



Second Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS
(HANSARD)**

40 Elizabeth II

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

LIB - Liberal; ND - New Democrat; PC - Progressive Conservative

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	LIB
ASHTON, Steve	Thompson	ND
BARRETT, Becky	Wellington	ND
CARR, James	Crescentwood	LIB
CARSTAIRS, Sharon	River Heights	LIB
CERILLI, Marianne	Radisson	ND
CHEEMA, Gulzar	The Maples	LIB
CHOMIAK, Dave	Kildonan	ND
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	ND
DOER, Gary	Concordia	ND
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	LIB
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Cliff	Interlake	ND
EVANS, Leonard S.	Brandon East	ND
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	ND
GAUDRY, Neil	St. Boniface	LIB
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	ND
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	ND
LAMOUREUX, Kevin	Inkster	LIB
LATHLIN, Oscar	The Pas	ND
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	ND
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	ND
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	ND
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	ND
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	ND
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	ND
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	ND
WOWCHUK, Rosann	Swan River	ND

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, June 20, 1991

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

INTRODUCTION OF BILLS

Bill 10—The Employment Standards Amendment Act

Mr. Steve Ashton (Thompson): Mr. Speaker, I move, seconded by the member for Concordia (Mr. Doer), that Bill 10, The Employment Standards Amendment Act; Loi modifiant la Loi sur les normes d'emploi, be introduced and that the same be now received and read a first time.

Motion presented.

Mr. Ashton: Mr. Speaker, I have just a few brief comments, as is permitted by our rules. To the government House leader who indicated across the floor that it is his job to introduce bills, the reason we are introducing this bill is because the government is not doing its job.

This would improve protection to workers affected by plant closures. It is similar to bills that I have introduced in previous sessions that have not been acted upon. It would increase notice provisions, allow employees the opportunity to buy the plant and would in general deal with the almost daily plant closures and major layoffs we are seeing in this province, something I feel that all members of this Legislature should look at, the impact that is having on Manitoba workers. Thank you.

Motion agreed to.

Introduction of Guests

Mr. Speaker: Prior to Oral Questions, may I direct the attention of honourable members to the Speaker's Gallery, where we have with us this afternoon Speaker Bob Griffin, who is the Speaker of the Missouri House of Representatives; Senator Bill Hutchins, the Iowa State Majority Leader; Senator Roger Moe, Minnesota State Majority Leader; Senator Corliss Mushik, North Dakota Senate; also Ilene Grossman; and Virginia Throll.

On behalf of all honourable members, I welcome you here this afternoon.

Also with us this afternoon, seated in the public gallery, we have from the Riverton School thirty Grades 5 and 6 students. They are under the direction of Mr. Anderson. This school is located in the constituency of the honourable member for Interlake (Mr. Cliff Evans).

Also this afternoon, from the Principal Sparling School, we have twenty-seven Grade 6 students. They are under the direction of Mr. R. Scrapneck. This school is located in the constituency of the honourable member for Wellington (Ms. Barrett).

On behalf of all honourable members, I welcome you here this afternoon.

* (1335)

ORAL QUESTION PERIOD

Tupperware Plant Closure Labour Adjustment Strategy

Mr. Gary Doer (Leader of the Opposition): Mr. Speaker, I am sure the people of Manitoba and particularly the people of Morden are devastated today with the news of 165 jobs being lost in the Tupperware plant in Morden, Manitoba; 165 jobs in Morden, I guess, would be equivalent to 1,000 in Winnipeg. It is a very, very serious situation.

We are informed today that the jobs will be moving, the production of the Tupperware products for purposes of Canada will be moving to Halls, Tennessee and Hemingway, South Carolina. It raises again very serious questions about where our Canadian economy is going and where our Manitoba economy is going.

I know all members in this Chamber are very concerned for the workers, their families and for the economy of Morden. I would ask the Premier, when was he notified of the pending close down of the 165 jobs in Morden? What action is the government going to take for the workers and their families in the community of Morden?

Hon. Gary Filmon (Premier): Mr. Speaker, we are certainly very upset at the news that was conveyed to us this morning by the ownership and

management of Tupperware in Morden. As a member of the government that brought Tupperware to Morden in 1979, I feel some personal sense of loss, all the hard work that was put into bringing Tupperware to Manitoba as their Canadian plant.

The move, from the information that was provided by the Tupperware company, which, I am sure, information is available to the Leader of the Opposition, is part of a massive consolidation throughout the company that included, during the past year, the downsizing of some 1,300 jobs in the United States as part of the process. In fact, no plants are being expanded in the United States. What is happening is that plants that have all been operating at much below capacity are now being used to supply the Canadian market. Certainly, we believe that this is a very unfortunate decision for Morden and indeed for Manitoba.

In answer to the latter part of the question that the member placed, obviously, all of the various programs for work force adjustment that the province of Manitoba has will be available to the workers from Morden. We certainly believe that all things that we can be doing to support the farm community, including some of the things that we have ongoing with respect to Morden, will be helpful.

There are, obviously, many things more that we are going to want to do to continue the process of bringing in investment to Manitoba, such as has happened in recent times with respect to Royal Trust, with respect to MacLeod Stedman, with respect to Western Glove Works and so on. We are going to have to just keep working to ensure that new investment takes place to try and offset the effects of the consolidations that are taking place throughout North America.

Free Trade Agreement - U.S. Impact on Manufacturing Industry

Mr. Gary Doer (Leader of the Opposition): Mr. Speaker, our manufacturing job base in May of 1988 was 65,000 in Manitoba. Today, May of 1991, a year and a half after the Free Trade Agreement with the United States, it is down to 55,000. It is clear to us that the ethic that used to exist between Canadian and U.S. companies, where production was done in Canada in exchange for business in Canada, that kind of ethic is changing and changing dramatically with the introduction of the trade

agreement and the loss of manufacturing jobs in this province and many other provinces.

This Premier supported free trade. What is he going to do about the changing business ethic that is moving jobs either to central Canada or down to southern United States? What is he going to do about the adjustments and the deindustrialization of Manitoba and Canada as a result of the Free Trade Agreement? How could we get people working again? What action can we take for those 165 families in Morden, Manitoba?

* (1340)

Hon. Gary Filmon (Premier): Mr. Speaker, I am sure that the member opposite has the information that was provided by Tupperware with respect to this issue. He may choose not to read it. He may choose to ignore it, but they put out, as part of their news release package, a series of questions and answers, one of which said, quote: Would the Morden plant have been closed in the absence of the Free Trade Agreement? Answer: yes.

Question: Would the plant—

Mr. Reg Alcock (Osborne): What do you expect them to say?

Mr. Filmon: I would expect them to tell the truth, unlike the member for Osborne, Mr. Speaker. I do not expect him to tell the truth, because he has a track record to live up to. I would expect the people from Tupperware to tell the truth, and indeed they have.

Mr. Speaker: Order, please.

Point of Order

Mr. Alcock: On a point of order, I would ask that the Premier withdraw that remark. I mean, he set the example in this Chamber.

Mr. Speaker: Order, please. The honourable member does not have a point of order. I would remind all honourable members to pick and choose your words very wisely.

Mr. Filmon: Mr. Speaker, I calls them as I sees them.

The member opposite referred as well, of course, to the consolidation of manufacturing in central Canada. Indeed, none of that is taking place. In fact, what is happening is that central Canada, specifically Ontario under a New Democratic

government, is suffering greater losses of jobs and investment than any other area of the country.

I refer him to an article in this week's Financial Post entitled: Last straw, NDP final blow as Ontario faces slow flight of investment capital. It catalogues the series of job losses that involves some 213,000 job losses in Ontario for the first five months of this year versus the first five months of last year, and despite the fact that I am not happy that we have lost 13,000 in Manitoba during that same period of time, we have fared much better because of the fact that we are indeed attracting more investment.

He may like to look at the projections that say that for 1991 manufacturing investment in Manitoba is expected to be up 7.7 percent—not enough, but encouraging, Mr. Speaker, and other matters that have continued to see Manitoba faring better than the national average. We will continue to work with that despite the fact that we are not getting any support from the opposition parties for doing the things that are necessary.

Free Trade Agreement - Mexico Government Position

Mr. Gary Doer (Leader of the Opposition): The difference between Ontario and Manitoba is Bob Rae was opposed to the Free Trade Agreement, and he knew what was coming. This First Minister supported it.

This First Minister was side by side with Brian Mulroney and Robert Bourassa and the others who brought us the continental trade agreement with the United States and are now bringing that and pushing it further to Canada, United States and Mexico.

Mr. Speaker, the Premier mentioned about all-party co-operation. The New Democrats have called on an all-party committee for months so that we can collectively work on the effects of the recession on the economy and the people of Manitoba. The Premier has said no to that proposal. We are still open to an all-party committee if the Premier wants to go ahead with it. We think all of us should be working on this together.

In light of the fact that our manufacturing sector—and if we look at plastics and we look at a lot of other areas, we will see dramatic shifts in production jobs, production activity and production sales in Manitoba over the last year and a half. In light of those declines and the bad news for families that we are hearing about daily, I would ask the

Premier, will he accelerate the government's activity and the government's response and the government's action in dealing with the proposed Canada-U.S.-Mexico free trade agreement?

We do not want to go through another 18 months of losing 13,000 or 50,000 jobs in Manitoba because we were not ready or we were naive, as the Premier was, in supporting the Free Trade Agreement with the United States.

* (1345)

Hon. Gary Filmon (Premier): The same analysis of the Free Trade Agreement that was provided by the Canada West Foundation earlier this year indicates that in the first two years of the Free Trade Agreement -(interjection)- Mr. Speaker, I wonder if the member opposite would allow me to finish my answer. He has asked the question, and I am attempting to answer it. If he does not want to hear the answer, he should not stand up in Question Period.

The fact of the matter is that the Canada West Foundation report on free trade says that, in the first two years of the Free Trade Agreement, Manitoba benefitted more than any other province in the country other than Prince Edward Island, that our exports to the United States increased by 11.2 percent during that period of time.

The fact of the matter is as well that where we need the co-operation of the opposition parties is in the area that was identified by the Canadian Federation of Independent Business just earlier this week, and that is competitiveness of our economy.

When they had an opportunity to vote for keeping taxes down and keeping the deficit down, the New Democrats voted against it. When they have an opportunity to vote for keeping the costs of government down, they vote against it in the way of Bill 70, the wage freeze.

The cost of government is one of the major factors that has been identified as the difference between the costs of operation in Canada and the costs of operation in the United States. Mr. Speaker, the high taxes that we are talking about are ones in which we all have some control at every level of government, and at every level of government, we have an opportunity to vote for lower taxes and lower costs of government. At every opportunity, the New Democrats vote for higher taxes and higher costs of government; that is our problem.

Free Trade Agreement - U.S. Impact on Manufacturing Industry

Mr. Jerry Storie (Flin Flon): Mr. Speaker, the First Minister is up to his usual standards and sleazy tactics in attacking members of the Chamber when confronted with his own failure.

Mr. Speaker, a hundred jobs were lost to the province of Manitoba when Fournier Manufacturing moved to West Virginia; 60 jobs were lost when Toro of Steinbach moved back to the United States. Jobs were lost in Winkler when Triple E laid off workers, and now we have 160 jobs lost when Tupperware moves its manufacturing centre back to Tennessee and South Carolina. More than two years ago, we asked this government to establish a task force to examine the implications on the manufacturing sector under the Free Trade Agreement.

Mr. Speaker, my question today is: Will the First Minister establish a task force to determine once and for all the long-term implications of the Free Trade Agreement with the manufacturing sector in Manitoba? We have lost jobs, we have lost plants—

Mr. Speaker: Order, please.

Hon. Gary Filmon (Premier): Mr. Speaker, the information that the member chooses to ignore is readily available to him from the mouths of the people who own and operate the company. The question, would the Morden plant have been closed in the absence of the Free Trade Agreement, the answer, yes. The question with respect to the whole company's operation—1,300 jobs reduced in the United States under the same circumstances that they are facing.

The answer to the question of whether or not we can compete under the Free Trade Agreement is contained in a variety of studies, the latest of which was put on the table the day before yesterday by the Canadian Federation of Independent Business that says that the major differential in the operating cost between Canada and the United States is taxes, crippling taxes at all levels.

In the Canadian Federation of Independent Business study, they give this Manitoba government credit for having removed the payroll tax to make it competitive for small business, to help. That did not help Tupperware in Morden, who are paying \$80,000 a year in payroll tax because of that administration, the NDP. That did not help them, Mr. Speaker, whatsoever. That is just one of a

series of tax upon tax upon tax that was laid upon the people of this province by the NDP, tax upon tax upon tax, huge increases that have caused the problems that we now face. We are working on that because we, in four budgets, have kept taxes down, kept the deficit down, and that is helping us in attracting future investment, but it does not help businesses that are here that have had to—

Mr. Speaker: Order, please.

* (1350)

Repeal

Mr. Jerry Storie (Flin Flon): Mr. Speaker, it is unfortunate that the First Minister's rhetoric bears no relationship to the truth, nor does it bear any relationship to the facts of this case. In this case, Tupperware Canada is relocating its manufacturing out of the United States because it can do it.

Mr. Speaker, in the first quarter of 1991, Manitoba's—

Mr. Speaker: Question, please.

Mr. Storie: —manufacturing shipments declined—

Mr. Speaker: Order, please.

Point of Order

Hon. Clayton Manness (Government House Leader): Mr. Speaker, this is a supplementary question being posed by the member for Flin Flon. If the member had facts and figures to present, the time to do so was in the preamble to his first question. Indeed, he is to put the question right now by the rules of our Assembly.

Mr. Speaker: On the point of order raised, I would like to remind all honourable members that answers to questions should be as brief as possible and should deal with the matter raised.

Also, the honourable member is posing a supplementary question, and actually, a supplementary question does not require a preamble.

I would ask the honourable member for Flin Flon to kindly put your question, please.

* * *

Mr. Storie: Mr. Speaker, the First Minister has acknowledged we have lost 14,000 manufacturing jobs.

My question to the First Minister is: Will he now, with his Minister of Industry, Trade and Tourism (Mr.

Stefanson), approach the federal government and ask them to use the provisions of the Free Trade Agreement, which allow Canada to abrogate the provisions of that agreement, in the interests of the Manitoba economy, the 160 workers in Winkler and the thousands of others who are in line to lose their jobs because of the Free Trade Agreement and this government's complicity?

Hon. Gary Filmon (Premier): Mr. Speaker, I have not acknowledged that we have lost 14,000 manufacturing jobs. I said that, in total, on the first five months of this year versus the first five months of last year, we are down 13,000 total jobs in Manitoba versus 213,000 total jobs in NDP Ontario.

What I would like him to see is that, in the manufacturing sector, according to Statistics Canada, this year, we have 4,000 more jobs than we did the same month last year, the figures for May of 1991 versus May of 1990, 4,000 more manufacturing jobs, that the current figures project a 7.7 percent increase in manufacturing investment this year versus last year in Manitoba, all of which are positive signs.

The thing that he tries to dodge is the huge load of debt that the NDP left this province and the highest level of taxation for large corporations anywhere in the country, Mr. Speaker. That is the case, and that is why we have a problem. We are working with that problem. That is why we have attracted Royal Trust. That is why we have attracted the head office of -(interjection)- They do not like these jobs. They say they are not manufacturing jobs. The fact of the matter is that we are working on these matters despite all of the negative policy recommendations of the NDP—

Mr. Speaker: Order, please.

Mr. Storle: Mr. Speaker, the First Minister's reference to the payroll tax is rather amusing, since this government has had four budgets to eliminate the payroll tax if they felt that it was that damaging to the economy.

Manufacturing Industry Government Initiatives

Mr. Jerry Storle (Filn Flon): Mr. Speaker, my final question is to the Minister of Industry, Trade and Tourism.

The minister has been asked on numerous occasions by members on this side to formulate for the province, for us in this Legislature a strategy to

assist manufacturing plants who are here to stay here, to attract others, to prevent the demise of the manufacturing sector in our economy.

Will the Minister of Industry, Trade and Tourism tell us today what plans he has to stem the tide of jobs flowing out of the province of Manitoba?

* (1355)

Hon. Eric Stefanson (Minister of Industry, Trade and Tourism): Mr. Speaker, in terms of the NDP, unfortunately, when we end up with the unfortunate situations that we are faced with today, the situation with Tupperware in Morden, where it is all part of a national problem in terms of the recession that is facing Canada and the whole issue of competitiveness, the NDP like to try and point blame somewhere. They like to try and point blame to a free trade agreement instead of recognizing that the root of the problem, the fundamental root of the problem, is the incompetence of the kind of government that we had in this province from 1982 to 1988.

You do not need to look any further than an article that appeared once again in *The Globe and Mail* in terms of the province of Ontario. When they talked to one of the senior business people in Toronto, in fact, the new president of the Board of Trade for Metropolitan Toronto, what does he say? He says—

Mr. Speaker: Order, please.

Point of Order

Mr. Jerry Storle (Filn Flon): Perhaps I am not hearing the minister correctly, but he does not seem to be coming within a country mile of the question.

Mr. Speaker: Order, please. On the point of order raised, I would like to remind the honourable minister to deal with the matter raised.

Mr. Stefanson: Mr. Speaker, part of the question related to keeping jobs and creating jobs. A fundamental part of that is the kind of economic climate that you in fact create in your province. What I was going to point out is the kind of government that Ontario now has, and the president of the Board of Trade of Metropolitan Toronto says this. He says: High costs and the downright unfriendly business climate are scaring potential investments and jobs out of the province of Ontario.

Mr. Speaker: Order, please.

Free Trade Agreement - Mexico Competitiveness

Mr. Paul Edwards (St. James): Mr. Speaker, I want to pick up on some of the defences that this Premier gives for his slavish and mindless adherence to the free trade environment, which has been created by his federal counterparts. It will not matter to the people of Morden whether you call it North American consolidation or North American rationalization or the level playing field. The bottom line is that these people have lost their jobs, and their jobs are now in Tennessee and South Carolina.

All of the buzzwords of the right-wing continental agenda have amounted to the same thing, the loss of jobs and jobs going south. Mr. Speaker, when is this government—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order, please. Order. Here comes the question.

Mr. Edwards: Mr. Speaker, it was my party that fought the fight against free trade. Let us just be clear on that.

When is the Premier and his government going to define for us exactly what competitiveness means, because competitiveness really means, in real terms, the destruction of medicare, the destruction of the social welfare net, lower workplace safety and health standards, lower environmental standards? Will the Premier stand up today and tell us what he defines competitiveness—

Mr. Speaker: Order, please. The question has been put.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order, please. There appears to be all kinds of members who want to answer the question, but I will recognize the honourable First Minister.

* (1400)

Hon. Gary Filmon (Premier): Mr. Speaker, of course, competitiveness means allowing our businesses to be free of the shackles that huge debt loads and huge taxation troubles—that were imposed by the New Democrats in this province throughout the 1980s, that led us to the highest levels of corporate taxation, led us to such new and innovative taxes as the payroll tax that took \$80,000 a year out of the Tupperware plant in Morden, led

us to all sorts of innovative taxes that do not exist in many other jurisdictions so that there was an inability to compete.

I might refer him to the Canadian Federation of Independent Business that laid out the comparative levels of taxation between Canada and the United States, between Manitoba and North Dakota and Minnesota just earlier this week. Now he may not be interested in that, but this is business laying out what real competitive disadvantages are for him. He may want to go and ask the Canadian Federation of Independent Business, which is the largest generator of new jobs in this province, what it is about the tax regime that makes them uncompetitive in this province versus in the States to the south of us.

Government Position

Mr. Paul Edwards (St. James): Mr. Speaker, this government has at least shown some sign of understanding of what is happening in this province by their expressing of some concern about entering into a free trade agreement with Mexico. I will give them that. They have shown that they have some hesitancy about that.

Will this minister now commit to the members of this House that he will now go to the Prime Minister and tell the Prime Minister to stop this nonsense, stop this ludicrousness? Let us not get into a continental environment where we will be competing on workplace standards with Mexico. When is he going to stand up for the half million workers who are left in this province?

Hon. Gary Filmon (Premier): Mr. Speaker, I do not know what ludicrousness the member is talking about. I recommend that he read the news release that was put out by the Tupperware people today as part of their discussion on the issue. They say in response to the question, would the Morden plant have been closed in the absence of the Free Trade Agreement—answer, yes.

Now he may not wish to believe that. He may not wish to accept that. That is what the answer is from the people who are making the decision, not from somebody who is politically motivated and wanting to make a little cheap hay over this, Mr. Speaker. This is from the people who have made the decision. When he accepts that information, then we will be able to talk on an equal basis. As long as he says that those people are somehow lying to the public,

then that obviously does not put us in a position to be able to have a rational discussion on the matter.

Labour Adjustment Strategy Government Initiatives

Mr. Paul Edwards (St. James): Mr. Speaker, if the minister would also read what the company said, the company called this a North American consolidation, and what that means for the people in Morden is the jobs are not here, the jobs are there. They are down in Tennessee, they are down in South Carolina, and soon they will be down in Mexico.

My question for the Premier is: When is he or indeed his Minister of Labour (Mr. Praznik) going to pick up the de Grandpre Report written under a Conservative regime, a Conservative government, which was called Adjusting to Win? When are they going to come up with a labour adjustment strategy that commits more than two cents per Manitoba worker in new funds for a labour adjustment strategy? How can they hope to keep workers in Manitoba—

Mr. Speaker: Order, please. The question is there.

Hon. Gary Filmon (Premier): When we undertake creative programs to allow for businesses and industry to invest -(interjection)-

Mr. Speaker: Order, please.

Mr. Filmon: When we undertake measures that provide incentives for industries and businesses to invest in training and retraining, such as we did in this year's budget that provided some \$7 million by way of payroll tax offset for industries to invest in training and retraining as an adjustment measure, we have the New Democrats and the Liberals voting against that, speaking against it, arguing against it, legitimate investment in training and retraining so that there is indeed an opportunity for adjustment.

That \$7 million is voted against by Liberals and New Democrats, argued against, because they do not want to see investment in training. They do not want to see investment in education for job creation and new opportunities. They do not want to see that in this province. They just want to argue politically. We do not.

We have a strategy that has kept taxes down for four straight budgets, that has -(interjection)- Mr. Speaker, the member for Wellington wants to get

into a debate. I invite her to get up on her feet and not try and argue from the seat of her pants—

Mr. Speaker: Order, please. This is not a time for debate.

Constitutional Consultations Constituent Assembly

Mr. Speaker: The honourable member for Wellington—Wolseley. I did it again.

Ms. Jean Friesen (Wolseley): Mr. Speaker, we are going to have to do something about this. I do not know what it is.

Mr. Speaker, my question is for the Premier, the Minister of Federal/Provincial Relations.

We are approaching the anniversary of the ending of the Meech Lake Accord when, with the support of thousands of Manitobans outside this building and across the province, my colleague the member for Rupertsland (Mr. Harper) took one more step in the aboriginal resistance to the place assigned to them by generations of Canadians.

Across this country, Mr. Speaker, there is a recognition that aboriginal people must be part of a new constitutional process, yet the federal government has yet again chosen a process of constitutional consultation of MPs and senators.

My question for the Premier is: Will he undertake to speak to his federal leader, the Prime Minister, and ask him to reconsider this and to begin the process of creating a broader-base constituent assembly?

Hon. Gary Filmon (Premier): Mr. Speaker, regrettably, if the member for Rupertsland had spoken out or had the courage to speak out when his Leader signed the Meech Lake Accord, we would not have had to go through that lengthy acrimonious, bitter and divisive protest.

