do that. I do not think that we would be breaking ground in Canada by saying, look, we are going to put you through medical school; in return you are going to serve as a medical doctor for five years up in Flin Flon. And one might say, well, the Charter says, it is the right of mobility, I should be able to move and do whatever it is that I want. Well, you can always provide the buy-out, some form of a buy-out clause.

* (1720)

You know, when I was in the Forces you could actually go through the colleges, the Forces colleges, and if in fact you decided after receiving your degree that you wanted to opt out of the Forces, in order to do

that you had to pay back, and I think again, this is another option that is there for the government to be considering.

If the government believed that this was an issue in which it merited a higher priority, the type of priority in which we see, whether it is through Question Period or discussion or debate within the Chamber, because the minister indicates that he wants to have the doctors in rural Manitoba, I am a bit confused in the sense of why it is then that I am not able to begin, well, you know, here are the options that you point out. We have looked into them and here are the problems to those options, and it is just something that is not feasible. If, in fact, you indicated that is the case, then I would be more resolved to try to come up with some other solution.

The other day, I was talking to the Leader of the Liberal Party, and he mentioned that he met with some of these individuals that would like to be able to practise medicine. Their concern was again, give me the opportunity to prove my ability. I think this is what sort of action government should be doing, is looking at how it can resolve the rural issue of the doctor shortage or what some are terming is more of the crisis that could potentially develop in particular in northern Manitoba, and trying to get answers in a much faster fashion because we have the civil servants and the professionals to be able to make the decision. We can quite easily, I would think, find out if, in fact, some of these individuals say they have the ability, we should be able to demonstrate whether or not they have the ability.

I think that is, at least in part, possibly the short-term answer, and ultimately I would like to think that the long term might be in that latter option that I made reference to, in terms of trying to get young people from rural Manitoba to come into medical school and go back into the rural communities. One of the ways you can do that is through some form of a tuition enhancement.

I would ask the Minister of Health (Mr. McCrae), when would he foresee—he has made reference that we are going to get a final report in November. Does he believe that it would be premature for the government

to take some form of action prior to that? Is there not something that we can do to try to alleviate some of the concerns that are there today by taking quicker action? That could be quite simply because we do not know, or at least I do not know, and the minister could likely find out, just how often that particular subcommittee is meeting. Is it possible for them maybe to have the extra meeting or two that might be necessary—I do not know because I do not know how much preliminary work has been done—to be able to draw this issue to a quicker conclusion.

Mr. McCrae: The honourable member's question really brings out the same sort of frustration that I have felt in dealing with these physician resource issues. I will certainly see to it that the honourable member's comments are shared with the members of the Physician Resource Committee. I would like them to read first-hand what the honourable member has said, because sometimes those ideas do seem to sound like they are just straight common sense that you can attract people into a profession by making those kinds of deals.

It seems to me that contractually speaking that is not something that is a rights issue. If you do not want to do it, then do not do it, but there are some who might want to engage in that sort of a program where you get some assistance with your costs and in return you deliver a service.

My mind is not closed, by any stretch. I have heard many, many different ideas about how we might proceed. Sometimes they do not really survive the scrutiny of the light of day, but sometimes they do and they end up, in one way or another, looking very much like a recommendation that comes forward.

I see a lot of important health issues, but I do not see any more important than the issue of physician resources. I have made it very clear to the Department of Health and everybody I am able to influence that this is a top priority for me. I have made it clear to the Manitoba Medical Association that physician resources are a top priority for me.

I do say, though, that Manitobans, wherever they live, are entitled to be served by people whose

credentials have been tested and found to be appropriate for the delivery of service. To me, it is not good enough to say, well, you are from rural Manitoba so we can send you a physician who does not meet the requirements of the College of Physicians and Surgeons. To me, that is not good enough. It reflects the wrong kind of attitude about rural Manitoba as far as I am concerned.

* (1730)

I do not think that is what the honourable member was trying to get across. I say you have to be really careful with these professional-type issues. We are dealing with people's health care and sometimes in emergency situations you want to make sure you have physicians who are appropriately trained and up to speed on what their colleagues are doing in Manitoba and from every recognized medical school.