Mr. Speaker, I personally favour a constituent assembly. In respect to the process that we have put in place for the all-party committee, a task force of the Legislature, we are awaiting the recommendation of that all-party task force as the basis upon which we as a government will be moving further into the process of constitutional review. I would hope that she, as a member of that constitutional task force, will be putting the case strongly for a constituent assembly so that we can have an all-party recommendation to the Prime Minister on that matter.

Ms. Frlesen: Mr. Speaker, I have mixed emotions on that response. I think the Premier must be the only person in the country who doubts the courage of my colleague the member for Rupertsland (Mr. Harper), but I welcome his support on a constituent assembly and hope that will come out of our task force deliberations.

Committee Appointments

Ms. Jean Frlesen (Wolseley): I did want to ask the Premier again, the federal government is proposing a process of constitutional consultation which involves a substantial number of appointed patronage senators, one-third of the committee. Given the widespread opinion across the country that this Senate should be either abolished or in some cases reformed, would the Premier undertake to speak to his federal leader and to point out the irony of this particular proposal?

Hon. Gary Filmon (Premier): Mr. Speaker, the widespread view, of course, is that it ought to be reformed, and in fact, I am encouraged that the change in policy by the federal New Democratic Party says that they may indeed even be taking their blind ideology off the table and putting in place a more flexible environment in which a reformed Senate may become a reality.

The point that the member raises is indeed a valid point, but I would suggest that we ought to work together towards recommendations that are substantive, and recommendations that are in keeping with the views of most Manitobans, and that is that we need a reformed Senate and a Senate that will give a stronger voice to this province and this region of Canada as an offset to the power of Parliament, Mr. Speaker.

First Minister's Conference Aboriginal Representation

Ms. Jean Frlesen (Wolseley): My final supplementary, also for the Premier, is to suggest to him that when Premier Howard Pawley went to constitutional discussions he ensured that the Minister for Northern Affairs, the Honourable Elijah Harper, shared his place at the table. Manitobans, I think, had a delegation they could be proud of.

I want to ask the Premier what steps he has taken, that this Manitoba government has taken, to ensure that the priorities and views of aboriginal people of Manitoba are represented at his forthcoming summer meeting of First Ministers?

Hon. Gary Filmon (Premier): We do not have a forthcoming summer meeting of First Ministers. We do have a Premiers' conference coming up. The fact of the matter is that the Honourable Howard Pawley took with him, as she says, at the table, the Honourable Elijah Harper, and then presumably ignored his advice and signed the Meech Lake Accord totally in his presence.

I would not be that cynical of the aboriginal people. I would not take along a representative of the aboriginal people who presumably are not happy with the position being taken and then ignore their advice. The fact of the matter is that we are following standard procedure in taking with us to Premiers' conferences other ministers who will have a role to play at the table and with respect to discussions at the conference.

* (1410)

EPF Funding Reduction Government Analysis

Ms. Judy Wasylcia-Lels (St. Johns): Mr. Speaker, an analysis we brought to this House almost a year ago showing the end of federal funding for health care and the death of medicare has been confirmed beyond any doubt by a number of organizations and just yesterday by seven organizations of national stature.

The health action lobby shows that savings to the federal government, as a result of transfer cuts, will be even higher than the \$96 billion or \$97 billion that this Minister of Health took umbrage with last week.

The Minister of Health continues to belittle these findings or to talk openly about this critical, looming health care crisis.

Will this minister today finally, once and for all, table this government's analysis of the EPF reductions and their assumptions which give this government reason to take so little action to save medicare?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, I am very delighted my honourable friend would ask a question. I hope my honourable friend also, in terms of discussion of the Estimates around expenditures in the ministry of Health this afternoon, will offer some of her wisdom as to how we resolve challenging issues facing all provinces in the delivery of health care services.

Mr. Speaker, maybe my honourable friend might care to comment, for instance, as to whether it is

valuable to have a number of professionals assisting government in coming to decisions around service delivery based on the principles of protecting access to the system, protecting quality health care and improving the health status of Manitobans, because it is action we are taking to resolve impending challenges and current problems in the health care system. We are not sitting idly by and spouting empty rhetoric with no answers, as some are.

Ms. Wasylycia-Lels: Mr. Speaker, first this minister ignores the analysis, and now he totally avoids the subject matter all together.

I would like to know from this Minister of Health: What substantive action did the federal Minister of Health commit himself to yesterday to give this Minister of Health enough comfort to say, things are back on track? What changes to the funding formula is the federal government making? What guarantees did this minister—

Mr. Speaker: Order, please. The question has been put.

Mr. Orchard: Mr. Speaker, I look forward to a full discussion of last evening's meeting at Estimates this afternoon.

First and foremost—and I know this may not be an achievement for my honourable friend, because my honourable friend seems to want to avoid consultation and discussion around the issues of health care. Last night's meeting was the first meeting that provincial and territorial ministers have had with the federal minister to discuss the challenges and the issues around health care, funding and other issues. There were a number of very interesting comments made last night, and I will share those with my honourable friend at committee this afternoon.

I am encouraged that we have a Minister of Health who may well be willing, contrary to the immediate past future of federal-provincial relationships around the issue of health care delivery, that this minister understands the concerns that Canadians have to protect and preserve our health care system and has expressed an open willingness to work in partnership with the provincial ministers and the territorial ministers in terms of assuring Canadians access to quality health care.

Health Care System - National Government Position

Ms. Judy Wasylycia-Lels (St. Johns): Mr. Speaker, we have no analysis, no plan of action and no commitment to saving medicare.

I want to ask the Minister of Health: Will he end the secrecy and this complicity with the federal government in their agenda of ending medicare, table for this House his position that he took to yesterday's meeting, the outcome of that meeting, and give us some assurances and Manitobans some assurances that this government is committed to medicare?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, given the rhetorical flourish of some, I would think there is only one party that is not committed to medicare, and that is the New Democrats, because all they do is holler and scream. I have not heard a positive suggestion from the New Democratic Health critic. It is not that I am without experience with New Democratic Health critics. This is the third one, and not one of them has presented a positive suggestion as to how we can deliver quality health care to Manitobans.

I look forward to co-operation with my provincial counterparts because, when we meet, the rhetoric is gone within the meeting room and we get around to trying to resolve issues in health care, and Manitoba intends to take a leadership role, as I have explained to my honourable friend on a number of occasions, around the issue of resolving health care delivery problems in our—

Mr. Speaker: Order, please.

Hudson Bay Mining and Smelting Modernization

Mr. Jerry Storle (Flin Flon): Mr. Speaker, my question is to the—

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

Point of Order

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, I believe we are going on a sequence, and the member for The Maples (Mr. Cheema) was prepared to ask—

Mr. Speaker: Order, please. The honourable member does not have a point of order. There was nobody standing in their place, all of a sudden the

honourable member for Flin Flon (Mr. Storie) got to his feet, and that is the member whom I have recognized.

* * *

Mr. Storie: Mr. Speaker, my question is for the Acting Minister of Energy and Mines.

The Province of Manitoba has, on a number of occasions, indicated its willingness to commit provincial funds to the modernization of the Hudson Bay Mining and Smelting plant in Flin Flon. Three days ago now, Minorco and Inspiration Resources concluded an agreement to sell HBM&S to Minorco, and I am wondering whether the province can indicate, the Acting Minister of Energy and Mines can indicate, when there will be a formal agreement between the new owner and the Province of Manitoba to commence the modernization.

Hon. Jim Ernst (Acting Minister of Energy and Mines): Mr. Speaker, I would be pleased to take that question as notice on behalf of the minister, and I am sure the minister will report back to the House.

Mr. Speaker: The time for Oral Questions has expired.

Nonpolitical Statement

Hon. Gerald Ducharme (Minister responsible for Seniors): Mr. Speaker, I wondering if I could have the opportunity of having leave to make a nonpolitical statement.

Mr. Speaker: Does the honourable minister have leave to make a nonpolitical statement? Leave.

Mr. Ducharme: As Minister responsible for Seniors, I get the opportunity to congratulate grandparents most of the time, and I would like today to take this opportunity of congratulating a colleague in the House, Jack Penner, the member for Emerson. He and his wife, Dora, are proud grandparents of a Michael John Penner, born June 18 at Victoria Hospital, nine pounds, 10 ounces. Congratulations, Jack.

ORDERS OF THE DAY

House Business

Hon. Clayton Manness (Government House Leader): Mr. Speaker, before I move the motion to go into Supply, firstly on House Business I would like to announce committees sitting. First of all, the Committee on Public Utilities and Natural Resources will sit tonight at eight o'clock.

I would also ask you to ask the Assembly whether or not there might be leave to have that same committee sit at 11 a.m. tomorrow morning.

Mr. Speaker: Is there leave to allow the committee to sit at 11 a.m.? No. Leave is denied.

Mr. Manness: Mr. Speaker, then we will call that committee at 1 p.m. tomorrow and, if necessary, Monday at 10 a.m. to consider Bill 38.

Also, that committee, PUNR, Tuesday, 8 p.m. to consider Bill 38, if still necessary, and Bill 6.

Also, Law Amendments for Tuesday, 8 p.m., to consider bills in this order: 3, 5 and 43.

Mr. Speaker, I had referred Bill 43 to Industrial Relations. I would ask for leave of the House to move it from Industrial Relations back to Law Amendments.

Mr. Speaker: Is there leave of the House to allow Bill 43 to move from one committee to the next? Leave? Agreed.

Mr. Manness: I would ask also for leave of the House to waive private members' hour so that we might stay in Estimates till six o'clock.

Mr. Speaker: Is there leave of the House to waive private members' hour today? No. Okay, leave is denied.

Mr. Manness: Under those decisions made, I move, seconded by the Minister of Environment (Mr. Cummings), that Mr. 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 St. Norbert (Mr. Laurendeau) in the Chair for the Department of Health; and the honourable member for Seine River (Mrs. Dacquay) in the Chair for the Department of Agriculture.

CONCURRENT COMMITTEES OF SUPPLY

SUPPLY—HEALTH

* (1430)

Mr. Deputy Chairman (Marcel Laurendeau): 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 Health.

When the committee last sat, it had been considering item 1.(c)(1) Program Evaluation and Comprehensive Audit Secretariat: Salaries, on page 83 of the Estimates book. They are on page 26 of the Supplementary Information book. Shall the item pass?

Ms. Judy Wasylycia-Lels (St. Johns): No. Mr. Deputy Chairperson, I would like to ask the Minister of Health the same question I asked in the House, for which he refused an answer. That is, the analysis of this government and the assumptions behind that analysis vis-a-vis the change in the federal formula and the reduced transfer payments and the predictions that direct federal spending on health care will end under the present formula in a very short period of time. The minister refused to recognize the significance and the findings of the National Council on Welfare report, quibbling with the base line used in that report and indicating that he did not appreciate the difference between nominal rate of growth and real rate of growth.

Given that another study and another group has come forward this time of even greater magnitude and significance, that being the health action lobby, or HEAL, representing seven organizations of national stature, also making similar predictions, probably showing a result in even greater magnitude than that presented by the National Council on Welfare, I am wondering if the minister is at this time prepared to accept the analysis which has been supported now and confirmed beyond any doubt, and if he will table this government's analysis and assumptions behind that analysis.

Hon. Donald Orchard (Minister of Health): Mr. Deputy Chairman, given the current freeze imposed on the formula two budgets ago and confirmed—

Mr. Deputy Chairman: Order, please.

Point of Order

Mr. Gulzar Cheema (The Maples): Mr. Deputy Chairperson, with the permission from the minister and the member for St. Johns, I just want to make a statement to correct the record, if it is possible to make a statement.

Mr. Deputy Chairman: Is it the will of the committee to allow the honourable member for The Maples to make a statement? Agreed? Agreed.

Mr. Cheema: Mr. Deputy Chairperson, I do have some remarks regarding the issue of emergency room closures and turning one of our acute-care

facilities into a long-term institution which are under study by the Urban Hospital Council. These are the issues of concern to me as the Liberal Health critic and to the citizens of Winnipeg. That is why I have been raising these questions.

My primary concern is, of course, access to quality health care. Mr. Deputy Chairperson, it is unfortunate that this issue is causing concern among hospital administrators and some of the members of the public. I am prepared to accept the responsibility for adding to their concern by mentioning specific hospital names such as Misericordia and Seven Oaks Hospitals.

Mr. Deputy Chairperson, it was essential to bring this issue to the public attention. However, I regret any fears that may have been raised unnecessarily. However, there is no point raising the issues after the fact. Prevention is worth a pound of cure.

Mr. Deputy Chairperson, I want to assure you and the members of this committee and to the administrators of these hospitals and the public at large, that I raised this issue out of general concern for the health care system in Manitoba. Thank you.

Mr. Deputy Chairman: I thank the honourable member for The Maples (Mr. Cheema) for those comments.

I would just like to remind the honourable member, that was not a point of order at this time.

* * *

Mr. Deputy Chairman: The honourable minister to answer the question of the honourable member for St. Johns.

Mr. Orchard: Mr. Deputy Chairman, there are a number of concerns and projections around the availability of cash portion of federal support to the provinces and territories for health care systems. You can have a number of scenarios developed, and they are based on the maintenance of the current freeze which has been in place, I believe, for two years now.

I cannot verify which study is right, which study is wrong. One of the things you have to do is go with correct information. The point I made about one study using 7.5 percent nominal growth versus 2.7 percent which is the projection on real growth, and my honourable friend nods her head knowing that. If you are going to win an argument or present an argument which you hope to win, you generally try

to found it with accurate statistics and projections. That is the point I was making. I still make that point.

Ms. Wasylycia-Lels: The minister should know that for all of these studies, the issues of nominal rate of growth and real rate of growth are taken into account based on the most recent predictions from such institutions as the Conference Board of Canada, the Bank of Canada and so on. In fact, he should know that the estimate of a 3 percent real rate of growth provided the basis for the findings of the first analysis we presented to the Legislature, the one that the minister is so fond of quoting from. That, in fact, led to a much higher estimate in savings for the federal government, that being closer to \$150 billion.

I would like to ask the minister if he could tell us what position he took to yesterday's meeting of federal-provincial Ministers of Health? What was the outcome of that meeting?

Mr. Orchard: Mr. Deputy Chairman, as I indicated to my honourable friend on Tuesday before leaving, this was a supper meeting requested by the Minister of Health. We had a general discussion. There, I might indicate to my honourable friend, was not an agenda, nor was there presentation of papers by any of the eight ministers who attended that conference.

There were no specific conclusions by the minister, there were no announcements by the federal Minister of Health, there was no news from the federal Minister of Health in terms of specific decisions taken by the federal government. What there was at that meeting—and the message I took to the federal Minister of Health—was the concern that all, I believe all Canadians, have regarding the swirling speculation about the federal government's commitment to the national health care system. That was acknowledged as an issue by the federal minister. The federal minister indicated that the federal government wishes to maintain the health care system.

* (1440)

That begged the next question of: How does the federal government wish to maintain the system? I posed the specific question because all provinces, with one exception, have made difficult budgetary decisions. We have brought in, for instance, in Manitoba Bill 70 which freezes salaries at zero percent for one year as a partial response to a very difficult revenue situation. Given that all of the

projections that my honourable friend quotes from, presume a continued freeze on the cash payments from the federal government, I asked the question of Mr. Bouchard: Is this year's freeze your response at the federal government level to the financial challenges you face similar to the initiatives taken by a number of provinces and territories? Or, do we expect that to be permanently in place as some people fear? The minister could not answer that.

The minister indicated that there is—and I have not had the opportunity to get more detail—going to be an opportunity for substantial discussion in the fall of this year around the issue of financing of health care involving the federal and provincial-territorial Finance ministers. On that point we made the suggestion that Health ministers ought to be part of those discussions to enlarge the understanding, because we have done that in the past. We have taken that initiative as provincial-territorial Ministers of Health and Finance at the Moncton meeting about two years ago.

The federal minister naturally could not commit himself to that, but my sense of his approach to it is that he found that to be a reasonable suggestion.

Ms. Wasylycia-Lels: Mr. Deputy Chairperson, in preparation for that and other meetings no doubt on this very serious matter, has this government done its own analysis of the impact of EPF reductions?

Mr. Orchard: Mr. Deputy Chairman, the freeze, if it remains, is going to eventually put the province into the circumstance of not having cash transfer payments. I cannot tell you what date because I do not have that information in front of me. There are a number of projections from year 2001, I suppose, until year 2005. I cannot tell you which is what, nor do I think any particular analysis is more accurate than another, because all of them make assumptions on the basis of the rate of growth and rate of growth can vary significantly, as it has this year where our revenues are growing at approximately .08 percent with assistance from the various set-aside funds that we have put in place in Manitoba.

Ms. Wasylycia-Lels: Again, in terms of preparation for the meeting the minister referred to, and any other meetings on this critical issue, is the minister prepared to initiate here in the province of Manitoba a coalition of concerned health organizations to be a force behind him as he heads off to these meetings and these rounds of

discussions and negotiations to give him advice and help on strategies and to show to the federal government that Manitoba is united behind any efforts to come up with a new formula, a new negotiated transfer payment system and the preservation of medicare along with the Canada Health Act and national standards?

Mr. Orchard: Is my honourable friend suggesting something that was organized by the previous government where everyone travelled to Ottawa and attempted to convey a message and came back with empty hands?

Ms. Wasylycia-Lels: Mr. Deputy Chairperson, I am not suggesting any particular method to the Minister of Health, although I am quite prepared to put on the record how proud I am and my colleagues are of the efforts that were undertaken a number of years ago to try to convince the federal government to change its mind on its freeze of transfer payments. If the effort failed, it did not fail because of the commitment and expertise coming out of this province. It failed because of the obstinacy and belligerence of the present Mulroney government in Ottawa.

I would ask simply if the Minister of Health would be prepared, given the national coalition that has emerged over the last couple of days, rather than wait for that to happen here in Manitoba, and it will happen here in Manitoba, would he not be in the forefront of that, show some leadership, take the initiative, bring together groups like the nurses' union, public health association, the psychological association, hospital associations, and the list goes on and on, and tap into the great expertise and energy that we have right here in this province to be an aid and a force behind his own efforts and this government's efforts?

Mr. Orchard: Mr. Deputy Chairman, I am not going to indicate to my honourable friend that that smacks of yet another committee, committees which she has criticized from time to time at these Estimates.

I want to tell my honourable friend that this government has already undertaken those kinds of discussions around the issue of management, financing and planning and delivery of health care through a number of initiatives that my honourable friend has criticized: from the Health Advisory Network, which she apparently now does not agree with; around the Urban Hospital Council, which apparently she and her party do not agree with;

around the nursing council, for instance, which I think—I do not know whether my honourable friend disagrees or agrees with that.

Clearly, Mr. Deputy Chairman, one of the strengths that I was able to bring to the discussions last evening to demonstrate to the federal minister the sincerity at the provincial level, to demonstrate leadership in coming to grips with the issue of provision of quality health care services in Canada, was that I was able to demonstrate that the province of Manitoba, like no other province in Canada or territory, already is united in planning around the issue of health service delivery. No other province, as I have indicated to my honourable friend on previous occasions, for instance, has the wisdom of advice of the Urban Hospital Council and of a number of task forces that have been studying health care issues in Manitoba.

The reason why that was important in its message to the federal minister is I made the case that at the Provincial and Territorial Council of Health Ministers—and I have been there three years—there is a unique commonality of purpose. We set aside the partisan differences that we sometimes have politically. The rhetorical flourishes of New Democrats are not in shrill terms around the council of ministers—nor from Liberals nor from Conservatives nor from Social Credit members. They come around the issues in a responsible fashion. There is an amazing commonality of purpose today around that council of ministers with its new membership.

I pointed out to the federal minister that if health care develops into a them-and-us game, we all lose. I made the open invitation to the federal Minister of Health on behalf of my provincial and territorial colleagues to join in a partnership to resolve issues. Not that we are always going to agree on decisions made, but I asked for open discussion, asked for open communication and dialogue around the issues, because we, as a council of ministers, are there to try and resolve difficulties and problems.

*(1450)

(Mr. Jack Reimer, Acting Chairman, in the Chair)

I said we have the strength in Manitoba of carrying that co-operation to the service delivery level of health care like no other province does, because no other province or territory has the Urban Hospital Council. That provides Manitoba with some strength of leadership and that is appreciated. We

are only able to establish the Urban Hospital Council because I refuse to offload difficult decisions and take credit when they are good and made by hospitals and lay blame where they are not so good and are criticized.

We are in a partnership with our chief executive officers, their boards, their administration and their staff, because one of the interesting issues that emerged last night at the meeting amongst all provincial and territorial ministers was the clear recognition that there are finite resources, that we do not have a bottomless money well or money tree to pick from. That was quite unique. It is not unusual. It has happened before, but I thought it was quite a unique conclusion from the ministers who were there. There was clear and unequivocal recognition that we have to co-operate in terms of management of how we spend health care dollars. We invited the federal minister to be part of that.

I am encouraged from the standpoint that the federal minister called this meeting and has agreed to meet again this fall. We have not set the date for that meeting, but agreement to meet is very good. In the last two years we have met only once with the federal Minister of Health and having the potential opportunity of two meetings in six months with this minister, I think, demonstrates that maybe we do have a opportunity for greater co-operation around the issue.

Ms. Wasylycia-Lels: What continues to concern us very much is that whenever this issue has been raised, we have had a response from our Minister of Health, our Minister of Finance (Mr. Manness) and our Premier (Mr. Filmon), all very much along the same lines as we have heard over and over again from the federal government, and that is talk about the deficit and implying always that medicare is a part of the problem and thereby implying that we are going to have to find ways to manage medicare better. We are going to have to, in fact, find ways to cut costs because medicare is a big part of the problem.

In actual fact, that is not the case. All the studies show that spending on health care as a percentage of GDP has remained fairly constant over the last number of years. It has not been contributing to the deficit, and we are strongly opposed to this notion that we have to cut medicare because of the deficit. That is not, in our view, an appropriate public policy response.

Having said that, the minister has questioned our call for some sort of co-ordinated provincial action plan around federal cutbacks in a fight to save medicare. He, if he listens to my comments, knows I am not talking about another study. He knows I am talking about a co-ordinated effort involving all Manitobans to bring this debate out into the open, to draw on the energy, expertise and wisdom of Manitobans who care deeply about medicare and who have a great deal of expertise in health care.

The minister talks often about his—and in that context he defends his—Urban Hospital Council. Mr. Acting Chairperson, our objections with that whole approach are not that there is consultation happening with hospitals. Indeed, that must always be the case. Whether we are talking about health care reform or we are talking about saving medicare, we believe that consultation and co-ordination must happen at all levels and between all groups concerned about health care.

It must go beyond health administrators. It must go beyond that behind-closed-doors approach, very much done in secrecy and very much done from a single perspective and must include caregivers of all sorts. It must include the public; it must include patients; it must be wide open. These debates are too major and too important to be left to one process.

I would simply ask the minister what—he indicated, it appears to me, to the media that he felt some comfort coming out of yesterday's meeting in terms of the federal minister and the federal government. I am wondering if he has any evidence, any basis to believe that this government is prepared to back off its current cutback formula and is prepared to look at a new formula that ensures major federal government involvement in health care.

Mr. Orchard: Mr. Acting Chairman, lest my honourable friend get a little wild and rhetorical in some of her comments, I just want to indicate to her that the concepts I shared with her in terms of general direction, in terms of management of the system, were shared by all ministers present last night, no exceptions. The issue was raised by one of the key ministers there in terms of management of the system.