I believe that the Medical Services Council has an extremely important job and so does the Physician Resource Committee. We simply want them to do their job because it is important to the way we deliver health care. That is why we have the Manitoba Centre for Health Policy and Evaluation involved in so many of our medical care, our health care issues. They will address the issues of needs and outcomes.

There are times, I have to say, that there may be those who think that we can measure our health by the number of doctors we have. That argument is about as good as the argument that we can give an accurate measure of poverty or lack of poverty by the number of people on social assistance. Those kinds of arguments are really somewhat flawed.

We have to, with the help of the Manitoba Centre for Health Policy and Evaluation, make a determination about population groupings and what is the right amount and the right mix of professional caregivers in a particular region to deliver a certain group of core services that is felt by the health planners to be the right group of services to be delivering in a particular area. Then you have to have your provincial programs that operate province-wide or operate only at the Health Sciences Centre or St. Boniface Hospital to serve the whole of the province, then you have your regional

centres and so on. These are the issues these committees grapple with.

As part of the Manitoba Medical Association agreement with the government, there is a cap on the number of physicians practising in Manitoba. There is concern there is no cap on the number of physicians who can practice in the city of Winnipeg, because that is what has grown over the years to levels that are not sustainable anymore in terms of the successful operation of a health system.

If we have a surplus of physicians in Winnipeg, surplus to our needs, and we have a shortage in rural Manitoba and northern Manitoba, it follows fairly naturally what should happen. But do you drive the doctors out? That does not seem to be a very smart thing to do because if we did that, I would daresay the honourable member and others on that side of the House would be the first on their feet saying you are driving the doctors out. They would not just be driven out of Winnipeg, they might voluntarily just go right beyond the province of Manitoba, and then we would feel that we were creating a problem for ourselves. So the honourable member can understand the nature of the problem we have.

I have been to many, many communities in rural and northern Manitoba, and I can join the chorus of those who talk about the high level of the quality of life in those communities, and those who live in those communities are even better able to do that. But something happens at some point in the life of a physician that says well, Winnipeg or Brandon or somewhere like that is the place to be to practice medicine. So I think the medical school is trying to address issues like that by establishing in curriculums and so on the whole concept of health as opposed strictly to health care, primary health.

You know, doctors traditionally learned their skills in a hospital setting, so a lot of doctors think, well you have to have a hospital nearby or I cannot practice medicine properly. Somewhere in there is something that needs to be addressed, because we do not have hospitals on every corner in our province; we have people, though, who need the services of medical people.

I want to be part of an effort that would make a rural or a remote practice an attractive proposition for a young doctor or any doctor. How do we make it an attractive proposition? The honourable member's suggestions and many others are the kinds that our committees look at to make an assessment about what is realistic, what can really work and actually achieve the ends that we want to achieve. So as I said before, I will be making sure the honourable member's suggestion is made known to the Physician Resource Committee.

Mr. Lamoureux: Mr. Chairperson, it would be interesting, as I indicated at the onset of the discussions on the Estimates, that this being my first time through health care, interesting in the sense that when we go through this process again next year, to see what sort of a response we would get from the minister and from the committee with respect to this particular issue.

Wanting to move on and continuing along the same thought of the committees that are out there, in the documents that the minister provided us, it makes reference to the 110 both current and past committees that have been established through the department, of which 74 of them are actually current. Of the ones that are current, what number or which ones would be ongoing committees? They might be charged with a particular responsibility at some point in time, but of the 74, are those always around to act in some sort of an advisory capacity to the Minister of Health?

Mr. McCrae: Mr. Chairperson, the list of committees that the honourable members have before them are basically the so-called reform committees. They exclude committees that have always been around or always will be around, such as the Health Board and those types of committees.

I cannot be numerically specific today, to say that six of them are finished their work forever and will never meet again, or 18 are ongoing committees, and 26 are, you know, committees actually to implement, or whatever. I cannot give that sort of detailed information today.