Now, in my honourable friend's inimitable way, she automatically translates that into cutbacks to the system. I do not know—I guess New Democrats simply do not understand what management

means. Management means reduction of waste, reduction of inappropriate service delivery, and that is I believe what counterparts responsible for health at provincial and territorial levels mean in terms of management of the system.

It means, for instance—and I will use this example again because my honourable friend seems to have difficulty coming around the issue—at Seven Oaks, if you can provide higher quality patient care by bringing together on several wards all long-term care patients, staff those wards equivalent to personal care home standards so that you can deliver the services to those individuals as if they were in a personal care home, and save money, that is management of the system. In that case, the patient wins and the taxpayer wins, but my honourable friend with a New Democratic Party philosophy says that is a cutback.

I cannot educate my honourable friend in business principles and sound management; but that is where all of the provincial ministers are coming from. That is where I was coming from for instance with triplicate prescriptions for narcotic pharmaceuticals. That saved approximately \$750,000 in the system.

Now, in another forum, my honourable friend from the New Democrats would say that is a cutback because we have reduced prescriptions and there is \$750,000 less. That is an example of management of the system that is appropriate for the patient. My honourable friend from the New Democrats will call that a cutback. So my honourable friend does not understand the issues that were coming around within the system.

There are important opportunities across the length and breadth of Canada to make the medicare system available for Canadians tomorrow, the year after and the year after. There was a commonality of opinion that contrary to what my honourable friend the New Democratic Party critic says, that money is the only answer, that the answer to saving medicare is having the federal government put in more money. There was clear recognition by all ministers attending last night that there are not infinite resources, that more money is not going to be the answer. If it was we would not have the question before us today, because we have done nothing but put more money into the health care system over the last 20 years.

* (1500)

The issue comes down to understanding the program and effective health care delivery and effective health status improvement. That means making management decisions within the system to assure that you achieve that.

Now, my honourable friend says that the health care system has consumed a relatively steady amount of the GDP, therefore, is not to blame for the deficit of government. Well, that is an interesting case that my honourable friend puts forward. It sort of glosses over the fact that we have the most expensive per capita publicly funded health care system in the world. We spend more per capita than Sweden, than any other publicly funded health care system in the world now, although the percentage, my honourable friend indicates, has stayed relatively constant.

Does my honourable friend say, in terms of the deficits that have been accumulated across Canada and health care representing roughly one-third of the expenditures of governments across Canada, that health care has not contributed in some way to one-third of the deficit? I would like to have that argument explained because that sort of defies logic.

It does not matter how you approach the issue. If you have a deficit—I can make the argument that our entire deficit this year is going into health care and I would be accurate. It would not be fair to health care to put it all on health care's back, just as it would not be fair to take none of it and put it all on the Department of Education or the Department of Family Services. My honourable friend is simply not rational when she says that the deficit cannot be blamed on health care. It cannot be blamed on anything but government program spending across the board, one-third of which is health care.

We have been spending more than we are taking in, in tax revenues. My honourable friend refers to some things, and I hope we get into the future of Canada's health care system because I want to indicate to my honourable friend one of the statements that begs all of our consideration in health care.

This is from the Canadian Health Coalition, October 1990, wherein it says: The problem is that Canadian politicians have been unwilling to raise taxes to fund these increased benefits in any clear way. Instead, they have allowed government revenues to lag expenditures incurring a massive

debt in the process. Because of external issues, including the energy crisis and resulting inflation, the room for health and other priority expenditures has been crowded out by debt service and other costs, but at the root of our problem—

Can my honourable friends not see that when you pay interest on deficit, you do not buy health care? It indicates here the reason is not inherently the health expenditures themselves, but rather the policy of governments to incur deficits and amass debt, weakening the overall fiscal capacity of government and driving out the capacity to use the available and necessary resources on health care because we are spending them on interest.

When you go all around the issue, and you try to say that this deficit is somebody else's fault, or this deficit really does not matter, you are fooling yourself. Manitobans and Canadians recognize fully the damage done by the figure I will use again, because my honourable friend from Flin Flon (Mr. Storie) is here and he likes to hear it.

In the first budget he was part of, under Howard Pawley and the NDP, he sat behind me, and they projected a \$500 million deficit. In astonishment I asked my honourable friend the member for Flin Flon (Mr. Storie) as a new rookie backbencher with Howard Pawley, what in the world are you doing? How can you believe the people of Manitoba, one million strong, can sustain a half million dollar a year deficit? My honourable friend for Flin Flon replied, that is manageable.

He nodded his head again today. Maybe then he can take and explain to us how that manageableness of a \$500 million-plus deficit during the Howard Pawley regime and its resulting increase in annual interest paid by the Province of Manitoba, going from some \$90 million in 1981 to some \$570 million in 1988, is manageable, when you have taken that \$450 million plus of tax dollars and paid interest instead of buying services for Manitobans, as to how that has ended up being manageable.

Mr. Jerry Storie (Flin Flon): Mr. Acting Chairperson, the minister, of course, has led us into a number of areas outside of the question of the federal obligation under Established Programs Financing. I want to address quite frankly his question that he just asked me about how could I justify, as a newly elected MLA in 1981, suggesting

for a minute that a deficit of \$500 million was manageable.

I guess the minister should ask himself the very same question. The minister, whose government claimed they were going to do so much for the Manitoba economy, had a \$500 million deficit last year—a \$500 million deficit. Perhaps, the Minister of Health (Mr. Orchard) can tell me how he plans to manage this \$500 million deficit when they are so fiscally responsible.

The fact is they have been dismal failures. They were left a surplus in 1988-89, and they have managed to turn it into a \$500 million deficit. The minister does not need to lecture anyone, certainly in this committee, certainly not myself, about fiscal responsibility. Not only had they managed the deficit, but they have managed to put the province back into recession.

Mr. Acting Chairman, the Minister of Health likes to lecture people in his very normally condescending way, talk about my honourable friend does not know this and my honourable friend does not know this. Quite frankly, it is a little amusing to listen to the Minister of Health, because he does assume he knows so much.

For example, it is quite amusing to listen to the Minister of Health talk about management, assuming somehow that he is doing that, of course, which is a subject of debate not only in this Chamber but outside this Chamber.

The fact is management does not simply mean reducing costs. Management means meeting your objectives, and I highly recommend that this arrogant Health minister check a dictionary to find out what "manage" really means. I will give him three definitions of "manage," and it means to organize, to succeed in one's aims, to meet one's needs with limited resources.

Every single example the minister has cited of management was slashing and hacking. The minister, unfortunately, has not been able to show that what he is doing is improving the system at all. He wants to pretend that is what he is doing, but he cannot show us that is what he is doing.

I hope that is our aim, because clearly if you manage something you do have an obligation to assess what you are doing, determine whether it is meeting your needs, your goals, your objectives and then act accordingly. Act accordingly in the minister's definition means slashing, cutting, not

answering the question of whether we are meeting our needs.

For the minister's information, and perhaps he has never read it, it is on the first page of his Estimates, where it talks about the goal, the role and mission of the Department of Health. I quote: "It is the mission of Manitoba Health to improve and promote the health status of Manitobans and to reduce inequalities in health status." It goes on to outline some other goals of Manitoba Health.

Nowhere in there does it say the only role of the Minister of Health is to hack and slash, which the minister has identified as his management objectives in his last couple of statements. Mr. Acting Chairperson, that has serious implications for the people of Manitoba, those people who require health services. If this minister sees his role as simply hacking and slashing, rather than being responsible and managing the system, then we are all frankly in a lot of trouble.

* (1510)

Mr. Acting Chairman, I believe quite sincerely in the role of mission statement of the Department of Health. I certainly believe that part of the role, part of the objectives of the Department of Health and this minister's responsibility is to reduce inequalities in the health system. I do not think that the de-insuring of services, the introduction of user fees is in any way contributing to the golden objectives of this department. The minister wants to talk about, you know, the New Democratic Party does not understand management.

I remind him that the government that introduced medicare into Canada never ran a deficit until 1982 when it was defeated and taken over by a corrupt Conservative government. It never ran a deficit; in fact, when this Tory government took over, it inherited a surplus. It has managed to turn it into a huge deficit. It managed to create a whole series of economic problems for us, but that is not what they inherited.

(Mr. Deputy Chairman in the Chair)

So, Mr. Deputy Chairperson, now we are talking about what this minister intends to do with the health care system, and it is not clear really whether he has recognized his responsibility to the other side of the management question. How are we going to improve it and make it more equitable?

I would like then to go back to the question of the federal government's role in this, because also it is

apparent by the minister's comments that all the New Democrats want is for there to be more money added to the system, that he has not been listening. My question to the minister is: Does he believe that the federal government has a responsibility to provide 50-50 funding or an adequate level of funding, or is it acceptable for them to continue to offload that responsibility onto the Province of Manitoba?

Mr. Orchard: A case we have always made is that the federal government ought to be a partner in support of financing the health care system in Manitoba and in Canada—made no bones about it. Now, Mr. Deputy Chairman, you know, I almost regret getting into an economic debate with the member for Flin Flon. One should not have verbal debates with unarmed opponents, but the one thing that my honourable friend wants not to acknowledge—and I wish he would just show that slight shred of integrity that I know is part of his character—and admit that in 1981 the Province of Manitoba after 111 years of successive governments of all political stripe, through depression, two world wars, participation in Korea, had amassed a debt such that the annual interest payments in 1981, when my honourable friend was first elected, amounted to some \$89 million a year.

In 1988 when my honourable friend left government, according to his legend and his rewriting of history, they left the government of Manitoba in great shape financially. Would my honourable friend admit that after six and one-half years of Howard Pawley and the NDP, that he was around the cabinet table for four and a half of those years, that the interest payment, annual, for one million Manitobans, approximately, had gone from \$89 million in 1981 to \$570 million per year because of the spending policies of Howard Pawley and the NDP, a government that he was part of? Would he have that ability to be that honest with this committee today?

Mr. Deputy Chairman: I would like to remind the honourable members before we proceed, that we are dealing with Program Evaluation and Comprehensive Audit Secretariat: Salaries \$769,400—shall the item pass?

Mr. Storie: Mr. Deputy Chairperson, the minister's facts are not correct, so obviously I cannot admit that. The fact of the matter is, and the minister should check the record. If he looks in this year's Public Accounts report, he will find that the debt

costs of the province this year are some \$495 million. If he will also check the record, he will find that in 1981—

Mr. Deputy Chairman: Order please, order please. I am going to remind the honourable member one more time to deal with the line that is before us today, or we will be here for the next 50 hours, guaranteed.

Mr. Storle: Mr. Deputy Chairperson, I am simply responding to the minister's response to my question about medicare, and it does tie in. It may be indirect, but I assure you, I will get to the point.

The fact is that when the NDP government took over in 1981, November, they were left with a deficit of \$277 million, escalating quickly, and if this minister would have the integrity that he likes to talk about so much, he would also report what happens to deficits in other provinces—

Mr. Deputy Chairman: Order, please. I have reminded the honourable member for Flin Flon that I would not entertain any questioning along that—

Mr. Cheema: Mr. Deputy Chairperson, and thank you for your help, because we have gone through 1981, '82, '83, '84, '88 and '89 and '90 and '91, the same things, and I think I would like to proceed with some other questions.

Specifically, these questions are that yesterday the federal minister had made certain comments. He said the national health care standard had to be—rather, he was questioned as to whether it should be the responsibility of the federal government or the provincial government. He said he was open—let me get his quote. He said, I am ready to put everything on the table and readdress all the powers of the provinces and ourselves.

Can the minister tell this committee what is the policy of his administration in terms of this statement which says that everything—they are willing to share powers with the provinces, for example, for national health care, and how then are we going to have accessibility, portability and comprehensive, accessible programs?

Mr. Orchard: Mr. Deputy Chairman, I do not know whether I am going to, first of all, understand my honourable friend's question, as to what he is wanting answered.

The federal minister indicated that he wanted to meet with provincial ministers and territorial Ministers of Health this fall to discuss a number of

issues. Obviously, and I think my honourable friend appreciates this, the meeting last night was not designed to come to any conclusion. We did not have an agenda. It was a discussion around the issues facing all provinces and the federal government and how we can do our utmost to assure Canadians that we share common goals of preservation of our medicare system.

Without having any resolution around the financial issue with the federal Minister of Health, which I did not expect to have, I am encouraged that he recognizes the necessity and the value to Canadians of a unifying force of our health care system.

I believe he has accepted the invitation from the provincial-territorial ministers of joining together to resolve issues around health care delivery, recognizing that we all face financial constraints. This fall will involve some substantial negotiations and discussions among Finance ministers over the specifics of federal funding participation, so obviously I cannot provide my honourable friend with even what could be interpreted as a sense of direction as to where the federal government is going to go. Quite frankly, I do not think the Minister of Health was able to do that federally, on behalf of this federal government.

We made the point clearly to him that we can provide assistance and leadership in managing the health care system with the objectives, as stated in the front of the Estimates book, of preserving accessibility, of preserving the universality. The issue of portability came up, because, you know, if you end up with 12 different plans the whole issue of portability comes up and the federal role in assisting provinces to maintain those principles. There was no disagreement around the issue that we ought to.

Mr. Cheema: Mr. Deputy Chairperson, I think the minister well knows that the portability issue is still a problem without even going further, because if you are visiting Quebec your provincial health plans are not welcome there. You have to pay from your pocket and then come and reclaim. The same is not true for the other eight provinces. I would like the minister to know that oddity. We do not have portability in this country. Would the minister like to comment on that?

* (1520)

Mr. Orchard: I apologize to my honourable friend. Could he repeat that? I am sorry.

Mr. Cheema: Okay, I will do it again. The portability issue for health care in this country is an oddity, is not as anybody would assume. Right now, if you are visiting Quebec, your Manitoba Health Services Commission card is not reciprocal, you have to pay from your pocket and then reimburse. Is that still the case?

Mr. Orchard: Lest my honourable friend wants to give that as an indication of the demise of medicare in Canada, do not. My honourable friend knows full well that Quebec has sometimes—how do I put this genteely?—different approaches than other provinces. That approach exists today as it has existed for a number of years. I am not even certain, but since the beginning of portability, they have always had a different method by which they operate.

The point is, if you are a Manitoban receiving health care services in Quebec, you will not be out of pocket. We will cover those costs—that is the portability. The peculiar arrangements around this great nation of ours and its 10 different provinces, in the way they administer, is not an issue that is caused by today's current debate around funding of health care. It is more a political decision of a provincial government in Canada.

I do not want my honourable friend to start a scare campaign, because Manitobans will have to approach medicare in that way in Quebec, that that is the demise of medicare. He would have had to say that 10 years ago, and it would not have been accurate then, nor would it be accurate now. That is a peculiar policy decision by the government of Quebec.

Mr. Cheema: Mr. Deputy Chairperson, I do not think Manitobans are going to be scared what I say or the minister says, I just want to make a clarification. It is a very important point. It may not be important, as he said, from a funding point of view, but it is an important question when you are part of this country and all other provinces are equally participating, and one province has opted out of such arrangements, and that is the issue here. I just wanted the minister to know that issue should be discussed at the next meeting. Why does a single province have to go on special status, even for a funding arrangement? It does not make any sense.

My second question is: We are discussing the Quebec party, the Quebec government is proposing very major changes in the present health reforms. That is going to have a serious impact on the Canada Health Act. One of those examples is to have the user fee or limiting the portability of health care within their own province, and there is a lot of opposition among the health care professionals. What kind of impact will that bill have on the future negotiations between the different provincial governments and the federal government?

Mr. Orchard: Mr. Deputy Chairman, the Quebec minister was not at the meeting last night, so I cannot speak with any knowledge in response to my honourable friend's question. Clearly, some of the initiatives that the Quebec government is proposing, to deliver health care services in their province, have infuriated some of the professional groups. I am given to understand that there were 5,000 doctors in an arena in Quebec protesting against the government. The doctors of Quebec believe that they are losing influence or stature or opportunity or whatever, I do not know what the issue is, because of the Quebec government.

My honourable friend might have a little more understanding of the politics behind the Quebec government's decision. Unfortunately, I do not know whether they share that with Conservative governments or New Democratic governments because they are a Liberal government, and maybe my honourable friend might be able to get a little better information from them directly himself.

Mr. Cheema: Mr. Deputy Chairperson, I do not get information from any group. I just have to do my own research. That is why I think it is—third party and, with a little research, sometimes we end up in a lot of trouble, so I am just asking the minister. I am sure that minister has a major staff. He has very capable people in his department, and I think the minister should be telling us—not us. Probably I would request him to maybe obtain some information so that we can get more information and have more input when the final decisions are made, because as I said last year, after the Constitution, health care is going to be one of the very important issues in this country and how the funding arrangements are going to be made.

I think it is going to be part of the constitution debate as such, whether the national standards are going to be maintained and how the funding formula is going to come. It is not going to be far away. It

is just a matter of a few months, so the minister should have a plan of action to respond to those things.

Mr. Deputy Chairperson, I just want to take the opportunity to welcome Mr. DeCock, who has been promoted to associate deputy minister, and I want to express from our caucus all the best wishes. He has done tremendous work for the last few years, as we have known him.

Mr. Orchard: Mr. Deputy Chairman, my honourable friend has just given me a rather right, correct lesson in etiquette. My deputy is attending meetings in Toronto, and I apologize to Mr. DeCock for not introducing him as associate deputy minister here, participating in the Estimates.

Mr. Cheema: Mr. Deputy Chairperson, as a politician, we may not learn a few things, but as a professional, it is just a part of my personality that I have to be very courteous, and that is part of the training I had. That is why I am very polite with the minister most of the time and people sometimes wonder, do I belong to a different party?

Mr. Deputy Chairperson, I have a question—I think we have here a deputy minister from the Health Services Commission. Can the minister tell this House if they are considering closing beds for psychiatry in one of the hospitals? Those beds are called extended care beds. I will not name a hospital because I just got into big trouble by naming one of the hospitals.

Mr. Orchard: Mr. Deputy Chairman, I am going to have to dig out my list on the Urban Hospital Council. The issue of psychiatric services is one of the issues that is being discussed at the Urban Hospital Council. There have been no recommendations made or, to my knowledge, advanced or completed at the Urban Hospital Council around that issue.

Mr. Cheema: So the minister is saying that during the summer closures, as I understand some of the beds have been closed in the past, so there will not be any permanent closure of these specific extended-care beds for psychiatry in one of the hospitals. Is that a fact?

Mr. Orchard: Mr. Deputy Chairman, there has been no such decision. There has not been a recommendation in that regard made to me.

I just want to caution my honourable friend. The health care system is a swirl with rumours. My honourable friend—and I appreciate his statements at the beginning at Estimates, because I think

sometimes we lack maybe the appropriate caution, because we are people whose statements are regarded highly.

I had to learn the lesson in a pretty hard way a number of times when I was opposition critic, because it is very, very easy to be given one side of an issue and often without accurate information because the individual so providing that information has an axe to grind or a cause to carry forward. In bringing some of the information to the House, you cause a great deal of concern and a great deal of uncertainty amongst those who are potentially affected by rumoured and alleged circumstances.

* (1530)

Now the easy way to avoid all of that, I simply tell my honourable friend, is for me to not have agreed to be anywhere near the Urban Hospital Council. The easiest thing is never to discuss a single issue, never have a series of ideas come forward for discussion, because then nobody has an issue around which they can speculate as to the eventual outcome, whatever it may be, in their mind or those who have discussions with them.

The safest ground for a Minister of Health is have absolutely no discussion with anybody. Then you can be accused of doing nothing and not consulting, but you eliminate all of the wild and rhetorical speculation around the issues which is not helpful to reason discussion around the topic.

You know, I deliberately chose, as I have done for three years, to be part of that process because—and I will say it again—I think we have to understand this as Manitobans, that we have the most progressive opportunity to provide quality health care for Manitobans because of the co-operation we enjoy throughout the system. That does not mean we agree on all issues all the time. Of course, not.

I mean, those same CEOs may, at some point in time, individually or collectively, say that I am wrong, that I am moving unilaterally. That may be the case, but all I can assure my honourable friend is that should they have the opportunity to do that, it will only have been after at least having an attempt to make their point known to me through open discussion. I think that is a far healthier system. It poses the risks of speculation, innuendo, rumour and everything.

My God, if we cannot get around and discuss openly issues in health care with all of the alleged

concern that my honourable friend from the New Democratic Party brings to the debate, and all of the concerns that various groups have brought to the health care debate, if we cannot have that kind of open discussion so Manitobans can voice their opinion, then it is a different system than what I am used to being in. It goes against everything that I have worked on to create over the last three years with very excellent co-operation from the individuals who are part of both the Manitoba Health Services Commission and the Department of Health.

I think we have done nothing but benefit Manitobans by having that open opportunity for discussion around the issues, not all of them without controversy, but certainly all of them with an end goal of preserving and protecting the health care system that Manitobans want. That is the goal that I have committed myself to as Minister of Health, that is the goal that my staff at all levels are committed to and that is the goal that the professional groups, CEOs and others within the Manitoba health care delivery system have committed themselves to. I think we represent in Manitoba probably the best opportunity in Canada to make things work better.

Mr. Cheema: Mr. Deputy Chairperson, I certainly agree with some of the comments the minister has made but he has to understand one aspect. If you are just an opposition MLA and do not have a portfolio which is very high profile, and above all you are working in the profession and you happen to work in that institution plus your constituency is part of that institution, it is very difficult. I have to walk a very thin line some time. I have been very, very careful but at times it is impossible, because it could be used against you, that you are the MLA, you did not speak your mind or you did not say that you knew everything was happening. I think it is very important from my point of view to make sure that I keep the balance, but at times it depends on how you want to look at the issue. One can get into trouble and certainly whenever there have been mistakes made, I have withdrawn my comments.

I want to ask the Minister of Health questions on the Manitoba Research Council which is a part of this evaluation program. Can he give me some idea of the budget of this council and what specific activities they are taking through this branch?

Mr. Orchard: Okay, the annual grant is just under \$2 million of specific Manitoba health council research funding. In addition to that, the Manitoba

Research Council, through a separate funding arrangement, is receiving \$1 million a year for four years. I believe that the last installment of that is to be paid within the near future, so that they have had an additional budget up to just under \$2 million from direct—that was an increase, I think, from about \$1.1 million two and a half years ago, approximately \$1.1 million, in that neighbourhood.

I think it was about an \$800,000 increase, and as well, the administration of a million dollars a year. That was the monies that were provided to the province on a per capita basis as part of the provisions of Bill C-24, the federal Patent Act. They have used those monies, and I will give you an answer in terms of what they have done over the last year, a total of \$872,600 has gone to 30 operating grants in research, 53 percent went to personal awards in which four scholarships were awarded, 13 post-doctoral fellows and 37 graduate studentships were awarded and then 2.1 percent went to equipment grants.

To deal with the strategic Health Research and Development Fund, which is the million dollars annually for four years, one of the conditions here is that the grants go to areas where there is the opportunity for an industrial development opportunity for private sector growth in the province of Manitoba, so that the grants must be at least matched by anyone who is awarded the monies.

I am told that there were two competitions held. Eight grants were awarded, totalling \$643,940, and there were matching funds from the private sector of \$863,880, so that, in effect, the council, through the strategic Health Research and Development Fund, was able to lever just under \$650,000 up to a \$1.5 billion research program.

Mr. Cheema: I think it was 1989 when there was an announcement by this minister of who will be getting, under Bill C-28, about \$1 million that was part of the research project from, I guess, '89 to '93, so the minister has said a total of about \$2 million. Does that \$2 million include this \$1 million from Bill C-24 also?

Mr. Orchard: No, Mr. Deputy Chairman, the nearly \$2 million, it is a million, nine hundred and sixty-some thousand dollars, that is direct government support to the Manitoba Health Research Council. That was increased at the same time we brought the other fund in. That was increased from approximately \$1.1 million or \$1.2

million of annual support, in other words, a very significant increase in support level. We are able to maintain that on for this year again. There is no increase, but there is no reduction either in the level of research funding.

In addition to that \$2 million, the strategic Health Research and Development Fund was established, I think it was two years ago, about a year and a half or two years ago, but that involved a total of \$4 million granted to the council through the strategic Health Research and Development Fund at the rate of \$1 million annually. That was in addition to the direct granting to the council.

* (1540)

In other words, the council had at its disposal, if you wanted to get very direct about it, when we came into government, approximately \$1.1 million per year to promote research activities in Manitoba, and that figure approaches \$3 million a year now, so that there is almost a tripling of the funding. Now that is an unfair pat on the back that I would like to take, but I cannot because \$4 million of that, in other words, \$1 million per year for four years, is the federal monies from Bill C24. Those will run out in, I believe, in '92, so after that, we are back down to \$2 million.

Mr. Cheema: Can the minister tell us who the chairperson of this research council is? I understand there are about 10 to 12 members, and all those positions are filled. Can we have at least the name for the chairperson?

Mr. Orchard: I recently had the opportunity to advance Dr. John Hamerton to the chairman of the Manitoba Health Research Council, and I want to share with you an interesting story.

If you know Dr. Hamerton at all, you will find him to be quite an interesting individual. He combines the excellent scientific research capability with a personal activity of raising sheep. He is a very interesting gentleman.

Mr. Cheema: Just like me. A politician, a physician and a businessman.

Mr. Orchard: Yes, he is a businessman as well.

He told me, back when the chairman of the council's term had expired, that he never had accepted an acting chair of anything in his life because he believed that was just a nonconfirmation of confidence. I assured him it was not. He served as acting chairman until last fall and

with other appointments to the council was made chair for the next three years and has been working very closely with myself to undertake a number of initiatives.

My honourable friend might recall that they celebrated their 10 years of existence. I have to tell you, I take some pride in this, because although there are demands for increased levels of research funding and there has been a longstanding target before this and successive governments of approximately .4 percent of our health care spending going into research, we have not achieved that, but we have made a number of significant steps over the last decade under the leadership of the Honourable Bud Sherman and advice from some pretty prominent individuals in the health care field like Dr. George Johnson and Dr. Israels and others.

The creation of the Manitoba Health Research Council was undertaken some 10 years ago, and they celebrated their 10th Anniversary this year. It was a very interesting event. They held a one-day symposium conference around health research. We have done, with modest resources, I think exceptionally well in the province of Manitoba. A lot of hard work has gone into that. It has been of benefit to all Manitobans in terms of some of the initiatives and some of the discoveries that are made.

I have often said that the quality of our health care research, our researchers and the projects they undertake is probably one of the best kept secrets in Manitoba. I have enjoyed working closely with the Manitoba Health Research Council around a number of issues, and we see some fairly interesting times on the horizon and some pretty interesting future initiatives.

Mr. Cheema: Mr. Deputy Chairperson, can the minister tell us what is the relationship or what will be the relationship between the Health Research Council and the centre for policy analysis?

Mr. Orchard: The relationship between the two? Really no direct relationship, because the Manitoba Health Research Council is into pure research, I guess, for lack of better terminology, whereas the Centre for Health Policy and Evaluation is a research arm with a goal of evaluation of what we do in the health care system currently and the ability to assist in policy creation on the basis of analysis of what we currently do in terms of the clinical delivery system in health care.

The Manitoba Health Research Council, their efforts are focused on advancement of pure research into issues of medicine and health in general. The two functions are significantly different.

Mr. Cheema: Mr. Deputy Chairperson, it will be worthwhile to explore the possibility of having the beneficial effects go from one to the other. It is a natural flow. I do not think we can differentiate research specifically from the centre and what the centre is going to do. There is going to be eventually a relationship, and I am sure the minister will end up doing something like that in the future.

My next question is the role of this branch, specifically on the Postgraduate Medical Education Committee. I think last year we had a good discussion because of the news that some of the programs in the postgraduate education were not fully certified from the college because of some difficulties there. It was either space or some other technical things.

Can the minister give us a list of which programs in postgraduate medical education are under review at present?

Mr. Orchard: I am told that we will have to provide that information. We will get it for Monday.

(Mr. Jack Reimer, Acting Chairman, in the Chair)

Mr. Cheema: Mr. Acting Chairperson, can the minister tell us, last year there was some discussion about the first year of medical school enrollment numbers. Are there any specific policy directions? Did he have a discussion with the Faculty of Medicine or the Minister of Education and Training (Mr. Derkach) to have exact numbers of what is going to happen in one, two, three or four years' time and how that will correlate with the population of Manitoba, and also how they will correlate with medical manpower throughout this country?

I understand there has been a lot of discussions. Even at the last provincial ministers' conference in New Brunswick, that was one of the issues—how to have good data on medical manpower, so that we do not end up in oversupply in some areas and undersupply in others.

Mr. Orchard: I think there is fairly general consensus that we have enough physicians in Canada. We have two problems. Let me deal with it in generic terms or general terms first off.

The World Health Organization, I guess possibly a decade ago, established the goal of having one physician for, I believe the number was 650 people, I think. I would be within a few. We have exceeded that in Canada, and we are at, I believe, one physician for approximately 450 Canadians. We have met the goals, exceeded the goals that were set for the world, if you will, by the World Health Organization some decade ago.

That is one issue that we are attempting to come to grips with, and I think you will see across Canada a downsizing of medical college student enrollments. One of the issues that is unresolved in that discussion—unresolved maybe is the wrong word. The medical college concern is not as much around—they are concerned about the numbers, because, let us face it, there is disagreement about whether we need to reduce the size of enrollment.

* (1550)

Understand that I think any faculty naturally would not agree that they should have fewer students graduating, but basically, there have been a couple of downsizings of the student enrollment at the Faculty of Medicine in Manitoba from, I think, just under 100, between 95 and 100, and now we are down to 80 positions. We have already downsized the enrollment, and there are discussions to see whether we can downsize yet again.

Here is the issue that I think plagues the decision making and that is, if you have funding on the basis of per student and you reduce the number of students, you reduce the global budget. I think a reasonable case might be able to be made that, in fact, your costs do not go down in corresponding amounts necessarily with a reduced student count. That issue is part of the discussion that we have ongoing and will continue to have ongoing, hopefully with some successful resolution.

On the second issue of physician numbers, probably our greatest problem in Manitoba is maldistribution of those numbers. There is no question that the city of Winnipeg has a very ample if not excessive supply of physicians if we go on a physician to population ratio, and that compares unfavourably with rural and remote areas of Manitoba.

That is why we reinforced the activity of the Standing Committee on Medical Manpower by—I guess we doubled their budget back two years ago as well, and they have undertaken some pretty

innovative initiatives, including the Family Practice Residency Program in Dauphin to provide the rural environment for family physician residents.

All indications are that this program, I think it is the first in Canada, has every opportunity for success. My honourable friend says not a first in Canada; then I will rephrase it. It is the best in Canada and has every opportunity for success, and a number of the residents who have been part of it are practising in rural and northern Manitoba.

Mr. Cheema: Mr. Acting Chairperson, if I understand correctly, the minister has said the numbers at present are 80 at the first year medical school level, and they are going to look at it as of next year. What is the basis, what are the indicators that they are basing this number on? It has come from 100 to 80 over a period of four to five years.

Can the minister tell us if this is a reflection of Manitoba's population? Is it a reflection of the flow of our own physicians, or is it a reflection of physicians from other parts of the provinces coming to Manitoba? Why have the numbers gone down from 100 to 80?

Mr. Orchard: They came down from between 95 and 100 to the 80 today because of negotiations between government and the Faculty of Medicine. I guess the first reduction occurred in '86-87 and the second reduction was '87-88. We are opening discussions after several years of experience with that as to whether there is opportunity for a 70 or 75.

Mr. Cheema: Mr. Acting Chairperson, are the discussions part of larger discussions with other provincial medical schools also? If we reduce the numbers and somebody else is not reducing it, basically we may be denying Manitobans entry into medical school and still not solve the medical manpower throughout this country. Can the minister give me assurance that this is part of the process throughout this country, not only in Manitoba?

Mr. Orchard: That is exactly the issue that was on the agenda in 1988 when I went to my first provincial-territorial Health ministers' conference, and it is very much an issue before all provincial jurisdictions.

I think it is fair to say without exception they are all looking at training and graduating fewer physicians because bear in mind the statistic I shared with my honourable friend earlier on. The World Health Organization set goals about a decade

ago of one physician for 650. Canada as a nation is approximately at—and I am going by memory from discussing this issue last fall—I think we are at a physician for every 450.

So that then brings into question where all provinces are going, and I think it is safe to say that all provinces are probably going to adjust their enrollment down. A counterargument to that made by a number of physician organizations is that you are going to end up with a whole series of retirements, et cetera, and you are going to need more physicians, but I believe that issue was considered in terms of the national study that was undertaken.

Let me indicate to my honourable friend that there are a number of issues that are intertwined into the numbers that are very, very difficult to resolve. We are making some steps in this province, as I think other provinces are, but I have concerns, and I have expressed these directly to the college, to the dean and on a number of occasions to different groups that are discussing the issue.

Since I have come into office, I have probably signed maybe 100 waivers of examination, always to bring physicians into rural and northern communities where we are unable to attract the Canadian graduate. One of the concerns I have is that our training program, by being centralized into a very high-tech medicine environment, and that seems to be the tendency right across Canada that we are graduating physicians who, for a whole number of reasons, do not feel comfortable outside of the teaching hospital practice environment in a number of specialties and disciplines.

While I have made the observation that we have to get around that problem, we have to solve it. We have to solve it as government, as university, and as Faculty of Medicine, because the taxpayers are going to ask, what is the value of their tax dollars if we do not graduate physicians who can provide that service throughout the province?

I ask the rhetorical question: What is the value of graduating students when, for the simple effort of signing a simple waiver of exemption, I can have a physician trained on location within several months and that physician has academic and training credentials that certainly allow him to practise with competence? That is an issue that we have to come around.

There is some pressure from some provinces that we ought not to sign those waivers of examination anymore. I have told them that is not the case, not until we have the assurance that we can provide Canadian graduates that are going to provide the service that we need in rural and northern communities.

Part of our solution is the Family Practice Residency at Dauphin and other initiatives that we are undertaking to enhance the opportunity to practise medicine outside of the city of Winnipeg. The capital program and its expansion is very important there. That is why we, for instance, replaced hospitals in the communities of Minnedosa and Virden and have made significant improvements elsewhere, because it allows a more complete range of physician activities to be undertaken in those communities.

We do not agree with those who say we should not build those hospitals in rural Manitoba, that we should build them in, put all our money into Winnipeg. We do not agree with that. We have participated through SCOMM, Standing Committee on Medical Manpower, with recruitment efforts, for instance, into Thompson.

* (1600)

I know my honourable friend for Thompson is not here, but my honourable friend for Flin Flon is. He might recall two and a half years ago, the issue was the crisis in Thompson about only six physicians. You do not hear the member for Thompson (Mr. Ashton) now talking that the community now is served by nearly 30 physicians, and there are a number of specialists who are part of that practice in that community of Thompson. We see that as a positive initiative, and government cannot take all the credit. There was a very diligent effort on behalf of the community of Thompson and the administration of the hospital and the board of the hospital.

Its success and hopefully its continuation, that some number approaching the 20-plus physicians will be available in Thompson, allows us to deliver more health care services in northern Manitoba, rather than having people fly down to Winnipeg with considerable disruption from their family and their community and at considerable taxpayer expense.

We have resisted the push from other provinces that we should not sign the waivers of exemption and have offshore trained physicians or U.S. trained

physicians come into our system, because we do not have the assurance that we have received all of the answers from our own Faculty of Medicine in terms of recruitment and retention in rural and northern Manitoba.

I can tell my honourable friend that we are further along in finding that answer and that solution than we were three years ago.

Mr. Cheema: Mr. Acting Chairperson, the minister's answer has been very interesting because there are a number of questions in the minister's answer that are very important issues. I am sure we can discuss some and other parts when we are discussing the MSC, but the first thing I wanted to ask him—he said that the other provincial governments have also taken a stand on decreasing the number of medical schools. Can he provide us with information, if not today some other day, what is the real number in other provincial jurisdictions as far as the medical schools are concerned, and how many numbers of students are decreasing in those areas?

My second question is—the minister has said we have a major problem in this country in terms of each and every provincial body has a different regulation. Somebody can practise in British Columbia and may not be able to practise here, even if they are Canadian graduates and Canadian trained. - (interjection) - Yes. If somebody is working in Newfoundland, they may not be able to practise in Manitoba and vice versa.

The question here is that—I understand the Canadian Medical Association is taking a very strong approach to solve their problem in having two-part examination LMCC, which may solve some of the problems. The provincial ministers have to take a lead and make sure there are regulations which are uniform across this country, so people can have portability of their licence and their medical degrees and can practise medicine. That thing eventually is going to come, but I would like the minister to take a note of that because it is going to be one issue.

The second question, as the minister has said, we have an adequate number of physicians in this country according—I do not have the exact number, but as the minister has said, one for 450 people. That may not be 100 percent correct; it may be a few numbers here and there, but the question is maldistribution of physicians and that issue—I want

to ask the Minister of Health (Mr. Orchard), will that issue be a part of the discussion between his department and MMA in their future negotiations?

Is the minister considering some kind of the regulations that will make sure that in all parts of Manitoba there will be equal accessibility of health care in terms of the physician supply?

Mr. Orchard: If my honourable friend is asking me, are we contemplating something like B.C. tried?—no, because that is inside the Charter of Rights. What we are attempting to do is work within what is—we are working with the tools at our disposal. There is already a fee differential for a practice outside the urban centres. The case has been made and I simply take my honourable friend back to my early history in elected life.

Carman Memorial Hospital, for instance, was badly in need of replacement and in 1977 when I came into government they had had a capital redevelopment project before government for several years, probably five, six, seven years, and had not received approval to go ahead with any kind of a renovation or reconstruction.

One of the first things I did was try to understand the dynamics behind that issue. I met with—well, I did not meet with him, I just had a phone call with him, because I was told that if the Carman Memorial Hospital was not rebuilt that the opportunity to retain a young doctor might disappear for Carman because this physician had practised in the area and was away getting his surgical specialty and would return to the community to serve the community as a surgeon if he had a facility in which he could practise. That current—the old facility would not work.

I worked with the Minister of Health of the day, and we undertook construction of Carman Memorial Hospital in a new location and a smaller plant than what was there before—a fewer number of acute care beds, but with the ability to undertake a number of surgical procedures. The surgeon did return and still practises there. I personally am very happy he is because 16 months ago he stitched up my face, and did I think—some would say it made me look better than I ever have. He worked on a heck of a mess and I could say without equivocation that I received surgical care in Carman, Manitoba, that would be difficult to better anywhere in the health care system in Manitoba including some—not that I

am saying plastic surgeons are not very, very good. I am just saying that this individual is just excellent.

Our capital program in 1981 allowed an area of Manitoba to be served very, very effectively. That served two purposes. Firstly for the community, to provide those services in the community. Secondly, if they were not there they would put pressure on other facilities including Winnipeg. When we undertake our capital redevelopment program we make those considerations very, very carefully. We do not hesitate where we think there is a justification to renew, as budget is available, capital facilities throughout rural Manitoba. That helps communities to co-operate around the recruitment and retention of physicians, because they can offer to the physician a wider range of service delivery in the area. So that is one area.

We have undertaken with various communities from rural and northern Manitoba the Health Pro Show. Standing Committee on Medical Manpower has communities across the length and breadth of Manitoba come in to advertise their strengths for professional retention and recruitment. That works. The Family Practice Residency Program in Dauphin—those are a number of initiatives. We are not approaching it from just one single area, trying to resolve a longstanding and complex issue. We are approaching it from a number of different policy, spending and capital construction approaches. I think we see some success.

Mr. Cheema: Mr. Acting Chairman, can the minister tell us, is this Bill 70 going to cover the salaries for the interns and the postgraduate students also?

Mr. Orchard: I believe it does cover the salaries of interns and residents.

Mr. Cheema: Can the minister tell us how many positions are there this year for postgraduate programs? That includes internship, Family Practice Residency as well as the other programs.

Mr. Orchard: I believe it is 326.

Mr. Cheema: Has the number been decreased as of last year?

Mr. Orchard: No, I believe that is the same number as last year.

Mr. Cheema: Before that year?

Mr. Orchard: Okay, in 1988-89 we funded 338.5 positions. We are funding 326.5 now. There was a

reduction of 12 positions between '88-89 and '89-90, a year ago.

Mr. Cheema: Twelve positions?

Mr. Orchard: Twelve, yes.

* (1610)

Mr. Cheema: Mr. Acting Chairperson, can the minister tell us how many positions are funded under the Immigrant-Refugee Program?

Mr. Orchard: I think there are up to four positions.

Mr. Cheema: Mr. Acting Chairperson, can the minister tell us if all those four positions are given to the immigrants or the refugees, or is there any distinction in the program?

Mr. Orchard: I do not have that information, but I will get that. I will get the numbers that are in there and whether they are immigrants or refugees.

Mr. Cheema: Can the minister tell me what is the policy of those four positions? Will they be covered only by a person who qualifies for refugee status or for immigrants?

Mr. Orchard: I do not know what the university uses as their selection criteria. You have to appreciate, the Minister of Health does not make those decisions. That is made by the Faculty of Medicine.

I will attempt to find out whether there has been any change in criteria for access to the program. I do not believe there is any. The program is operating as it did last year and the year before with the same number of potential slots open and the same criteria around access of those slots.

Mr. Cheema: Mr. Acting Chairperson, I do understand that the college of medicine and department of postgraduate medical education may be making the decisions. What is this minister's department's policy for those four positions if he had to make a decision, and because they are providing funding, what is this funding provided for? Only for refugee status physicians, or does this also include the immigrants?

Mr. Orchard: If my honourable friend could refresh his memory, I believe it is—the—is it not formally called the Refugee Training Program and called that because the college believed that was an appropriate area to provide assistance for those displaced individuals because of circumstances beyond their control? I have no disagreement with that policy direction by the Faculty of Medicine.

Mr. Cheema: Can the minister tell me if he is aware of the recent decision by the Human Rights Commission in Alberta in regard to the foreign physicians? The Alberta college had a policy which would favour five or six different categories of physicians from specific countries and they were challenged by the Human Rights Commission, and it was struck down last week. I do not have the full information. I am just asking the minister, do they have any information, because we may be having a similar problem here. I am not too sure about that. I do not have full research, so I am just asking the minister, does he have any information?

Mr. Orchard: No, I do not.

Mr. Cheema: Mr. Acting Chairperson, that is fair. I did not want to put anything on the record which may be taken against me by the physicians' group now. It is so hard to be very careful. I will leave, so the member for Flin Flon can ask some questions.

Mr. Storle: Mr. Acting Chairperson, in this area where, primarily, it is responsibility for evaluation and the number of programs, one of the programs that I have raised before and I would like to refer to again is the Northern Patient Transportation Program. Particularly, I am interested to know what information the minister used in making his decision. He has assured us that he is interested in efficiency and effectiveness, and I am interested to know what information he had which assured him that the introduction of this \$50 user fee would, in fact, create the necessary effectiveness.

(Mr. Deputy Chairman in the Chair)

Before I do that, Mr. Deputy Chairperson, I would like to know from the minister whether the minister will now admit publicly that, in fact, he has introduced a user fee into the health care system in Manitoba.

Mr. Deputy Chairman: Order, please. I would like to remind the honourable member that the air ambulance service falls under item 6. The minister had previously agreed that is where he would deal with it under Air Ambulance on page 88, Northern Patient Transportation Program.

Mr. Storle: Mr. Deputy Chairperson, I would like to deal with some of the questions because of my not being available all through the Health Estimates. Normally, we are given some latitude. I was asking the minister specifically about the evaluation that was done before the introduction of this fee, whether in fact there was any. I was also asking him for a

definition of user fee which I think is an important evaluation criteria.

Mr. Orchard: I do not know what my honourable friend the New Democrat's definition of user fee is, but this is not a user fee, if that is what my honourable friend is attempting to say.

I believe a user fee, according to The Canada Health Act, is one that, if imposed, allows the federal government to exercise its right under The Canada Health Act, parallel legislation passed in 1986 in the province of Manitoba, to deduct from EPF payments that amount of money collected from the individual. That is a user fee.

This \$50 contribution from the individuals living in northern Manitoba for elective transportation requests does not fall under that prohibition. The reason why is that The Canada Health Act does not ensure ambulance or patient transportation services. It did not while my honourable friend was in government, and it does not today.

If the \$50 fee were to be charged to any Manitoban for seeing a physician, yes, that would be a user fee. We would lose that revenue from the federal government. It is my understanding that if we charged \$50 for a tonsillectomy, a procedure ensured under The Canada Health Act, that would be a user fee, and we would be subject to the deduction penalty of the federal government. We have not violated any principle of The Canada Health Act in bringing equality of contribution towards patient transportation throughout the length and breadth of the province.

As I have said to my honourable friend on many occasions in the House, all Manitobans had an obligation, and it was part of their personal financial responsibility to pay the costs of going to a doctor's office, to pay the costs of going to see a specialist in the city of Winnipeg or the city of Brandon, to pay the transportation costs of going, for instance, to a hospital to receive any kind of medical treatment, hospitalized treatment. If you were taken there by an ambulance, it is your responsibility to pay the cost, and that is why a number of individuals are covered by various insurance plans. That is why a number of employers offer as an employee benefit package additional coverage so that ambulance costs are covered. There is only one group of Manitobans who had entirely taxpayer-paid access to the health care system, and that was Manitobans living in northern Manitoba through Air Ambulance,

which still exists, because the Air Ambulance pays for 100 percent of the emergency transportation costs for those Northerners who come down to Winnipeg or wherever else they come.

*(1620)

In addition to that, the Northern Patient Transportation Program paid for transportation warrants for those individuals, be they exercising their personal car and driving it to Winnipeg or receiving a ride with someone. It would pay for a bus ticket. It would have paid for a train ticket if train service was available, and it would have paid for an airfare, depending on the choice. It would have paid those costs entirely.

What we are introducing is a contribution towards that of \$50 for those elective procedures. That would be effective July 1. Very shortly all of those committees that are making decisions on transportation warrants will be fully informed of the criteria, because I think most Northerners now understand that there are a number of circumstances in which there will be no request for the \$50, contrary to communication that has gone out to them which has said that all Northern Patient Transportation warrants would be subject to the \$50. That was somewhat inaccurate information put out by some of the MLAs who represent northern constituencies.

Mr. Storle: Mr. Deputy Chairperson, I would certainly like to see the inaccurate information. The press release that announced the introduction of the user fees said all elective transport. Perhaps the minister will indicate which and how many of those warrants that were issued—there were some 13,599, and we will get into that perhaps at another time.

The question was: What information, what evaluation, what cost is this program going to have in terms of the health of Northerners? That was the question. The question was about the evaluation. This section that we are dealing with talks about program evaluation. I assume that when you are the Minister of Health, program evaluation means not how many people can we chop off here. The question is: If we do this, what are the medical implications? What are the implications of someone not going for a CAT scan when they are having headaches because the decision is, it is not an emergency, that it is elective treatment. What are the consequences?