Much has been made of the fact that there are a number of reform committees though. Maybe it would

be helpful to deal with that issue, because it strikes me as somewhat a difficult issue to deal with when on the one hand, they tell you you should not have committees, and on the other hand, they tell you you have too many. So what is the right thing to do?

Right from the time of the production and release of the reform document called *Quality Health for Manitobans: The Action Plan* about this time in 1992, that is three years ago now, right from that time and including to this, the whole process has involved input from thousands of Manitobans. I am told some 15,000 Manitobans have been involved in the reform of our health care system.

* (1740)

So then people create these images of back-room secret groups making decisions and tinkering with the health care system. I think that is really an incorrect characterization of what it is that is going on. Either you consult with Manitobans, or you work from an ivory tower approach. I do not think the Liberals have ever suggested that the methodology here or the approach was particularly wrong. I am not laying this at the doorstep of anybody right now. I am just trying to explain what it is that we have been going through as a province.

We looked in 1992, I guess for the first time or maybe shortly before that, at health and said, well, what is it about health? What is the future of our health care system, and what is the significance of health, as opposed to health care, or not as opposed to, but as part of this discussion.

We were told by those experts out there that we are not going to be able to sustain the kind of growth that we have been seeing in the acute care sector of health if we do not get a handle on what it is that is making people sick in the first place, or if we do not get a handle on a better way to look at health, or if we do not get a handle on the whole issue of outcomes.

For years, we were able, because of the things we talked about earlier in this discussion today, i.e., the ability to find money—when pressures were exerted on the health system, what did we do? Well, we just built

another hospital, or we added a ward to one that already existed, or we added this or we added that, with never a thought to what are we getting for all these dollars.

It was always felt that politicians were just supposed to respond. When somebody raised an issue, well, you threw some money at it, and then it would go away—and they did. They went away until the time came when we could not proceed that way any more. You know, every time you build a hundred beds or you build a new building, you also have to pay people to run that building, every year, year after year. The combination of all these costs were just getting too much for governments everywhere.

There is no better example than to look in our neighbouring province of Saskatchewan, where over the years they built a capacity of hospitals, rural especially, that was clearly beyond their requirements and when the time came for Saskatchewan to deal with the issues, there was the closure or changing of the rural admission of 52 rural hospitals. I would never say that to be critical of Saskatchewan, except that some say they overbuilt in the first place. Well, maybe they did. The fact is, people got affected when 52 hospitals were closed or changed significantly. It created a labour issue. I do not know if it created a health issue. I think it created a labour issue though.

Similarly, in other jurisdictions, including Manitoba, where bed closures happened in 1992-93 at our big hospitals here in Winnipeg, labour was affected, staff were affected by that. It created a fair amount of discomfiture, culminating in a \$700,000 ad campaign in the recent election, to which the nurses' union contributed a very large amount of money.

Or you can look to Ontario where their version of health reform was to close 10,000 hospital beds. Reading Michael Decter's book, he has it pegged at 8,000. There have been some things happen since that book was published and I understand it is up to 10,000 beds.

Look at Montreal, the recent announcement by the Minister of Health there, the closure of seven urban hospitals in the city of Montreal, 10,000 jobs involve.

What we have done in Manitoba, even though we were accused of doing otherwise, was to build alternate systems of care. I cannot remember offhand how many hospital beds were closed, but about an equivalent number of personal care home beds have been opened since that time. That provides a fair amount of employment, and in addition, under our capital program we have another number of hundreds of personal care home beds coming on stream.

The spending on the home care program has doubled in the last seven years. In the last five years alone, 750 more people are working for the Home Care program than previously. So what you are seeing is a shift. As you do all these things, as you look at lab services, a very important part of diagnostic treatments, imaging, things like CAT scans and MRIs and X-rays and those sorts of things, we have committees to help us make policy.

Obstetrics, as the honourable member was asking about that before, we have people who work in the field, specialists and others who are involved in the delivery of those services working together to advise government. We are accused of having committees. Well, is someone suggesting that a minister, all by himself, or a group of ministers sitting around a cabinet table ought to play God? I hope not too many are suggesting that because it has been done that way and the pain is deeper than we have to put up with in the province of Manitoba.