If there is a person in Sherridon, where there is no doctor, who decides that they need to go to a doctor, that they are sick, and it costs them \$50 because it is considered elective because it may be just a cold and they end up with pneumonia in the hospital for two weeks, is that cost effective?

So my question was not simply a question of why he imposed this. We will all have our own subjective guesses as to why this was imposed. The question was, what evaluation was done to warrant this as well?

Mr. Deputy Chairperson, there are a couple of other pieces of information that the minister seems totally unaware of. The first is that the Air Ambulance Program serves not only northern Manitoba. The First Minister, the Premier of this province, and the Minister of Health seem totally ignorant of the fact that the Air Ambulance Program operates in communities outside northern Manitoba, and in fact the one that he often refers to, Swan River, also is serviced by the air ambulance, as are some 33 other communities. So it is not just Northerners who have access to the "free" air ambulance. In fact, many Manitobans have access to it.

The minister tries to pretend that emergency ambulance services are only accessed by Northerners. There is a line further on in the budget that shows \$6.5 million goes to supplement and subsidize ambulance service for all Manitobans, but, Mr. Deputy Chairperson, the biggest and perhaps the most grievous error is in the minister's continuing assertion that somehow what he is doing is introducing equity.

I have sent letters to the minister. The minister should be aware that most Northerners also pay ambulance costs just like other Manitobans. It was not that long ago I sent him a letter from a single parent in Snow Lake who had used the Northern Patient Transportation Program and the Air Ambulance Program, both of which provided service at no cost and still ended up, because of escort charges and ambulances from Snow Lake to The Pas, The Pas to the hospital to The Pas Airport and from the airport here to St. Boniface Hospital, with charges of \$400.

I defy the Minister of Health to show me where other Manitobans are faced with that kind of charge on top of receiving this other service. I remind the minister and whoever else may have been

responsible for this decision that, on top of that, they pay charges for accommodation and meals that amount to hundreds of dollars to access services that for 600,000 people in the city of Winnipeg is, for all intents and purposes, free.

For the minister to say this is a contribution is a misuse of the English language. A contribution is my giving something to someone. It is a gift. It is an agreement to make a contribution, to make a gift of money or a payment of money. This is not a contribution, this is a user fee. It is a fee charged to users, and the Minister of Health, I believe, knows better.

The questions I ask are: What are the medical reasons, what program reasons can the minister give us for this user fee? How is it going to protect the taxpayers of Manitoba? How is it going to improve accessibility to medicare, to medical services that most people take for granted? How is it going to do that?

Mr. Orchard: You know, my honourable friend makes some interesting points. The costs that he has complained about are costs that are borne by any Manitoban who lives outside of the city of Winnipeg. Those room costs if they have to stay overnight, those meal costs when they are in Winnipeg. That is not unusual. The difference is that unless you lived in northern Manitoba you did not have the taxpayer-paid transportation subsidy to get to Winnipeg.

The people in Swan River coming down for the CAT scan for a headache paid the entire cost, but the people in The Pas did not. Is that equity? Is that what my honourable friend says is equity? Well, he probably does not have an answer for that.

Now with this contribution for elective procedures I want to tell my honourable friend that we still have the most generous patient transportation subsidization program for Northerners, in Canada. Still the most generous.

At a time when my honourable friend comes at me day in and day out, or other colleagues in government, to spend more, to spend more, to spend more, we agree with them in certain cases, and we are finding a reallocation of money by introducing equity in northern patient transportation so that Northerners put a \$50 contribution towards their transportation for elective procedures when all other Manitobans outside of that northern catchment area pay 100 percent of the cost.

I know my honourable friend says that is unfair. Fine. We will agree to disagree. But every other Manitoban outside of the city of Winnipeg pays the entire cost. We are not asking northern Manitobans to pay the entire cost. We are asking them to pay \$50 per elective warrant. I think that is treating Northerners more generously than any other province, and that is treating Manitobans rather equitably, where we are all contributing.

It is not a user fee because it is not an insured service. It is not even a service that is available in a lot of provinces for people living in remote areas, simply not available in other provinces. Here it is available, will continue to be available and for elective warrants will cost \$50 regardless of whether that is a \$500 airline ticket or \$110 bus ticket or mileage for a car. It will cost \$50.

We do not think that is an unreasonable request to make for elective transportation procedures. We do not believe it is an improper imposition. It is an introduction of equity. It does not deny anyone service to the system. If my honourable friend says that is the case, then the person with the headache in Swan River needing the CAT scan and paying the entire cost is being more denied than the person in Snow Lake with the headache being asked for \$50. So is my honourable friend saying there ought to be more inequity in Swan River than in Snow Lake? I do not think so, because I am not saying that.

* (1630)

So my honourable friend would just want to contemplate those underpinning ideas. We agree to disagree. My honourable friend, all he has to do is say, where would you get the money from to provide the \$220,000 that we anticipate will be saved in this program? Would you get it from the hospital budget of Thompson, for instance, where an extra 20 plus physicians is no doubt costing the system more money?—but, you know, coincidence of coincidence, it is providing Northerners more service. It is just exactly what they have said. They do not want to go to Winnipeg. They want to have services more readily available in northern Manitoba, and we are providing them, and it is costing Manitoba taxpayers money.

We do not think this is an unfair request to make to enable us to provide more services to northern Manitoba. If my honourable friend wants to get into what those services are, I am glad to, because our record and service delivery in health care in northern

Manitoba ought to make any New Democrat's, with a conscience, face red.

Mr. Storle: My face will not be red, Mr. Deputy Chairperson, given the New Democrats introduced the Northern Patient Transportation Program. It should be improved. The minister's logic is like if the minister was faced with an individual who had lost his arm and another person came in and said he wanted equity, the minister would chop off his arm. The minister's responsibility is to improve health care. That is the minister's responsibility.

When the community of Swan River and the community of Dauphin wanted access to the air ambulance, did our government say, well no, we have got to create equity and take air ambulance away from everybody? That is a ludicrous position for the Minister of Health to take. We want to improve health care, and I would have hoped that was the minister's objective as well. This is a step backward.

The minister says he is going to save \$220,000. My question to the minister is: Where is the objective evidence that this money is actually going to be saved? Can the minister tell us whether, in fact, he is not going to create additional health problems because people do not go to the doctor? The person who is sitting in Sherridon, or the person, even worse, who is living in Tadoule or South Indian Lake, where it not only requires the payment of now \$50 for this so-called elective surgery—I do not think diagnosing illnesses can be considered elective, it will be in certain circumstances I am quite sure—will also have to miss at least one or two days work besides paying for the accommodation that we talked about earlier.

The minister keeps referring to Swan River. Swan River is probably the furthest north example that he can provide. I have driven from Swan River to Winnipeg on many, many occasions. It is still possible to drive from Swan River, access services in Winnipeg and drive home. It is possible. I defy the Minister of Health to do that from Brochet. It simply cannot be done, first of all because there is no road and, secondly, because the commercial charter goes in on a Monday and comes out two days later on a Wednesday.

The Minister of Health also has failed to provide any substantive proof that this is going to save any money. He has shown no medical reasons why this should be charged against Northerners. The

minister's objective should be to improve services, not to reduce them.

The minister also said something quite startling, and it is that no one would be denied service because of this charge. Can the minister show me one set of facts which would indicate that every single person in northern Manitoba is going to be able to afford this \$50 charge? Can he assure this committee that someone who has an ongoing screening problem, perhaps someone who had cancer a few years ago and whose doctor recommends that they see a specialist, their doctor in Winnipeg, every two months or every month or every six months, that they are going to be able to afford that charge?

If the minister is not aware of some of the special kinds of circumstances that can develop, he certainly should be. The fact is, I have a case now, and I have referenced it previously, where an individual has to come to Winnipeg to see a specialist on a monthly basis. That represents \$600—a \$600 charge. It is not simply a \$50 charge. What is the senior to do when they cannot afford the extra \$200 it takes to make sure that their health is maintained? Where is the equity in that when, if you live in the city of Winnipeg or within a 60 mile or 100 mile or 150 mile radius, you can access it regularly?

Mr. Deputy Chairperson, the minister has yet to provide me with a copy of the new guidelines. I have asked his department, I have asked the program staff, and I have asked the minister personally for the new guidelines so we will know who is going to be affected. What is the minister hiding? Why can I not and the people whom it affects have some information on this new, improved program?

Mr. Orchard: Well, I am glad my honourable friend finally admitted it was an improvement. Thank you.

Mr. Deputy Chairman, when the guidelines are available, they will be provided to my honourable friend. The program criteria are very close to being ready, and I have no hesitation in providing them to my honourable friend when I receive them, no hesitation.

Mr. Storle: Can the minister indicate whether the elective transport will also include warrants from communities where there are no doctors? Will the \$50 user fee be charged in communities where there are no doctors?

Mr. Orchard: We will answer those questions when I present him with the criteria. I suspect we are going to be in the Estimates of the ministry of Health come July 1st. We will not have passed Northern Patient Transportation Program by then. I will provide the brochure to my honourable friend and we can have this debate for a fourth time in Estimates and a tenth time in the House. I know my honourable friend and I will agree to disagree. That is fine, but my honourable friend will get the opportunity to critique those guidelines when I present them to him because we will not be at that line in Estimates for some time. I look forward to his enlightened observations and contributions.

Mr. Storle: I only make one remark, Mr. Deputy Chairperson. The minister continues to assume that he himself is competent, and I would say that anybody who is introducing a program July 1st and has not had the detail and has not been able to provide it to his program staff in the field is not very competent, No. 1. No. 2, the minister has failed yet to provide me with one single piece of evidence that there, in fact, was some evaluation of the implications of the introduction of this user fee.

The minister was waxing eloquent only a couple of hours ago about how important it was to evaluate our programs. Where was the evaluation on the Northern Patient Transportation Program? Where was the evaluation of its costs, the cost of introducing this user fee? Where was the evaluation on its impact on the seniors, those on fixed incomes, those with large families?

Mr. Deputy Chairperson, I have constituents who have families of 10 and 11 children. If each time one of those children is injured, each time one of those children has to go for a medical evaluation, for some kind of diagnosis outside of the community and they have to pay a \$50 fee, I can tell you unequivocally that we are going to have a medical disaster on our hands. People are going to die because of this minister's callous, insensitive, illogical, ill-conceived \$50 user fee. It is not fair and it does not make sense. Can the minister tell me, or provide this committee with some evidence that in fact there was a serious evaluation of the implications of introducing this user fee? Please.

Mr. Orchard: Mr. Deputy Chairman, I realize my honourable friend is having a little difficulty getting a headline, and that is abject silliness to start talking about people will die. What abject silliness.

Mr. Storie: This is not abject silliness. In fact, a \$50 user fee is a deterrent. For communities where there is no doctor, where unfortunately—unlike the Minister of Health, he can go to a nearby community and get the best treatment he says that is available in Manitoba—my constituents cannot. My constituents cannot access a nurse, let alone a doctor. For them the Northern Patient Transportation Program is a lifeline, and for many of them a \$50 fee is an exorbitant charge, one which will cause them a burden.

The minister is not a genius, but it does not take a genius to know that a \$50 fee is a deterrent fee, and if someone is not sure about whether they can afford it this month, whether they need to buy flour or some other form of sustenance and they decide not to go, it is quite certain that eventually that kind of deterrent is going to lead to other kinds of health problems. Yes, maybe even death.

* (1640)

I have seniors who live in communities like South Indian Lake for whom it is an extreme hardship to come to a hospital in Thompson. They need an escort because they do not speak English. For them the cost, and the minister keeps telling us that the cost is only \$50, I remind him that ambulance charges at the end of those journeys are charged to the patients, just like any other place in Manitoba. The fact is that people are going to decide not to seek medical care because they cannot afford it, or they do not feel they can afford the \$50 charge. This minister is inviting a health disaster in northern Manitoba. When is he going to wake up?

Mr. Orchard: Mr. Deputy Chairman, my honourable friend and I can take the next whatever hours are left debating this issue, and I simply want to reject my honourable friend's wild rhetoric. He is into his headline grab; he is into the alarmism; he is into every other issue he can. The issue is, the contribution for elective transportation services, that makes an equitable contribution from northern Manitobans to the cost of accessing medical care which all other Manitobans have to pay. If my honourable friend wants to agree or disagree, it does not matter, because my honourable friend, when presented with facts that confound him starts coming out with alarming predictions "the sky is falling," et cetera.

Mr. Deputy Chairman, northern Manitobans will still have access to ambulance service.

An Honourable Member: If they have the money.

Mr. Orchard: Well, is my honourable friend saying that ambulance service was free to northern Manitobans under the New Democrats? If that is what he is saying, he is not telling the truth.

Northern Manitobans will still have access to the ambulance service; they will still have access to the northern Air Ambulance; they will still have access to Northern Patient Transportation Program. The majority of that access, particularly in Air Ambulance, Northern Patient Transportation, will be absolutely at no cost.

(Mr. Gerry McAlpine, Acting Chairman, in the Chair)

There will be elective instances on Northern Patient Transportation with the new policy decision of a \$50 contribution. Northern Manitobans will still have access to medical care despite the wild rhetoric of my honourable friend and "the sky is falling." Two years from now my honourable friend will have to retract his statements, the program will be working, Northerners will be receiving care, and do you know what? The taxpayers will be well-served and the patients will be well served.

It is going to take some time for that to work through. It is not going to be aided and abetted and assisted by northern New Democrats who want to alarm the constituents, want to cry "the sky is falling." I cannot stop them from doing that. I simply indicate to those Northerners that they will have access to health care services.

If this government continues to have the successes that it has had in the past in northern Manitoba, more services will be available in northern Manitoba with fewer requirements for the transportation to southern Manitoba to Winnipeg, with all of the associated costs my honourable friend has complained about, of meals and accommodation. We are providing more, not less services in northern Manitoba.

If my honourable friend thinks that is incorrect, then my honourable friend simply does not want to admit that there are improved levels of service available in northern Manitoba. I cannot make an honest man out of the member for Flin Flon (Mr. Storie), Mr. Acting Chairman.

Mr. Storie: I hope the minister does not try to make an honest man out of anyone, because he would not recognize an honest man if he saw one.

Just so the minister does not continue to be misinformed about the wild rhetoric, I want to put on the record a letter I received from the City of Flin Flon and a resolution that they passed.

Mr. Acting Chairperson, in the body of the letter it says, we believe that the charge of a \$50 user fee—whoops, there is that word again—to northern patients for the transportation program will be just one more block to Northerners receiving good health care. We feel there are a number of people in the North who will not take advantage of health facilities simply because they find that extra \$50 will place too much strain on their financial situation.

It goes on to say that the government should stop this. I could read the same thing from the town of Snow Lake, signed by the secretary-treasurer from the office of the mayor. It says, Manitoba residents are supposed to have equal access to medical services under provincial medicare. The fee assessed against users of the Northern Patient Transportation Program is yet another case of rank discrimination. Seniors, who wish to remain in the North, already face considerable health costs if their health is deteriorating. This fee could cause some major problems, if they are already on a stringent budget.

Mr. Acting Chairperson, I have the same sentiments exactly from the town of Leaf Rapids. I have the same sentiments from the Local Government District of Lynn Lake, copies of which were sent to the Minister of Health (Mr. Orchard) and the First Minister (Mr. Filmon). I have the same sentiments from the South Indian Lake community; from the Lead Rapids Health Centre.

These sentiments are not just mine, they reflect the knowledge of Northerners. The fact of the matter is that access to health care is just as important as health care itself. If you cannot get there, if you are deterred from getting there, your health is going to deteriorate. For the minister to say that I am fearmongering, when I say someone is going to die because of this policy, he is dead wrong.

I only wish that this minister and his family were 600 or 700 or 800 miles from the best medical services available. I only wish that this minister could live in those kinds of circumstances for a day, a few days or a month, never mind a lifetime, and then maybe he would not be so arrogant. Then maybe he would not be so certain.

What is most frustrating is this minister has not shown one shred of evidence why this makes any medical sense, not one shred; after repeated questioning, not one shred of evidence that there is any medical justification for this, not one shred of evidence that what I say is going to happen is not going to happen. It is confirmed by people who live in the North. That is going to be the problem.

There are going to be tragedies as a result of this policy. What about the family who has lots of children, five or ten children? How are their health care needs going to be met? What about the senior on a fixed income who has a serious problem and requires ongoing screening, medical attention, but it is not considered emergency under the minister's definition? What about those people?

Mr. Acting Chairman, in this minister's short tenure this is the most regressive, but it is not the only act of regression on the part of this minister. There are children now in northern Manitoba who are not going to receive dental care the way they did previously because of this minister's actions. There are people who are not going to get audiological services the way they did previously. So this minister can huff and puff all he wants about how he has improved services in northern Manitoba. The biggest single deterioration in health services in northern Manitoba is the introduction of what the minister refuses to call a user fee but what is, in fact, a user fee.

Mr. Acting Chairperson, I want to move. The minister also appointed a health services task force which he indicated he did not consult before he introduced this user fee. I would like the minister to indicate when this task force will be reporting—and as yet I have not received the terms of reference the minister promised me. I would like to know what specific issues this minister has asked this task force to review?

Mr. Orchard: Mr. Acting Chairman, is that the same northern task force that I asked my honourable friend to suggest names to and he did not?

Mr. Storle: Yes.

Mr. Orchard: Okay, just so long as we got the one you were not interested in two years ago.

Mr. Storle: Apparently with some justification. The minister has not taken any of its advice or sought any of its advice.

Mr. Orchard: Mr. Acting Chairman, the northern task force, Northern Health Services Task Force, has not reported to me so that my honourable friend's statement is in error that I did not take any of its advice. I have not received any of its advice.

Mr. Storle: Nor did you seek any.

* (1650)

Mr. Orchard: My honourable friend says nor did I seek any. That is really a statement of logic. I established the task force. I invited him to provide me with suggested membership, people from the North who might want to go on there. My honourable friend did the discourtesy to his constituents in northern Manitoba of not being able to suggest a single name to sit on that committee. Now, of course, he wants to say, well it is really not a valid committee or whatever he is going to get into.

It has not reported yet. I will get my honourable friend the terms of reference of the northern task force so that he understands what it was they were about to study in terms of their consideration of northern health issues.

Incidentally the members who are serving on the Northern Health Services Task Force are Dr. Brian Postl, Mr. Bill Patmore, Mr. Ed Campbell, Ms. Elsie Crate, Dr. Jack Donaldson, Mr. Jim Goodridge, Mr. Bill Ziprick and Ms. Flora Zaharia.

I will give my honourable friend the terms of reference if I can find them again.

Mr. Storle: While I am waiting for those—I do not know whether they are forthcoming, but I assume the minister will see that I get them at some point.

The question has yet to be answered as to why the minister did not consult with his Northern Health Services Task Force before he made this decision.

Mr. Orchard: We made a policy decision around the budget.

Mr. Storle: The minister is saying that this is not, in his opinion, a health decision.

Mr. Orchard: This was a policy on equitable transportation costs sharing by all Manitobans, as I have explained on a number of occasions to my honourable friend.

Mr. Storle: Mr. Acting Chairman, as I do not understand the minister's definition of user fee, I do not understand the minister's definition of equitable. Can the minister point to any cost study with respect to the cost incurred by Northerners versus any community the minister chooses in southern

Manitoba in terms of equity? Does the minister know how much it costs someone from Brochet to come to Winnipeg to have a CAT scan? Can the minister—he is talking so glibly about equitability—show me one simple study done by the Manitoba Health Services Commission, his department, the Northern Health Services Task Force, that would indicate that there is equitability in his new proposal?

Mr. Orchard: Mr. Acting Chairman, equally I cannot show my honourable friend what it would cost someone who did not have access to the Northern Patient Transportation Program who lived south of the magic demarcation line, I cannot tell you how much it would cost them to go for a Health Science Centre CAT scan or a Brandon General Hospital CAT scan or a St. Boniface or Victoria Hospital CAT scan. Those costs are borne entirely by those individuals. No subsidization by the taxpayers. No access to a special fund which would pay their transportation costs. They paid them out of their family income.

If they come in on an ambulance for that, they possibly would have insurance—Blue Cross or otherwise privately purchased—or be part of an employee plan which would cover the ambulance costs. On the elective procedures, which we are talking about, where those individuals live outside and south of the Northern Patient Transportation catchment area, I cannot tell you what it would cost them in relative comparison to the person in Brochet.

All I can tell you is that south of that line, the citizens of Manitoba still pay the entire cost. North of that line, in the Northern Patient Transportation Program for elective procedures, they pay \$50. Maybe the cost below that line is \$100, \$200, \$300. I do not know. It is entirely paid by the individual. North of that line that elective procedure will cost \$50. The entire cost is borne by all others.

Mr. Storle: Mr. Acting Chairman, I do not know how often the minister ever travels the province of Manitoba, but it does not cost \$50 worth of gas to go to Swan River and return. I do not know if the minister has ever been to South Indian Lake, but I can assure him he cannot get to South Indian Lake for \$50.

What I want from the minister is some understanding of how he keeps saying so glibly that this is equitability he is introducing.

I was just explaining to the minister that it costs literally hundreds of dollars for someone to come from many communities in northern Manitoba to access the services he calls elective. I do not think a CAT scan to see if someone has a brain tumour is elective. The minister's definitions may include it as elective, but I do not think it is. I remind him that 600,000 people have access to those services at no cost. So where did this equitability come in? Is it in the minister's mind only, or does he have any evidence to support him?

He is saying, no, he does not know what it costs from Swan River. Why can he not tell this committee that, yes, this is equitable? How did he make his decision, on a whim, out of some malice towards northern Manitoba? What was the basis for his decision?

Mr. Orchard: Mr. Acting Chairman, we can go through the answers. They will be the same; they will not change. My honourable friend disagrees with a policy that would have for elective procedures his constituents contributing \$50 towards the cost, a program that benefited only his constituents and others living in northern Manitoba, a program not available to any other Manitoban who had to pay transportation costs to go to the city of Winnipeg.

Now, Mr. Acting Chairman, where my honourable friend disagrees is, it affects his constituency. That is fine. I accept his political argument that the decision is wrong, but my honourable friend cannot make a medical argument, because there is not a medical argument. Otherwise, his government, previous governments, all governments in Canada would pay every single cost of getting every single Canadian to every single medical service, and my honourable friend shakes his head, no, because he is right, we do not do that.

We did in Manitoba to a group of people living in northern Manitoba, and now we are saying those people can contribute towards the cost in part, by paying \$50 for an elective transportation warrant, a cost borne entirely, 100 percent, by those same poor families, or alleged poor families, in Swan River, in Erickson, et cetera, throughout the length and breadth of Manitoba outside of the city of Winnipeg.

Now, my honourable friend says that is not equitable, because it affects his constituents. That is his position. It is not even an equal contribution of cost, it is a partial contribution of cost still

substantially subsidized by the Manitoba taxpayers to the tune of well over \$2 million. Is my honourable friend not prepared to recognize that?

The Acting Chairman (Mr. McAlpine): Order, please. The hour now being 5 p.m., and time for private members' hour, committee please rise.

SUPPLY—AGRICULTURE

Madam Chairman (Louise Dacquay): Order, please. Will the Committee of Supply please come to order. This section of the Committee of Supply is dealing with the Estimates for the Department of Agriculture. We are on 4. Agricultural Development and Marketing Division (b) Animal Industry Branch: (1) Salaries. Will the minister's staff please enter the Chamber?

4.(b) Animal Industry Branch.

* (1420)

Mr. John Plohman (Dauphin): Madam Chair, I wonder if the minister has any information to table as customary when we start the new day of Estimates. We had asked for some piece of information dealing with the costs of operation, cost recovery and so on for a number of different services provided by his department, various labs, and the minister had given us some information, budgetary costs in some instances, other costs attributed to the services in other instances, and he said he would endeavour, as I understood it, to get a consistent format of information for each of these services and provide it to the House at the earliest opportunity.

He also indicated that he would provide information on some other questions that were asked, one dealing with the transaction that took place with some land in the Rorketon area, a sale that took place. Also, another situation in Poplarfield, individuals involved with the Manitoba Agricultural Credit Corp. Mediation Board. Is there any information to report on any of those issues today?

Hon. Glen Findlay (Minister of Agriculture): Madam Chairperson, we have some information here with regard to the veterinary drug centre. To start with, the member the other day in Question Period tried to make a great to-do about a piece of information he had in his hands. I told him at the time that he certainly did not have the complete information and some of the information he was missing was building costs at \$7 per square foot, employee benefits at 15 percent. He did not have

any costs in his figures for financing the inventory, which obviously is going to cost somebody to hold, and it ended up that the two years that he had in his hand—he waved with great fanfare, saying that there were great profits—the end result of all that was that in 1988-89, there was a loss in the drug centre of \$115,293 and in '89-90 there was a loss of \$116,882.

Clearly in the other labs that I am going to give him information on, on the Semen Centre, in the last two years it lost \$66,000 and \$5,000. In the feed lab the last two years, they lost \$152,000 and \$250,000; in the soil test lab, \$182,000 and \$153,000; in the plant pathology lab, \$207,000, \$204,000—all losses, of course—in the dairy lab, a \$335,000 loss and a \$328,000 loss; and in the diagnostic lab, a \$1.5 million loss and \$1.4 million loss. I will give the member a breakdown of these figures.

The other information the member asked for, they are still working on some of the detail to be able to give it the full story, but we will talk about it later.

Mr. Plohman: I thank the minister for those pieces of information today. I want to ask him whether the change in the method of cost determination, percentage of cost recovery, has just taken place this year, or when he changed the method, or his department changed the method; because, obviously, he has had other cost figures provided in determining the impact of these services on the budget. Obviously, it has to be one of the considerations when making a determination as to whether to privatize.

* (1430)

Although I think the minister just revealed that it is by far and away not the major consideration, as he alleged on March 14 in the House, when he said that cost to the taxpayer was a major concern in why they are acting the way they are, and he said that it cost a million dollars for the drug centre. He can look at the March 14th Hansard and he will see it there. That is what I was challenging him on in the House. He said, a million dollars. Of course, the figures I had were that it showed a net profit of—and I tabled the document that showed it was a net profit of \$193,000 in 1990 and \$234,000 in 1989.

The minister was wrong on those figures, in any event, but now he is saying he was not as wrong as I said he was because, in fact, there was a loss. He is attributing \$7 per square foot for space and the employee benefits of 15 percent and all of these

other things now, yet that was never part of the criteria for determination, for determining profit and loss in the termination by the department. Now suddenly the rules are changing. He is saying, no, these are not the proper figures.

When did he change the method of calculation and why? Will he now, once and for all, correct the record with regard to the effective cost of the service of the drug centre?

Mr. Findlay: Madam Chairman, I would like to inform the member he is mixing two labs for sure. We have the drug centre, that is one operation, but he just used the words vet lab. Vet lab, I have given him the figures, the loss is not \$1 million but \$1.447 million and \$1.39 million. They are over a million dollars on the diagnostic lab. He said the vet lab and that is the diagnostic lab. There is the drug centre, which is quite different. It is a different operation.

The member—I guess again it shows his lack of involvement in the business community—there are operating costs and then there are full costs. When you are evaluating costs, I do not care whether you are government or whoever you are, you are pretty negligent if you do not consider full costs. I have given him technically full costs.

There is a cost to space, there is a cost to employee benefits. There is a cost to carrying inventory. That has to be reflected. There is a cost to government, it is a real cost, somebody has to pay it; it is taxpayers' dollars. I have given him the full costs. There is, I want him to know very clearly, quite a difference between a diagnostic and the drug centre. I have given him the full costs which show the kinds of losses that were being incurred.

Mr. Plohman: Madam Chairman, in the documents I have received from him, the only one missing is the drug centre. I have not been talking about the veterinary lab at all. As a matter of fact, it is probably minister who confused the two.

It is interesting that he would be the one correcting me as the critic when he should be correcting himself. I think that is where his mistake came. It would have been honourable of him to have stood up in the House when he was answering the question and simply said, I made a mistake. I was referring to the vet lab and I should have been talking about the drug centre.

Clearly, on March 14, when I asked the questions of the minister, I was asking about the veterinary

drug centre and I referred to that throughout my questions. I never mentioned the veterinary lab at all.

An Honourable Member: You did just about five minutes ago.

Mr. Plohman: That is not going to correct what happened March 14.

I will wait for Hansard to see if I did or not make a mistake in my terminology, but I did not on March 14 and I did not yesterday in Question Period. The minister is the one who said, that is an unbelievable statement from the member for Dauphin, who absolutely does not understand the issue at all. It is costing the taxpayers over a million dollars a year to do that.

Right through the whole questions we were talking about the veterinarian drug centre. He says it is costing a million dollars a year. That is what I asked the minister, and he has proven it today, that he did not provide accurate information to the House. I appreciate he has done that. I wish he would have simply stood and said he was referring to the wrong thing in March and there would have been no problem with it. He refuses to admit when he makes a mistake.

I think the minister has just demonstrated with the figures that he has provided that these were hardly the candidates for privatization if the prime consideration was the cost to the taxpayers. If it was the cost to the taxpayers, and I mentioned this before, he would have considered other higher cost services. Gee, we have to get rid of these high costs. I am not recommending that. The minister can twist it any way he wants. I am not recommending he privatize the veterinary lab, but if he is looking at costs, he should be looking at all of these services and not try to leave the impression with the people of Manitoba that his primary concern is saving taxpayers' dollars when it is clearly not.

I want to end my discussion on the Animal Industry Branch today—we have to go on to the other sections—on that note. I think the minister's statements were clearly misleading at best, insofar as the motives of the government for privatizing those services. It was not cost. It was providing those that were excellent opportunities for the private sector to take over. That is what the primary—for profit making business. If he wants to say, well, I do not like profit, that is not true, but I think that is the motivation and the minister should

say that. I know what the minister's arguments are, because I have heard them all before. I can answer every question he wants to come up with. I know I can read his mind, because he is not that innovative in his responses. Why does he not tell the complete truth to the people of Manitoba?

Mr. Findlay: Madam Chairman, I do not intend to prolong this either, but the member—we each have some fault in the process. He has an ideology that is quite different than mine. He cast aspersions on the private sector to no end the other day. Rather disappointing that he would follow that path all afternoon, saying that they twist the figures, they manipulate, they are not trustworthy and all that sort of stuff, but it is -(interjection)-

I used the classification the other day that we looked at the economic service delivery sector, the drug lab, the feed lab, the soil lab and the Semen Centre versus the health related services that we are involved in. The health related services are the pathology lab, the dairy lab and the vet diagnostic centre. We kept those ones in the hands of government because there is more than just economic services delivered, there is a human health related issue involved.

We have taken into account the costs. There was cost to the taxpayers, net cost to the taxpayers, in the process, and he says that there is great economic opportunity for the private sector. Well, we have to have a healthy private sector in this province. If we do not have, we do not have anybody paying taxes and we cannot pay for all the services we want to deliver to government. Whether we are talking Health, Education, Family Services, Agriculture, Energy and Mines, or whatever it is, there has to be an engine that runs this province, and there has to be profit.

He answered the question himself, he says. I will accuse him of being against profit, but he keeps saying that and he keeps giving that impression in the answers he gives.

I had the opportunity this morning to spend some time with people who are trying to create jobs in this province and access economic opportunities not related at all to what we are talking about here today. It is so refreshing to hear them talk about wanting to make things happen in the province of Manitoba, to drive the economic engine, to create jobs, to take our raw products and process them into some form that is exportable with high-quality products.

That is what drives this province, and if we do not get into that mode and let government deliver basic services and let the private sector deliver the services they can—as I said the other day, if you take that member's attitude on what government should be involved in, he will be running drug stores, he will be running machine dealers, he will be running every business in the province, and he has proven that government cannot run them effectively.

The private sector can run things effectively, and they are respected for it. Rural Manitoba is run by the private sector. It is farmers and businessmen, and they do not like to have the government bothering them all the time. They do not trust government. The private sector will do an effective, efficient job. I have no doubt in my mind about that at all.

Mr. Plohman: The minister again, as is his habit, misconstrues, and I want the record to show, reflect accurately, what has been the debate here, not the minister's twisted versions of it. So when he talks about maligning the private sector, clearly what I said and I will say it again, is that there is an incentive there, under certain circumstances, to show some results in some of these services, in some of these labs, that would not necessarily be in the public interest but in the company's interest if it could reflect on profits.

* (1440)

I said there is an incentive there. There is no incentive when they are operated in the public sector. It is above reproach. Pure scientific, accurate information is the major goal that has to be provided by that public sector lab, nothing else, no profit orientation whatsoever. That is not their primary focus.

It is up to the government to set the fees in a way that will ensure that it does make some revenue back, so that they reduce the cost of those services. In fact, it can even make it so that they make a profit or break even. If the government is of the philosophical bent that it is not important to provide service for service sake, that they have to recover all the costs; that can be done, too. Clearly, there is a service aspect to all of this. That is why the service was set up in the first place. That is why there is extension services in agriculture, in the department. That is why ag reps do not sit down with farmers and charge them \$50 an hour for their time.

There is not full cost recovery. There is no cost recovery in many of those services, because it is recognized by successive governments that if our farmers are going to be competitive, then we have to have those kinds of services there, and we can be proud of the services we have in Manitoba.

When I talked about the feed lab because of the recognition by their peers and across western Canada—award winning—then I say we can be proud of the services we have and of the people that work there. We should not be so callous as to let them go and discard them so quickly as the minister has done by laying off all these people and then answering the question in the House saying: Oh, it is my full anticipation that will be transferred as a unit. Probably all the same staff will be there. He is certainly jeopardizing that when he has transferred one to the dairy lab and laid off the rest.

What do normal people do when they are laid off and they have no future? They tend to look for other jobs. If he does not want to put at risk that possibility, why is he doing that now? I do not think he is being consistent there, and he cannot fault me for questioning why he is not providing what I say is the complete information and when he provides misinformation to say, yes, that was a mistake, that was wrong. He has not done that, except when there is a matter of privilege raised in this House and he is forced to. That is the only time. Never, ever will he admit that he can make a mistake. I say everyone can make a mistake.

I want to just say to the minister that you do not hand these things over hook, line and sinker to the private sector. That is another reason why I am raising this concern and this caution here. There have been examples in the past where services have been privatized and there has not been a good dollar for the value. In fact, I would say the Semen Centre is probably one good example where the whole operation is turned over to a private company which has a ready-made shop to walk in. That is the kind of business anybody would like to have. Just walk in and start operating.

I am afraid the minister is going to do that with these ones, as well, and I am just saying to him he should not be doing it in the first place, because it is not costing the taxpayers a lot of money. That has been proven beyond a doubt by all of these figures. It does not matter which way. Whether the minister says it is \$5,000 or \$100,000 cost or \$10,000 or whatever he wants to say, it is not a tremendous

amount of money in terms of the overall scheme and impact when the minister is looking at his priorities for saving dollars in the scheme of government.

I say to the minister, if he is going to privatize them, he better make darn sure that he protects the integrity of these services along the way. That is why we have been raising these questions. That is why we have been expressing concern about the way that he is approaching this, his arguments that he is using about saving taxpayers money, about firing people when he has not got a buyer for the service in any way and jeopardizing, disturbing, an award-winning unit that is there. I do not see that the minister is acting consistently and he wants to protect the services and to maintain them. I do not think the people of Manitoba will see that either.

Mr. Findlay: Madam Chairperson, over the course of the last three or four years, I have had lots of discussions with people who are right on the front lines, people who are dealing with farmers, farmers who are wanting results, information. There has been some concern raised continuously that they are saying they are going to the United States for the same services available in Manitoba. They are going to the western provinces for the same services available in Manitoba, and they give a variety of reasons of why they are doing it.

Technically, we have been losing business. It is a rather serious matter. We are losing business in those various labs and the farmers are doing it because they have chosen to do it, because they see something else that they get: faster service, more analysis, faster turnaround, that sort of thing. It is important to them.

It is my belief that the private sector will be able to respond to those needs and get some of that business back. I am not saying there is anything wrong with the employees or anything of that nature, but it is a fact of life. They feel better, farmers feel better by and large being able to deal with their peers, that is people in the private sector. That is a fact of life, whether you like to admit it or not. It is a fact of life.

It is our desire, our intent, our commitment that we will maintain the integrity of these services in the process of finding another administrative unit to operate them. If the veterinarians take over the drug lab, I have all the confidence in the world that they will do it effectively, efficiently, for the good of their clients. It is for the good of their business that

they serve the clients through the proper operation of that unit, and they will probably shave a few more percentage points off the real cost of drugs for the farmer, which is the objective of the central buying system.

The system is up and running. The government has a role to play to get something started. Once it is up and running, let the private sector deliver it, because that is what drives the engine of rural Manitoba—has done, will do. We have to maintain our competitive edge and let us get the private sector to do its job.

Again, if somebody is delivering one of those services and there is obviously going to be competitive services available outside the province, they will not get the business if they do not sharpen their pens and their pencils and their axes and get on with the job, and government needs to stay in the extension business. Clearly, we have to focus more of our attention on—if we are going to spend taxpayers' dollars, let us do it on the extension side. That is where we have to do the job.

Even on that side, we have lost some business. We have people in the fertilizer business, we have people in the grains industry, in the chemical business, who are doing a lot of the extension work with farmers, and farmers are going to them because they are saying they are more up to date. We have to get our staff more and more up to date and that has been happening. Let us focus on the job we have to do and that is the extension of information technology transfer to the producers and let them buy their services from their peers in the private sector.

I believe that the system will work very well. It has worked well in other provinces; it will work well here.

Mr. Plozman: Madam Chair, if we move to the next sections, we will have further questions on these areas.

We can say to the minister that he certainly put a different slant on his reasons than he did when we first questioned him about this in terms of the reasons for why he was doing this. He was using strictly the government line that there were inefficiencies and mismanagement and everything else in the government, and that they were going to cut costs and that was not the primary reason for doing this. I am pleased to see that the minister is not emphasizing that aspect of it as he did when he started.

In terms of farmers going elsewhere, just look at the one we have been dealing with, the feed services lab, which comes under the Animal Industry branch, jacked up the rates \$26 for testing that did not need to be at that price. If I could get it for \$12, if I was a farmer and I could get it for \$12 in the States, I would probably do the same thing. I do not think it is because it had to be that way; it is the way the minister chose to have it managed. By charging \$26 he was driving the business away. He cannot disagree with that. It is a fact. Look at the price difference. Why would people not go elsewhere? That is No. 1.

Secondly, I think as we go through the other areas, we will certainly be able to ask questions about exactly how the service will be delivered, if the minister has thought through the privatization schemes and so on. I would be prepared to move on.

Madam Chairman: 4.(b) Animal Industry Branch: (1) Salaries \$1,300,100—pass; (2) Other Expenditures \$551,400—pass.

4.(c) Veterinary Services Branch: (1) Salaries \$1,307,700.

* (1450)

Mr. Plohman: Madam Chair, can the minister indicate whether the staff for the drug centre are located under this branch or is that under the Drugs and Semen Purchases line or is the Drugs and Semen Purchases line only for the purchase of the inventory? Staff are here.

Could the minister indicate how many staff are involved at the veterinarian drug centre, as opposed to the lab, and what is the fate of those staff at the present time?

Mr. Findlay: Madam Chairperson, I believe the member is talking about the drug centre. Is that right?

Mr. Plohman: The drug centre, the one that you privatized.

Mr. Findlay: The number of staff involved—there are seven positions involved but eight staff, one position being shared between two people and one position is vacant. Those staff have all been given layoff notices as of August 19. They have also all been given notice that if the transaction does not happen by that point in time that the jobs will still be there. The process of the negotiations—as I have said many times, it is our hope and expectation that

the unit, when it is transferred, the opportunity of transferring the jobs will be very real.

Mr. Plohman: Could the minister give a bit of an overview as to the status of his privatization plan of the drug centre? How many overtures or is the minister seeking proposals or have there been informal inquiries? What is the nature of the contacts that the government is making here?

Mr. Findlay: Madam Chairperson, I think it is no secret that the negotiations that the department is involved in have been with the veterinarians of Manitoba. There is in excess of a hundred of them and it is our understanding that only four or five have indicated they were not interested. The vast majority are interested. They are interested to the point where they formed a co-operative. They have set up a board of directors to do the negotiating with regard to taking it over and that process is very actively going on.

Mr. Plohman: Can the minister indicate what benefits he would see to having the veterinarians who dispense the drugs having the inventory, purchasing of the drugs as well as the dispensing of the drugs? What advantage does he see in this format? Where are the benefits to the producer and what advantages does he see to the producer and, to be fair, what disadvantages does he see to the producer?

Mr. Findlay: Several years ago when the drug centre was set up, it was set up as a central buying agency to be able to buy in bulk from the various private sector suppliers and then pass on the efficiencies of that process in terms of cost savings to the producer. The sale from the drug centre did not occur directly to the producer. It occurred directly to the veterinarians, who then, of course, did business with the producer. Really, the government was a middleman in the process between the drug company and the veterinarians.

The process is set up now, it is running very well, and the veterinarians are the buyers of the product from the drug centre, from the central buying agency. When we take out a middleman like government, we take away one level of administration, we create greater efficiencies in the operation and, if I have heard any complaints from veterinarians or farmers, it is because the drug centre was not responsive enough to their needs in terms of having the drugs in on time or being able to dispense them when needed, like on weekends,

particularly long weekends and busy seasons like calving. They had those concerns and now they will be able to deal with those concerns directly because they are the ones responsible for running the centre.

We see greater efficiencies cost-wise in running it this way or having them run it this way and certainly much greater responsiveness in terms of the needs and the mode in which the drug centre operates in the busiest seasons of the year. We see no reduction in services to the producer; we see an improvement in services. We see no increases in cost to the producer; we see decreases in costs to the producer. The veterinarians will be able to deal with their concerns directly with the administration and the efficiency with which the centre operates.

Mr. Plohma: The minister keeps talking about removing a middle layer, the middleman, but the province was not doing this to make a profit, so therefore, effectively, there is not middleman. They were administering it.

Hon. Clayton Manness (Minister of Finance): It is still a cost.

Mr. Plohma: Well, let us look. It is still a cost to them. It is nice to have the Minister of Finance (Mr. Manness) here now to bring in some brilliant statements from his seat. Still a cost, yes, there is still a cost for the veterinarians as well. It does not magically disappear, the space cost that the minister talked about, \$7 per square foot, and 15 percent for employee benefits and all of those other things. How is it that the minister thinks suddenly these costs are just going to drop right out of sight. They are not going to exist anymore simply because the government is no longer doing it?

What has he been operating in that centre that has been so inefficient that suddenly the vets are going to be able to do a more efficient job? Is it not likely that they are going to want to see a little profit margin in that centre for themselves? Of course they are. -(interjection)- Well, you see, now we are going get things pretty lively here and keep these things going for quite a while. Yes, it is likely. They do not want to break even. They do not want to lose money. They want to make money on it.

* (1500)

Listen, the minister's arguments are turned around on him. He does not know how to deal with it. The fact is he says that this is going to result in a savings for the farmer. Outline it. Do not give us this b.s. Tell us how is it going to happen. Where is

it going to happen? You just told us you eliminated a middleman. What replaces that middleman?—their management, their administration, and their desire to have a little profit margin on this, or a big one. Who knows? Who knows, because this minister is not going to put a limit on it, is he? How is this going to save money for the producer? Just explain that. Do a nice job of it.

Madam Chairwoman: Order, please. I would remind all honourable members to use discretion with the choice of their words.

Mr. Findlay: Madam Chairperson, it is really difficult to try to explain how the private sector operates to somebody who absolutely despises the very existence of the private sector; he despises the word "profit." He despises what makes this province run. He despises what makes rural Manitoba run. It is absolutely ridiculous the kind of statements he puts on the record. -(interjection)-

Keep coming. The member does not like to hear the facts; he really does not like to hear the facts. -(interjection)- Oh, is that right? The member should get out and talk to the producers, the veterinarians, and see what makes this system run. The real facts are that they will increase greater efficiencies into the process. We were carrying a \$3 million inventory. We have now been able to gear it down to a \$1.6 million inventory. They will be more efficient in terms of the process of knowing what drugs to have on hand and in what time frame to have them on hand. They will decrease costs that way, and there is also an economic opportunity to create the job spin-off in the province of Manitoba.

There is nothing magical about the border of Manitoba with Saskatchewan or Ontario when it is out of government hands. The veterinarians will clearly have an efficient process, a cost-efficient process that will likely allow them to do business in selling drugs into Saskatchewan and into Ontario, because I have had discussions with people in Saskatchewan who would like to buy from our system here, like to buy. Privatize it, and they will be able to have them. If there are seven jobs now in that vet centre, if they can do that and access that additional market, it may go up to 10 or 12 jobs.

I would like to tell the member a job is a job is a job. To the person who is drawing the cheque a job is a job is a job. There is no difference between the private sector and government. In fact, the

motivation of the private sector is a lot better than government, and people like to operate in that fashion. That is why we have so many small businesses in rural Manitoba.

The veterinarians can and will do a good job of running this. There is no doubt in my mind. If he is worried about them getting a profit, the profit they make is when they sell the service to the farmer. The lower the cost they can sell the drugs for to the farmer, that is where they will do their business.

Mr. Plohman: Well, first of all, I think the minister, when he talks about his own feelings and motives and so on, he can call that fact if he wants. When he talks about someone else's motives and feelings, concerns, then he is only expressing his own feelings about someone else. He is not stating fact. It is about time he realized the difference. He is not stating facts when he starts describing what he perceives to be for his own best interests for the sake of his argument, to be certain slants or views on things.

I am here, I think—and it is unfortunate the minister is not—to express the concerns for the producers of Manitoba which should be this minister's primary concern. He is the Minister of Agriculture. They have their confidence placed, and they have to at least during the time of his temporary tenure in this position. They expect him to be expressing the views and taking the positions that are in the best interests of the producers of the province. So that is why I am doing that, and that is why I am asking him. There is no other motive for it. There is no other motive whatsoever.

I am stating some facts though with regard to the profit margin, which costs the producers, has to come from the clients, the people who use the service. So the minister is saying it is going to cost less, and he is so confident of this. I know that in two years, if he is still in that position, I am going to be playing it back to him. It is not going to be less. It is going to be more.

Just like the patent drugs, the pharmaceutical drugs are costing more and more with the drug patent law that the federal government put in place in the last couple of years, and they said it would not result in higher drug costs. The costs have escalated immensely.

In this particular case, there are no checks and balances in the system any longer unless the minister is going to put some margin—I know he will

not. I mean, he is not going to put any margins, because the minimums will then become the maximums or else we will have all kinds of fights. They will say they do not want it, so he will not do that. So they will be able to charge whatever they want to.