I think of New Brunswick where they have a significant number of faith-based institutions, hospitals and personal care and that sort of thing. The government there, because it had a requirement to take dollars out of the health system, passed legislation. Never mind the way we are doing it over two or three years and consulting everybody all over the province to figure out how best to regionalize our health system, they have done it already.

So in that sense they are ahead of us, but how many people have been hurt or upset by that approach? How many faith-based institutions feel that their missions and goals have been totally ignored? Well, ask them. I am telling you that by entering into a Memorandum of Understanding with faith-based institutions here in

Manitoba, we can protect their goals and their missions in the future and make health care reform happen in an effective way.

Similarly, in Saskatchewan, they have had a pretty vibrant rural life in Saskatchewan over the years. I guess that is what led to the creation of some 300 hospital districts—

An Honourable Member: Three hundred? No, it is 30 now, right? It was 300.

Mr. McCrae: No, there were 400 boards and now there are 30. How did that happen? Relatively overnight in the ivory towers of the Legislature in Regina. They had to achieve the same kinds of things we have to achieve. We do not believe we can just run away from our responsibility and just allow ourselves to spend the life out of our health system or to suffocate, choke, our health system to death by spending it into oblivion. So it is a question of how you do it in the various places.

Alberta, taking a much more aggressive approach than we are when it comes to cuts and being criticized pretty widely outside Alberta, although inside Alberta there seems to be an understanding of what is trying to be achieved there. I know that nothing is ever unanimous, but I know enough people in Alberta to know that the people I speak with are cautiously approving what is going on there in Alberta, even though I do not think we need to do it that way in Manitoba, nor do I want to. Polling results there tend to show that it is felt that they are on the right track, but I do not know that that is transferable to Manitoba either.

* (1750)

So just in case, we have sought and, I think, achieved made-in-Manitoba solutions where we have faith-based institutions that require some kind of understanding from government. I think those organizations could see what was happening elsewhere and were pleased to enter into arrangements with our government.

I know the honourable member for Inkster (Mr. Lamoureux) is not being critical about this, but these

committees—it is quite a job, keeping track of who they all are and what they are all doing. I recognize that, but there is no effort here to do anything but to try to build a consensus and to try to have a ground-up sort of approach to better methods of delivering health care services and, in so many of them, you have got representatives who understand the issues of outcomes and what we are trying to achieve. In every one of them, I would hope, I think, expect that the needs of the patient or the client are the needs that we are all working towards achieving.

Sometimes, even in a time of transition, there are those who would want to go to bat for the vested interests. Well, it is the vested interests that built our health system, and so we owe them a lot, but the vested interests also built some things into the health system that are not good too. They might be good for the vested interests but not good for the patient, and those are areas where it gets tougher, health reform. It gets much tougher, and you need a fair amount of wisdom and all of that, which I do not have enough of, but I keep working on it, Mr. Chairperson, and I hope that by getting some advice from people who have some wisdom that we can find our way through this process and achieve a health system that we can promise will be there for the next generations of Manitobans.

We have an Advisory Committee on Mental Health Reform, referred to the other day, it is on the organizational chart on page 9 of the Supplementary Information, those dotted line ones that the honourable member for Kildonan (Mr. Chomiak) referred to. The Advisory Committee on Mental Health Reform is an advisory committee. The chair is Dr. William Bebhuk.

I am going to go through these names because I think it is important that it be understood that the people who are named on these committees are named on them for a reason, and the reason is they know more about certain things in mental health than I do. I do not think it is right for us to proceed in the way that some think we should, and that is to just not have committees. I think you need to have them.

There is Dr. Jeff Ivey; Sister Jean Ell; Ms. Pearl Soltys; Steve Todd; Dr. John Arnett; Dr. Garey

Mazowita; Ms. Veryl Tipliski; Mr. Bill Martin—I think everybody around here knows who Mr. Bill Martin is—Dr. Gary Altman; Ms Darlene Dreilich; Bill Ashdown; Jerry Marek; Catherine Medernach; Katherine Davis; Maureen Koblun; Ed Driedger; Jim Mair.