I do not know what the options are in terms of the farmers' ability to seek competitive services somewhere else, so that they can keep this service honest in terms of not charging too much. I do not know if there is going to be that available for the minister. The minister can comment briefly on that in a moment.

The point is, any options will not be available to the same extent throughout the province on an equal basis as we have endeavoured to do with the drug centre to provide these drugs through the centre and through the veterinarian services that have been set up during the last 20 years. I think the province did an excellent job in setting up the veterinary services. I have to say that I think it was the New Democratic governments in the early '70s that were responsible for that. I think it has been an excellent system that is in place. I do not want to see that being dismantled. I do not want us to lose those services that we have, and it may not be that this will be an outcome of the privatization of this. I am not saying that. I am just saying that it is a good service.

I am saying to the minister that what he has to do is ensure that when he is making this statement to the public that there are going to be savings for the farmers to demonstrate that or else not say it. He continues to make statements that he cannot substantiate, and I do not see how, from what he said today, that the vets are going to be able to offer a better service.

I understand at the present time that if a vet needs a very small quantity of a drug, they can get even one vial or the very smallest quantity. They do not have to get a case of it. I do not know if that will always be the case when they are operating it, that they will have that kind of flexibility in the system that they have now. Yes, well, that is right, they will be running it themselves, but how is the cost going to translate. Are they going to charge more than for the individual producer when they need that one unit? Maybe they will. They will say, well, if we buy it by the case—if you needed a case of it we would have gotten it cheaper for you, Mr. Farmer, but you

only need one of these or two, so we have to charge you a little more.

The minister knows that is probably a distinct possibility, and there are going to be many other areas such as this where the motive of the government in operating these services has been to provide the best service at the lowest cost to the producer, a little margin built in so that there was total cost recovery, in essence. The minister has just admitted it today, total cost recovery of the service, nothing more. How can he make those statements, that it is going to save the producers money to do this? It is not going to save the taxpayers money, we found that out—a break-even operation.

Mr. Findlay: The member goes on again with the innuendo about the private sector. Now he has created all the innuendo on the veterinarians. He says there are no checks and balances. He says, only government can provide the best service at the lowest cost.

I would challenge him to speak to any businessman in rural Manitoba and ask him if that is not his motto, best service at lowest cost. It is the only way he is going to survive. He knows it. Those who are out of business did realize it maybe too late. Those who are in business know very clearly that is what keeps them in business.

For the veterinarians supplying the drugs—I am a farmer, I go and I buy the drugs. You see the label on that says price. If you are going to dispute that with the veterinarian today, all he has to say is, the government set the price, like he is not responsible. From here on when the farmer asks him about the price, he is responsible. He is talking to the guy who set the price.

He says there is no alternative source to buy it. The farmer, big or small, has the right to buy directly from the supplier. If the supplier is prepared to come into the province and offer it even cheaper, he has that option. Competitive services are available. He says, it is not practical. I challenge him. The various labs who sell drugs have travellers going through this province all the time. If you want to call one up, you can do business with them. It is practical. It will happen in instances.

Mr. Plohan: You cannot tell when your cow is going to get sick.

*(1510)

Mr. Findlay: The member clearly demonstrated, just with his last statement, he does not know what really we do with drugs in the farm sector with livestock. The vast majority of drugs that we use are done for preventative purposes. We put implants in. It is done to stimulate growth. It is a routine activity. We do not wait for an animal to get sick to go out and buy a drug.

I can tell him right now what drugs I have to have for the next four months. I have them in storage because I know what are going to be the problems. I know what I am going to use. I can buy them in bulk from anybody, from the drug centre run by the veterinarians or a traveller who is going through the province. The amount of preventative activity I am going to do at various seasons of the year, I know what it is going to be. I can buy them. I can drive wherever I want and buy them in bulk in competition with anybody. That is what he clearly does not understand. It is not a matter of when an animal gets sick that you just buy a drug. You do not run a business that way. If you do try to run a business that way, you are not going to be competitive with your neighbour.

Madam Chairperson, in terms of when we have been in government, he talks about the veterinary system that has been set up across rural Manitoba. There were 31 vet districts set up across the province of Manitoba. In all the years his government was in power they never, ever built a vet clinic at Fisher Branch. Fisher Branch opened today. The government contributed \$157,000 towards the building, and nothing got off the ground until we came into power, because we saw the negligence of his administration in not putting a vet clinic in Fisher Branch. The people of Fisher Branch certainly appreciate the fact that this government acted to give them that clinic to make them equal with all the other vet districts of this province.

Madam Chairperson, also, while we have been in power, we have increased the grants to the vet districts, the maximum allowable from \$15,000 to \$20,000. So we have acted very responsibly in allowing the various districts to come up with the matching funds to attract the government money to run their operations. We are supporting it very strongly.

He says that the farmers will not have equal access to drugs. Well, they get the drugs through these veterinarians who are in these vet clinics

spread right across rural Manitoba. Not all R.M.s are in vet districts because they choose not to be. They also like to use a private vet. Now all vets will have access to the drugs, so the drugs will be available to producers just as they are today, no different at all.

Mr. Plohman: The minister misconstrued my point about whether they would all have equal access. I was talking about alternative access. I know that through the veterinary clinics throughout the province they all have equal access. I was talking about what their options are for alternatives if they do not like what they are getting in terms of price and so on. That is what I said.

Mr. Findlay: It is the same as today.

Mr. Plohman: Well, yes, but they do not—the minister said it is the same as today. The point is, it is not that same problem today, because the services are provided at the lowest cost—(interjection)—Well, if the minister is saying some of the—well, I will ask the minister. Some of the vets jack up the costs of the veterinarian drugs that are dispensed to the farmers and others do not. Can they do that now?

Mr. Findlay: Madam Chairperson, with regard to how drugs are priced today, in the vet clinics the label goes on with the price. That is what he sells it at. For the private vets, they can sell at what they want, but the competition is going to dictate that they are going to have to sell at basically the same price. In some cases, they will sell at less.

In certain areas of the province, there is certainly a majority of private vets outside the clinic system who farmers are doing business with. They would not be there if they were not doing business. So they are obviously supplying a service at a price in terms of the drug plus his professional time that is very attractive to the producer.

As I said earlier, not all areas are in vet districts, because they believe that the service and the cost of that service they get from the private vet outside of the vet clinic system is very, very good and very competitive, and they saw no need to get into a public-funded process of a vet clinic. They are getting the services they want.

There are clinics being built around rural Manitoba without a government dollar in them by the private vet. He is obviously not building it because he intends to lose money. He wants to make money

and he knows he is going to get the business. That is the way rural Manitoba runs.

Mr. Plohman: He continually likes to tell me how rural Manitoba runs. That is not how rural Manitoba runs. Rural Manitoba has been provided services on an equal basis by governments who believe that people throughout Manitoba deserve to have as much as possible, within dollars available, equal opportunities to services, the same with education, with health care. So governments have built hospitals and they have built schools and they have provided funding for education, and so on, throughout the province.

That is why we have provided veterinarian services throughout the province. In some areas if there are some niches there or some opportunities and there are some private veterinarians setting up clinics and so on, that is fine. We could not depend on them to do it and to provide equal service throughout the whole province. They would do it where they think it is most lucrative to do it. They are not doing it there so they can provide a service and the minister knows that. So let us not distort what is going to be made available by the private sector because that is the way rural Manitoba runs, as the minister likes to say.

I would like to ask him whether the individual veterinarian clinics, or vets, will be able to vary the price of these drugs under the new system, the co-op, if they set this up and run this themselves. Are they going to be able to charge different prices depending maybe on the volume through various clinics and so on, different prices in various areas of the province? Is that happening today under the system that we have in place? Are there different prices in different areas of the province?

Mr. Findlay: Madam Chairman, again I think the member does not realize that only about two-thirds of our R.M.s are enrolled in vet districts at this time. In order to enroll they have to match, they have to put up the first \$50 to match the next \$50 in order to attract a government grant. Some, as I say a third, have chosen not to do that. So if he says equal access, there is not technically equal distribution of clinics for every farmer in rural Manitoba.

In terms of where they can buy drugs today, the producer really has, I would say, four choices. He can buy from the clinic, which is getting drugs from the drug centre; he can buy from a private vet—I am sorry, he can buy from the clinic which sets the price

that comes from the drug centre; or he can buy from a private vet who can sell it at the same price or higher or lower; he buy from a feed company who can sell it at a price he chooses; or he can buy it directly from a company rep like Pfizer or something like that.

He has about four choices and those choices will not change. The competition is out there. If some vet decides he is going to sell it higher, producers will soon find out and he will not be doing business. It is a great equalizer out there, the marketplace.

Mr. Plohman: There is a competitive market price in this area. That is one of the safeguards that will exist and will continue to exist insofar as this pricing is concerned, and of course would tend to temper some of the concerns that we might have about this.

On the other hand, if it is not equally competitive in all areas of the province there might be pockets where, for various reasons, some producers might be at a disadvantage. I do not know that for a fact. I have not identified those. I raise that as a concern with the minister.

I just say to him, though, if two-thirds of the municipalities are in veterinarian districts and there is a government program, there is a lot more equal opportunity for service of this nature, veterinarian services, than there would have been without the government program. The minister has to admit that. Because there is a grant and it was available, a lot of the municipalities recognized the value and wisdom of it and participated in the service. It certainly was an incentive to provide these services throughout the province, and I think that is great, and I do not think we should be in any way maligning the role that government played in that.

If we do not have an organized method of program delivery of the services, obviously there are going to be some areas that have the services and some that do not, whether they need it or not, and that is the unfortunate thing that we tried. That is one of the areas that governments historically, some more than others, have tried to intervene to ensure that there is equality of services throughout the province. It is not always 100 percent successful, sometimes not even 50 percent successful, but generally better than if they had not intervened in the first place to provide some equality across the province, in all services. I think that is a valuable thing.

* (1520)

I want to ask the minister about the variations in price. He did not answer that question, whether they can charge more now than others. Even though there is the competitive market out there, I am just asking whether they can mark up or not and whether they will be able to after the service is privatized. Will they be able to charge different fees, rates for the various drugs throughout the province? Will it vary?

I asked the minister previously, he did not answer, whether they can charge more or less in different areas of the province, and he did go on in a dissertation about how the competitive system out there keeps them honest and they cannot charge too much. I did not gather from that whether that meant that in some areas in the province farmers are paying more for the same drug than in other areas of the province, or is that equalized?

Secondly, if it is equalized, is there any assurance it will be equalized after it is privatized?

Mr. Findlay: I believe I did answer the question, but I will repeat and maybe broaden it a wee bit in that clearly within the vet clinics there is a standard price that they will charge, but the private vets or the feed companies can charge more or less or the same.

Anywhere in the province, what the vets will charge when this co-operative is set up is to be negotiated yet. The vets and the clinics are working under the vet services commission, so I am sure they are going to play a role in that process of this negotiation that is going on as to how they are going to set up the co-operative and how they are going to price the drugs. I think it is very important that competition be kept in the system. I think it is better to increase the level of competition.

Again, and another bit of information he might like to know, that in terms of large-animal vets practising in rural Manitoba, the 31 clinics have 53 veterinarians. There are 43 veterinarians outside of the clinics who are operating also in rural Manitoba. Some of them are operating in areas that have no clinics; others are operating in the same areas where clinics are. That competition is deemed to be good by the producers. There is a choice of service.

Mr. Plohman: That just makes my point, the minister's last comment. The vets operating privately will choose obviously where they want to be located, and the services are not equally competitive in all areas of the province. That is my point. Of course, my contention is that the

government has provided safeguards in that regard by offering this service pretty well across the province, over the last number of years, on an equal basis. That was one of the merits of that service.

Can the minister indicate whether those vets who are not in favour of this—the minister said there are about 100 vets, and 90 or 95 are in favour. I have not done a poll to find that out, but I will take the minister's word at this point in that regard. It does not matter if it is 89 or 93, if there are some that are not in favour of this, do they intend to go it alone?

Even if they are part of the provincial clinics, the 31 clinics in the province, will they have that option under this privatization scenario to just say they want no part of this and purchase their own drugs directly and dispense and price as they see fit?

Mr. Findlay: When we first made the announcement that we were going to privatize the drug centre, we had eight particular vets in rural Manitoba who spoke out very strongly against it and have since completely turned 100 percent around, just completely reversed to the point where that person is now on the board of directors. They sat down and thought it through.

Really what has been set up is something that has been good for all vets, inside or outside the clinics, because it allowed them to be able to sell to farmers drugs at lower costs than they could privately acquire the drugs themselves, in other words, the bulk-buying process.

That bulk-buying process will be very attractive for all the vets to use because, even though I said earlier there is competition probably, certainly on a majority of lines of drugs, the bulk-buying principle that the co-operative will be able to get involved in will be able to put the drugs in the hands of those vets cheaper than what they can acquire them elsewhere by themselves. So it is to their advantage to use it.

I do not care where you live in Manitoba, with the mobility we have, if you do not like the price in your town or the next town, you can go to another town. I do not care whether you are talking drugs, whether you are talking twine, whether you are talking machinery, or whether you are talking fertilizer; that mobility exists, and it does make people remain competitive. There is no ability to gouge people when you have competition in place.

Mr. Plohman: I think the minister makes a rather sweeping statement when he says there is no

ability. What it does is it reduces the ability. The sophisticated buyer will know the difference and will not be taken twice and will not continue to shop at the place where he is getting gouged, obviously. The one who is not so sophisticated or does not use the services that often will tend to not know, maybe not be aware of the differences quickly and will be the one who tends to get gouged. That is going to be a characteristic of the new system, I would think, a little bit more than it is now.

Certainly, there is going to be more latitude for individual businesses now, veterinarian businesses, to, in fact, mark up higher. They can choose their own prices, and the minister has really admitted that, that they will be able to price what the market will bear. Is that basically what the minister said, that they can price what the market will bear?

Mr. Findlay: Madam Chairperson, that member just likes to continue to malign the private sector, twist and turn and show no respect for people to make their own decisions, or for the marketplace to work. The marketplace works very well.

You know, it is rather unique, because here we have a country that is the best country in the world, it is a market driven economy, trying to stay competitive, and I have had numerous delegations from all over the world constantly coming that have come from his philosophy, who for 50 years have been in the dark ages of a government operated, manipulated, controlled economy, who see how we have moved ahead, and they would love to have our way of operating it. He wants to send us back to that way of thinking, that he can look out better for anybody than they can look out for themselves. -(interjection)- Well, you will get a chance in the next question.

Madam Chairperson, I have a high level of respect for the market driven economy and the ability of it to sort out the differences for those who try to overcharge producers. Producers do not have as much lack of information as he might like to think that they have. They are very astute in buying. It does not matter whether it is drugs or it is twine or whatever it is, they know how to buy. I said earlier that anybody that is in small business in rural Manitoba dealing with farmers knows that they want to supply the best service for the least cost to that producer because they want to be able to survive in a competitive world. Everything is in competition out there, and it does work well.

* (1530)

The vets have done a good job of being able to deliver their services to the vet clinics or as private vets. They will continue to do that, and the service will now be a little different in terms of undoubtedly lowering the cost of drugs and making drugs more efficiently available to producers. It will benefit both the veterinarians and the producers in the livestock industry of Manitoba.

Mr. Plohman: Well, the minister still has his lines straight, so I will give him credit for that. He still said the same thing at the end as he did at the beginning and, of course, it is well on record now and we know that we will be able to look back at this in a couple of years and see how things went according to the minister's doctrine.

Now, I want to again correct the record for the minister, because he likes to put statements on the record that he would leave the impression are factual when, again, they are his opinion. Maybe he does not even really believe it, but he likes to say it. He cannot tell me that—(interjection)—Well, he cannot tell me that I want in any way to—and it is not becoming of him, and I told him that the other day that I would think more of him. Certainly he does not live up to his credentials when he makes those kinds of statements. It is totally unbecoming of him, and I will tell him that another way of saying the competitive marketplace is, what the market will bear. It is the same thing. If you can—(interjection)—Yes, if you can stay in business, if you can do well, if people keep coming back, that is what the market will bear.

You are not going to price lower than that just because you are a good person. I mean, why would you?—(interjection)—Well, the minister is wrong there. They are going to price what people will pay and, if the people will not pay it, they will lower the price. The minister knows that. The other thing that he talked about is that he said, well I do not give the farmers credit for being sophisticated. I said the sophisticated buyer. I did not say who that was. The vast majority of people are sophisticated buyers nowadays. They have to be sophisticated, but there are those who do not use the services very often and do not know what is available, do not know what the options are. Those are the vulnerable people and that is why I mentioned that.

Again, I do not appreciate the minister twisting that around. Now he is telling me I guess that those

ones who are not part of the co-operative, if this is formed and goes ahead, will be able to go on their own, purchase the drugs directly and price what the market will bear, in other words. Is that the answer the minister gave me? They will be able to operate outside the system even if they are within the clinics that are set up in the veterinary districts throughout the province. Is that correct?—(interjection)—Yes. If they choose not to be part of this co-operative?

Mr. Findlay: In terms of the ability to deliver your service to the producer as veterinarians want to do and it does not matter what veterinarian you are, whether you are in a clinic or outside a clinic, when it comes down to satisfying the producer in terms of price and service, if you have an opportunity to access drugs at a lower cost than you can anywhere else, I cannot imagine why a veterinarian would not partake in the process. I cannot imagine.

You use the words "what the market will bear." I guess anybody charges what the market will bear. I mean you negotiate. If you went out for a job someday, you would negotiate whatever the market could bear. Technically, any businessman I have ever talked to really believes in the principle—if I am going to stay in business, I have to make a buck on the average of my transactions over here. I have to make a dollar or I am not going to be here. I am not out to gouge anybody because I know that the competition down the road will sniff that out and I will lose my business. If I am going to gouge you on one item, I know that you will not come back and buy 10 other items, so I cannot afford to gouge you.

That is what any businessman knows. So best service at least cost is what they practise. Those who are successfully staying in business practise that. I do not care whether you are a veterinarian or feed salesman or whether you are selling equipment or parts or hardware items or whatever it is, the principles are still there and they apply. This business of charge what the market will bear, although it sounds good from your ideological position, it does not play out very well in reality in rural Manitoba.

Mr. Plohman: The minister has equated charging what the market will bear with gouging. I do not equate the two. He can equate them if that is his way of thinking. I do not look at that in the same and I do not have quite as much blind faith, I might say, in the old honesty of the competitive system to say that the vulnerable consumers are going to be protected just because everybody is benevolent

who is in business and is going to make sure that they do not in any way take advantage of anybody. It is just a different point of view.

I ask the minister to just clarify a few of the costs here again so we can move forward to veterinarian services, the veterinarian drug centre, I should say. The minister did not provide the printout, the handout, on that one. I have the other ones, the feed analysis lab, the soil testing lab, the plant pathology lab, the dairy lab, the vet diagnostic lab and the semen distribution centre but no drug centre. It must have been missing.

When I was writing down—and maybe the minister would provide the information which will have that detail—he talked about 15 percent for employee benefits so the salaries are around \$210,000, so we are talking a little over \$30,000 there. We are talking \$7 a square foot for space. The minister did not say what the total was, if they have 1,000 square feet or whatever it is per month, \$7 per month for space. What is the total cost of that space?—because he did generalize a little bit and he came up with a figure at the end that said they lost \$115,000 or something. I just wanted to make sure we have that broken down so we know exactly what the minister is talking about. If he has a handout on it, he does not have to go over the figures.

Mr. Findlay: Madam Chairperson, I just tabled the layout of all the costs. Yes, he is right on the employee benefits of \$30,000, the building costs of \$56,000 for the year, and the financing of outstanding inventories, \$209,000, so he will get those hard figures in a minute when the copies come in.

Mr. Plohman: Madam Chair, I think we have come down when we look at this whole thing, we take into consideration salaries, freight, printing, telephone fees, furniture and equipment, mileage, operating supplies, repairs and maintenance, rental, courier, advertising, employee benefits, space, and the drug centre was still making money, probably \$100,000—some last year. The only thing that is not in there yet is the inventory cost of carrying the inventory. Now, the inventory is included in the costs that I tabled the other day, and I would have assumed that the carrying cost for that inventory would be part of that inventory.

Can the minister clearly explain why that would not have been included as part of the inventory

costs? Why would it have not been considered in the costs of operation in the initial paper by Manitoba Veterinary Distribution Drug Centre, Department of Agriculture statement of profit and loss for the period ending March 31, 1990? Why would that have been left out if that is a legitimate cost to that operation?

Mr. Findlay: Madam Chairperson, the member went and tabled some figures. He did not really know the basis on which they were calculated and he assumed they were authentic and he does not bother to inquire as to whether it is a full or complete document. I have tabled the full or complete document which gives him the information. The inventory figures that were in there were simply the opening inventory and the closing inventory. It had nothing to do with the carrying costs. The opening and closing inventory had nothing to do with the carrying costs of that inventory. The other costs, as in every calculation, have to be added and as I have just given him the three categories, that is the complete information, the complete costs that government has to pay for in the process of running those operations.

Mr. Plohman: If you go through that, there is an opening inventory and a closing inventory which is almost the same—slightly lower, the closing inventory. So that means that the amount of drugs that were sold was about the amount that were purchased. How long are these held? What is the turnaround time and where does this \$209,000 come in? Where do we get that financing charge in there?—because the revenue is coming in and I would assume they are buying at the same speed as they are selling.

* (1540)

Mr. Findlay: In terms of being able to calculate that figure, the staff took the average inventory that is on hand at any given time and associated the costs of financing that inventory. That is how they come up with the financing cost for the inventory over the course of the year. Inventory is constantly coming in; inventory is constantly going out. Inventory may be higher in certain peak periods of the year, lower in other peak periods of the year. There is always an inventory carry-over, because it is impossible to match what you are going to sell in a given period of time with the amount that you order in. There always has to be a surplus on hand in order to be able to satisfy the customer. There is a cost of holding that inventory month to month at any given time.

Mr. Plohman: Madam Chairperson, there is, as I said, with the space considered and the employee benefits and all the other expenses still over \$100,000 profit. It is the inventory carrying the financing charges for the inventory that make the difference.

What other line then for profit should be there? There is a gross profit of half a million dollars, a net profit of \$193,986 for 1990. What would you call the next line of profit or loss? Why would it be termed net profit if it is not accurate?

Mr. Findlay: What we have just tabled is the full information. If he has some other information that was part of the preliminary information, I do not think staff has to answer as to why certain figures were put together in part by part. The net loss or net profit—and loss is added in brackets—is given for every lab that we gave him the information, including the drug lab which we now just handed out.

Mr. Plohman: We will return to that at another time. I thank the minister for these explanations on this area. I think we can turn—perhaps the Liberal Leader has some questions in this area, I am not sure.

Mrs. Sharon Carstairs (Leader of the Second Opposition): The minister gave me a moment of nostalgia a few minutes ago when he talked about the amount of drugs he had on hand. I have to tell him it is over a year since I have opened up my refrigerator to find Bute or something else in the refrigerator, which never caused me any concern but, I have to say, it caused other urban dwellers concern when they would open my refrigerator and find drugs which they wondered why they were there. If you have a horse in the family, you tend to have those things on your shelf in your refrigerator.

My concern only is with regard to services with respect to the drug and semen centres. What negotiations are going on between government and this new co-operative group to guarantee that there will be service to vets, whether they are members of the co-op or whether they are not members of the co-op, so there will be the ability to access, or will that ability not be available to them, if they are not going to be members of the co-operative association?