Even an advisory committee has subcommittees because Jim Mair is a chair of one of the subcommittees. Gail Friesen is the chair of another one. Judith Detrick-Williams is the chair of another one. Lorraine Compton is a chair of a subcommittee. Linda Lehmann, Linda Earl, Myles Haverluck, and Del Epp are all chairs of various mental health subcommittees and what is wrong with that, you know, that is my question.

Maureen Lennon-Borger, Sue Hicks and Dr. John Biberdorf are all members of the Advisory Committee on Mental Health Reform.

There are a couple of other ones that are in dotted boxes on page 9, the Appeal Panel for Home Care. On the Appeal Panel for Home Care, the chair is Dr. Peter Connelly. He is the chair but he is the past president of the Manitoba Medical Association, and he is a staff physician at Deer Lodge and medical director of Holy Family Nursing Home.

Claudette Labossiere is a licensed practical nurse in the Home Care program.

Paul Murphy is involved in—I think the member for Concordia might recognize this person's name—services to people disadvantaged by disabilities. He is the president of the Thalidomide Victims Association of Canada.

Ed Paterson is the past president of Fred Douglas Lodge and past executive director of United Way for fourteen years.

Sandra Ringaert is a registered nurse with a bachelor of nursing degree. She has got 25 years of community health nursing experience with the VON.

Elizabeth Semkiw is an advocate for people disadvantaged by disabilities. She is employed with

the Council of Canadians with Disabilities, and she is also a client of the self-managed Home Care program. Those are the people we have dealing with appeals from people who are dissatisfied with the arrangements they are getting from our Home Care program. I think that is an excellent group of people and they do extremely important work for us, for all of us. They have made life much better for clients of the Home Care program.

Another one is the Advisory Committee to the Continuing Care Program. The chairperson is Paula Keirstead. She is a community activist and she has a Bachelor of Social Work. Cindy Brown is a consumer of the Home Care program. Myrna Fichett, is a registered nurse with a certificate in Gerontology. She is the director of care at Red River Valley Lodge. Elaine Prefontaine is a retired registered nurse. Joyce Rose is a former member of the Manitoba Council on Aging. She is involved with Support Services to Seniors. Dr. Elizabeth Watson is the departmental head of Geriatric Medicine at Seven Oaks General Hospital. Again, people are offering their assistance to advise us on the effective operation of our Continuing Care Program.

Very quickly, I will run through the Minister's Advisory Committee on AIDS, which is also another one on page 9 in the dotted box. Bill Gardner is the chair, Dr. Erma Chapman, Dr. Carl Landrie, Dr. Richard Stanwick, Dr. Linda Poffenroth, Laura Donatelli, Brian Peel, Myra Laramée, Albert McLeod,

the Reverend Fred Olds, Brenda Elliott. I used to do a fair amount of work with Brenda Elliott when I was Justice minister, too. Margaret Fast is an ad hoc member, as is Pat Matusko, Joyce MacMartin, and the assistant from my office, Kathleen Hachey is also attached to that particular committee.

Sorry to be so long with that answer, but I wanted to talk a little bit about the committees in dotted lines because the questions were raised.

Mr. Lamoureux: Mr. Chairperson, one cannot necessarily condemn government if they see fit that there is a need to establish committees on the condition that the committees they are establishing are there for all the right reasons. The primary reason, of course, is to ensure, as we have alluded to on many different occasions, that the patient's interest is first and foremost and kept as the first priority, and also, that there is some sort of report or that we are getting something from the committee in which the government is prepared to take action on.

On the health reform committees that were established, there were 36 that are no longer functional, if I can use the word "functional." Can the minister indicate whether he has received final reports from those 36 committees?

The Acting Chairperson (Mr. Radcliffe): The hour being six o'clock, I am leaving the Chair and will return at 8 p.m.

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 5, 1995

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