Mr. Findlay: Madam Chairperson, a veterinarian who is operating in rural Manitoba, even a veterinarian who is operating in the city, his ability to earn a living depends on his ability to deliver a

service that satisfies the customer and does not necessarily mean selling drugs. It is an overall service of animal health.

If he is going to be trying to sell drugs at a higher price than his competitor somewhere, he is just not going to be able to deliver not only the sale of the drug, he is not going to deliver the service, period, because he is not going to get business. It is going to be to his benefit to be able to access the lower-cost drugs out of the drug centre. That negotiation amongst the vets is ongoing right now and, as I said earlier, the role of the veterinary services commission will come into being here in the clinics to determine that the same principles are used right across all the clinics in terms of charging for drugs. I do not see how the user of the service is going to be negatively impacted if some vet decides to charge higher than the neighbours, because the competition is not going to allow that vet to sell much. The guy who is selling at the lowest price is going to do the majority of business, not only in drugs but in the animal health service delivery.

It is no different than buying equipment parts from the equipment dealers. There are a lot less of them nowadays than there ever was. You take any particular machinery, like John Deere or Case, there are less of them than there are vet clinics, certainly a lot less of them than there are veterinarians, and yet that marketplace does allow control of the costs, and the farmers, I guess it comes down to buyer beware, make the choice as to where they do business. They will do business where they get the best service or the lowest cost or a combination thereof. So I am not overly concerned that there is going to be a problem here. Naturally I say the vet service commission can play a role here with regard to the clinics and the prices those vets will charge for drugs.

Mrs. Carstairs: Madam Chairperson, perhaps the minister did not really understand my question. It seems to me that when the present centre existed, any vet in the province could access the purchase of drugs through that centre. Now you are going to set up presumably a co-operative drug centre and semen centre. One would assume that the vets who are going to go into this are going to have to pay something to go into it. They are going to have to buy it and, therefore, are they then going to allow access to the purchase of those drugs to other vets who were not prepared to put the money into the centre in the first instance?

I am thinking particularly in terms of the young vet. The young vet graduates from veterinary medicine, goes into practice. It is a very expensive operation if you do not go into a government centre. You want to set up a clinic; now they are going to be asked to also invest money into this drug centre in order for them to perhaps buy drugs at a competitive price. How is that going to be resolved here? It would seem to me that they could very easily be denied access.

Mr. Findlay: Certainly, there is an issue there with the young vet. It is an extra cost. The cost that they are talking about, and I do not think I want to say what it is, but what they are talking about is, relative to their cost of getting in business it is absolutely not prohibitive, it clearly is not, but the process that she is referring to, whether they have access to the centre, is part of the negotiation that is going on right now. I am glad she raised it and highlighted it, because it is something that needs to be resolved in the final agreement that does occur between us and the co-operative.

Mrs. Carstairs: Has the minister set a ballpark price for what he expects will be the selling price for the centre, or is that all open to negotiation at this particular point in time?

Mr. Findlay: Madam Chairperson, the negotiation on value is ongoing, but really the value that is there is primarily the inventory of drugs that are on hand at whatever that date turns out to be for cutoff. The value of that inventory is the primary asset that is there. There is a computer in the process that is there, that they may deem that they will want to buy, but that is still in negotiation. If we were to charge them something, the so-called government make a profit, then the user of the system eventually has to pay that. If we took a profit out, it is just passed on. Really what we are selling is an inventory of drugs, and the value of that is in the negotiation stage.

Mrs. Carstairs: Madam Chairperson, has the government deliberately reduced its inventory, or have they maintained the same level in relationship to this potential sale?

Mr. Findlay: Madam Chairperson, the inventory that is on hand is normal. It is not abnormal. We are not gearing it down or anything like that, just maintaining it as if nothing else was really happening. The inventory that may be on hand today might be lower than it was five years ago

because of the use of computer and better ability to match up sales with purchases.

(Mr. Ben Sveinson, Acting Chairman, in the Chair)
* (1550)

Mrs. Carstairs: Mr. Acting Chairperson, if we are talking about a 1989-1990 inventory of \$1.6 million, and it may be less than that. I am not going to, you know—that is not an absolute figure. That was the closing inventory that the minister gave us at the end of the 1990 fiscal year period, March 31.

If you are looking at perhaps a \$200,000 equipment item, you are talking about a \$1.8 million dollar sale, give or take a couple of hundred thousand, because I think you could easily be within those ranges. What will happen to that money? Will it go into general revenues, or has it been earmarked for improvements in alternate agricultural services in the province of Manitoba?

Mr. Findlay: Mr. Acting Chairman, in the normal operating of business in the past, as at the present, the appropriation for purchases is in our budget, but any of the revenue received goes directly to Finance, to general revenues. So the amount of value that is there in inventory will do the same as if it was normally turned over.

Mrs. Carstairs: I was afraid that might be what was going to happen with the money. Perhaps the minister can put in a plug to put some of that money into other veterinary services available in the province. The minister is quite aware that we have the inability to analyze some tests in the province because we lack equipment. We, as a result, cause undue waiting time. We also prevent some farmers from actually having tests done, which does not lead to good animal husbandry in the province of Manitoba. Since they cannot get the test and it takes so long to get the test if you send it out of province, can the minister at least commit to going after Finance in order to get some of this money redirected towards the kind of veterinary services that we need in the province of Manitoba?

Mr. Findlay: Mr. Acting Chairman, about two years ago there certainly were some complaints about turnaround time at the vet lab and this sort of thing, and I have certainly talked with the vets out there. There are some 26 staff in total in the diagnostic lab. They have really worked hard to overcome some of the shortcomings that did exist in turnaround time and being able to gear up for the busy season and speed up the process of getting the information out

to the producer. The use of fax machines has certainly helped in quick turnaround time.

I have not heard any complaints in the past year over this past spring about not getting the results out fast enough or meeting either the veterinarian's timetable or the farmer's timetable. Naturally, there is going to be some cases where it may have happened but it seems to me it has run better and more smoothly.

With regard to tests that are done outside the province, there are a couple of things I could say. One is that in talking with the vets out there a little over a year ago, they said some of those tests that are not done routinely, just done occasionally, they feel more confident sending out of here to somebody who may do them on a more routine basis or does them for western Canada, as an example, as opposed to them doing it just once in a while. They do not think they can maintain their technical expertise on a once in a while kind of test. That is one way to look at it.

The other is just simply cost efficiency. For us to have certain diagnostic equipment is necessary. It is deemed to be too costly for use to have it. It is more cost efficient to acquire the service that somebody else has.

There is always a little bit more turnaround time involved. That tends to be the trade off between cost efficiency and expertise being available. Talking with the vets out there, they believe that they prefer to do it that way. I guess, you can always say there is going to be instances in the future where there is going to be a surge of problems, in the swine industry, the cattle industry in calving time. If we do run into those problems, our commitment is that we will gear up in the short term in whatever way we can to meet the need.

In the past year, year and a half, I think the system is working better because I think the commitment out there has certainly been to try to satisfy the client to the best of their ability, and I think they have done a good job in that respect. There was a period, I know, two and three years ago where there were some concerns. I think the lab has responded very well.

Mrs. Carstairs: Well, there are still some concerns out there and certainly we have had instances of complaints to us. One of the issues that the minister raises is the idea of the skill that is acquired by a technician when they do the test often enough.

That may very well be true. The problem is that most of those skills are done in labs which are also owned provincially and therefore we are at the bottom of the pecking order. If you send something to Alberta and there are Alberta clients, the Alberta clients, rightfully so, get their tests first, and we come in after that test has been completed for the farmers that they are in essence primarily supposed to serve.

Are there any co-operative relationships with any of the other provincial labs, as we have done within the medicare system, that we can, for example, buy in a certain amount of hours, days, or months in order to get the test results put on the same priority level as the tests being done for their own provincial animal people?

Mr. Findlay: Mr. Acting Chairman, there is a degree of professional, reciprocal relationship that exists between our vets with those in Saskatchewan, or the vet lab here and the Saskatchewan lab, Alberta lab and Ontario, in that we are doing samples for them on certain tests and they are doing some for us. So on a professional basis, there is a positive, professional, reciprocal relationship that my staff believe works quite well, because our staff is held in relatively high esteem by our neighbouring provinces, but it is a trade-off; we do something for them, they do something for us.

We think in a joint sense it is both cost efficient and technology-wise, it is the ability to keep up to speed with ability to do the test the most efficient way. We believe that reciprocal, professional relationship is fairly good.

Mrs. Carstairs: Can the minister tell me how many students are presently enrolled at veterinary colleges, I know primarily in Saskatoon, but also at Guelph and now in P.E.I., who are on Manitoba scholarships?

Mr. Findlay: At Saskatoon our allotment is 12 students per year, and we have the full allotment enrolled there right now—48 students. Of those 48 students, 32 of them are on scholarship, and it is only in Saskatoon that the scholarship qualifies. I do not think we have any information that has determined if there are any Manitoba students at Guelph or P.E.I.

Mrs. Carstairs: Well, I knew that the reciprocal relationship was with Saskatoon, but is the minister telling me that if a young person, because of lack of numbers, does not get into Saskatoon, but does into

Guelph or does get into P.E.I., that they are then ineligible for a Manitoba government scholarship?

* (1600)

Mr. Findlay: Maybe I gave the wrong impression on the first answer. It is not that they do not qualify, it is just there are not any there who are on scholarship, but it does not mean that they do not qualify. We emphasize Saskatchewan because, through the Department of Education, a fair bit of money is going there as well.

Mrs. Carstairs: I appreciate that we should be in fact emphasizing Saskatchewan but, in reality, if a young person wants to come back to Manitoba and practise, particularly large-animal veterinary medicine and they get into P.E.I. or they get into Guelph, I would want them to believe that they had the opportunity to at least apply.

Of the 32 students who are presently on scholarship, are the majority of them in fact studying large-animal veterinary medicine or small animal?

Mr. Findlay: To the best of our knowledge those who have qualified for the bursary qualify because they have indicated an interest in large-animal practice. If they come back to Manitoba and practise in large animal, the bursary is written off at the rate of 20 percent a year.

If they come back to Manitoba and practise in small-animal practice, then it is due and payable. If they have indicated large-animal practice, they can get it written off by staying in large-animal practice, but they are not held to that. They can go into small-animal practice, but then it is due and payable.

Mr. Plohman: Just one question on the handling charge and markup for a Veterinary Drug Centre. Can the minister give the percentage or how the handling charge by the centre is determined?

Mr. Findlay: The markup for large-animal medicines or food animal medicines is 6 percent, and the markup for pet medicines is 10 percent.

Mr. Plohman: What is the percentage of drugs for large animals versus pets? Is the vast majority of the total sales of \$7 million for large animals?

Mr. Findlay: About 75 percent of the sales are for the large-animal use.

Mr. Plohman: Well, I just want to point out to the minister that a simple increase in that margin of 2 percent or 3 percent would easily place this operation, even using all of the costs that the minister has now included in the determining the

profit or loss statement, would ensure that it was breaking even, making a profit. Would the minister agree with that?

Mr. Findlay: With any service that is involved, if you raise the costs you can always get your services and your costs all back. Definitely, whatever percentage—anybody can do the arithmetic—if you raise it by that amount, you will get all your costs back.

Mr. Plohman: Well, in that case then the cost is very reasonable to the producers as it is now with only a 6 percent markup. If it was at, say 9 percent, the minister would have his total costs back. Now is the markup similar to what it is in the private sector for drugs, the co-operative they are setting up? Of course, the minister does not know what that is going to be. He says that is under negotiation. This would seem a very low markup. Would the minister agree that it is probably a very low markup compared to what it is in the private sector?

Mr. Findlay: Mr. Acting Chairman, we cannot tell you what the feed labs are charging or what the drug labs are charging in terms of markup. It probably varies with the product. I know in the past I have had vets tell me that they wonder why we have the drug lab, because they could actually buy it cheaper directly from the drug company. The salesmen come around and offer them deals in terms of buying at certain times and buying in certain volumes.

I would guess that the veterinarians would be able to negotiate even better prices at certain times with certain drugs from certain companies. I do not see an advantage for the vets to in any way attempt to overcharge the producer, because if they go to a 7-percent or 8-percent markup, they may well be charging more than what the producer could buy it directly. The farmer will soon find that out or the veterinarian who is putting in a supply to sell to the farmer will soon find that out, and he will buy at the lowest price. So there is definitely competition, even at the 6-percent level as far as I am concerned.

Mr. Plohman: As far as the purchasing of these drugs, the minister said maybe the vets can get better deals. Do we have a buyer as one of the staff members that is going to be laid off or has been laid off? Who is in charge of purchasing now?

Mr. Findlay: Mr. Acting Chairman, the manager of the drug centre does the buying now. As I said earlier, if the co-operative deems a desire to take over that staff, I cannot see why it would not be the

same person. If they deem that they want somebody else, that will be their choice. Our sense is that there is a high level of satisfaction with the way the present staff has run the lab.

Mr. Plohman: Could the minister indicate why there would be any reason then why the vets would be able to get a better deal than the government is getting now with the same buyer? Just explain that statement, why he feels they could get a better deal.

Mr. Findlay: Mr. Acting Chairman, there is no good deal that cannot be better if you go after negotiations. I am just saying, it is a possibility. It is an open opportunity, whether it happens or it does not happen. I think the vets have a vested interest in being able to attract a business by the least cost drugs. That is the way all business operates, the best service at least cost. They have an incentive to do it, a very significant incentive.

As I said earlier, I think they have the opportunity to use this centre to sell drugs not only within Manitoba, but outside of Manitoba. I think that is a real possibility, because I know farmers have come across the Saskatchewan border to buy in our vet clinics, to buy our drugs because they are cheaper than in Saskatchewan. That being the case, we will be able to sell into there.

* (1610)

(Madam Chairman in the Chair)

Madam Chairman: 4. (c) Veterinary Services Branch: (1) Salaries \$1,307,700—pass; (2) Other Expenditures \$1,034,800—pass.

(d) Soils and Crops Branch: (1) Salaries \$1,970,200.

Mrs. Carstairs: Madam Chairperson, can the minister tell us what has been the decision with regard to The Agricultural Producers' Organization Funding Act with regard to canola growers?

Mr. Findlay: Madam Chairperson, the canola growers have the option of applying under the act for a checkoff. To this point in time I do not believe they have. I am not positive that they have not, but I do not believe they have. We have had discussions with them and they would like some changes to the act. Any changes go beyond just their interests and involve other people too, so I dare say some consulting and negotiation will probably happen between now and the next session with regard to what changes, if any, would be necessary or acceptable to all parties involved, not only the

canola growers but everybody else in the agriculture industry.

Mrs. Carstairs: I am a little bit confused. I had a meeting with the Manitoba Canola Growers Association on the 5th of March, 1991, at which point they told me that they had meetings with the minister and that they had in fact informed the minister that they wanted such a provision within the legislation. Has it gone no further than that at this point in time?

Mr. Findlay: Madam Chairperson, as I informed you at that time it had impact, any changes in the legislation had impact on other organizations, other groups, other producers and that we had to go through some consultation with them. It had impact on the elevator companies and we felt we had to also have their input. That process will undoubtedly be occurring between now and the next session.

Mrs. Carstairs: Madam Chair, what I am hearing from the minister, I think, is that there is no objection from the department itself to them opting into this, provided the appropriate amount of consultation takes place with all the players involved in terms of allowing them—the minister is nodding, yes, so I do not think we have to get him on his feet for that particular question.

I am concerned, in this particular reference number, about the reduction to the weed control grants. Can the minister explain why they felt that they could make those kinds of reductions at this particular point in time and what effect they think that is going to have on the soil and the crop?

Mr. Findlay: Madam Chairperson, over the last three years we have had considerable concern about weed districts. Those that are set up, by and large, are delivering a good service, a needed service, a service that the municipalities want, the producers like; and they also participate in some fair degree of extension activities.

The disappointing factor is that only about half of the municipalities are enrolled in the districts. As you look across the map of Manitoba, you have a weed district or two or three and, all of a sudden, you have a gap of two or three and no effective attempt for weed control. We need to find a mechanism to have a broader delivery of weed control activities.

I had people in a few months ago who said, you know, there is an opportunity of a good liaison between the soil and water associations and the

weed districts. We have had the weed districts in. We have had municipality officials in. We have struck a committee involving them, their representative, and my department to try to find a delivery vehicle, a modified, changed delivery vehicle, that will allow the administration of weed district activities on a broad scale right across the province, a more involved or co-operative delivery system than just having weed districts set up by themselves, involving the department, the weed districts as they presently exist and the Union of Manitoba Municipalities. It was a very good meeting. There was a strong commitment from all concerned.

We will have to find another delivery vehicle to most effectively and efficiently use, not only tax dollars at the municipal level, but tax dollars at the provincial level. I felt good about the meeting that, yes, we can get on with a new generation of what we are going to do and how we are going to do it, so we can cover the entire province and maximize the ability to use taxpayers' dollars in the process of involving the ag reps and the weed districts and the soil and water associations and some of the other delivery modes that we have going on in agriculture.

Mrs. Carstairs: That is a noble objective, but I do not know how the objective is going to be achieved when 129,000 has been cut from the limited weed districts that we had at the present time. It would appear that we are not only not going to put more money into areas that have not been covered by a weed district, but we are actually going to remove money from the areas that are presently covered by weed districts.

The question is: Is that not going to translate into higher herbicide costs for the producer throughout the province of Manitoba?

Mr. Findlay: The job of the weed district was really controlling weeds on public land or making producers aware that they had a weed problem on their own land and that was the producer's responsibility to control those weeds—unless the member is referring to the fact that they will not be controlling weeds on roadsides and it blows onto the farmer's land. I guess what I am trying to get at is that I do not want it to happen in any municipality or along any roadside in rural Manitoba if we can find a vehicle to do that. That is why we want to be able to try to work with the municipalities to broaden our activities in this area.

It is disappointing we have to make these strong positions or decisions at this time. Because of the economic climate and everything, we had to pull back in our expenditures and we had to choose this one, even though over the last two budgets we have increased the funding to weed districts by \$1,000 each year, and the first increases since 1981. So we are committed to it but now the commitment is to find another vehicle, and the municipalities also believe that the vehicle has to be the most efficient one possible because they are also strapped for their resources from their side of the agreement, as we are from ours.

* (1620)

So I felt the meeting was good, it was constructive and there was a strong commitment that yes, we can do a better job and we will do it in a very co-operative fashion and save on the administrative costs. The municipalities, none of them said to me that we are just not going to do any more, we are just going to quit and walk away from it. I have not heard that from anybody directly at this time. We will deliver this year with the resources they have, and it may mean a shortened season. I think there is a commitment by next year to getting on to trying to cover the province in some complete fashion with regard to weed control on public lands.

Mrs. Carstairs: Can the minister tell us what is exactly happening with the soil test lab? I realize that the government has eliminated its grant from the University of Manitoba, but I understand that it is still functioning. What is the target date for closing down? Is it not going to close? What is the actual status of the lab at the present time?

Mr. Findlay: Madam Chairperson, the soil test lab—we are negotiating for another administrative unit to operate it but until such time as that happens, it will be business as usual. The lab will continue to be operated, the staff will continue to be retained by the university to deliver that service. As I say, business as usual while this process of negotiation is going on. We do not want to cause any disruptions in that service delivery. In about three months, three and a half months from now, the fall season will start. Whether we will make it by then or not remains to be seen, as the negotiations are going on. There have been a number of very interesting proposals that have come in to government. Whether any materialize by then remains to be seen, but otherwise it is business as

usual. We will continue to support them until that happens.

Mrs. Carstairs: Just so I can clarify that, what the minister is saying then is that if it functions for six months as part of the University of Manitoba, then the government of Manitoba will also put in their amount to cover that six month cost? The minister is nodding yes.

Can the minister tell me if he wants to talk about the interest rate relief program here or whether he would rather do it on the line itself? -(interjection)- Rather do it on the line itself? Fine.

Mr. Plohman: Madam Chair, to just follow up on the weed control district funding, my information is that the minister is phasing out all support over a three-year period. Is that correct?

Mr. Findlay: Madam Chairperson, we have reduced it by a third this year, and we will negotiate the rest from here on. Whether the other two-thirds are reduced over the next two or three years remains to be seen as we go through a process of trying to find another delivery vehicle. If the economy of the province turns around, we will be in a better position to be able to act from our side.

Mr. Plohman: Can the minister give the rationale for discontinuing this funding as the initial decision was to phase it out over three years? He is indicating today, perhaps he is going to postpone or maybe not implement the next two years depending on the discussions and so on. Of course, I would hope that is what will happen.

Why was this service selected again in terms of—the minister is going to tell me he had to find dollars. That is one reason, but he had to prioritize things. Why did he discontinue this one when he has partners here, when he has partners in the municipalities involved with this, when he is talking about cleaning up the rural environment with ACRE?

For example, a lot of these weed control districts work very closely with ACRE in the safe disposal of chemical containers and control of weeds, of course. They provide advice, weed supervisors, dealers' advice. As well, they have been told by the minister apparently, that the chemical dealers provide the same information as weed supervisors and that the individuals can get that information from the chemical dealers. I guess this is in response to maybe a letter the minister wrote or from his department.

I am referencing a letter from the Dauphin-Ochre Weed Control District Board, Chairman Roland Thompson, in which he describes a number of concerns with this. How does the minister respond to that kind of concern? The minister said that none of the municipalities or none of the weed control boards have indicated they may not operate or that the municipalities are going to pull out. Well, this one has.

In fact, he says, if funding is phased out, which is the minister's intention over three years, this weed control district will not survive as the municipalities may not wish to raise taxes to offset the funding cuts. They feel that it is a real possibility that it will not survive.

Mr. Findlay: Well, the member says "may." That means it is open, that they are negotiating, they are considering, as we are, and the main reason is we had to make some choices, yes. When you look across all the delivery modes that we are involved in, whether it is ag reps or whether it is home economists or whether it is 4-H aides or whether it is MACC agents or crop insurance agents, soil and water association, whatever it is, we have a lot of delivery modes going on.

We do cover the province in soil and water associations right now. As I said earlier, there have been people who have made comment to me, you know, we have a duplication of a lot of service here, and we can put them together better. So we have reduced it for this year with going into, as I said earlier, a process to try and negotiate a more co-operative delivery mode in order to get the job done.

We hope that we can achieve that in the next year or so and be able to continue to give some support and some direction from the department, but clearly in terms of delivering all the ingredients we want to deliver in weed districts, we have only half the province covered in the existing system.

We have to find a mechanism that gets the whole province covered because controlling weeds in one jurisdiction while they are not controlled in the next one means that the weed seeds continue to blow around.

They do give a good service, there is no question about that. How do we cover the entire province in the most cost efficient way? That process is ongoing right now involving people in the weed

district association, municipalities and the Department of Agriculture.

Certainly the member mentions ACRE and they play a role in that. We do not have weed districts in every municipality. We have chemical containers being collected in every municipality. We have to put that whole process together, and that is what we are doing.

Mr. Plohman: I do not understand the minister's rationale and say, well only half the province is covered now so if we cut these out, somehow that is going to make it better. I mean, you are doing half a job now. Try and do the whole job but do not cut out what you are doing. How can the minister use that as a rationale for what he is doing?

Mr. Findlay: Madam Chairperson, what the member fails to try to understand is that the situation had sat on half the province being covered for a long time—he was in government from '81 to '86. They never raised the grant to weed districts at all. They never made any effort to broaden the distribution of weed districts across rural Manitoba.

We increased the level of funding \$1,000 a year each of the last two budgets, and that is something he did not do at all. He got them way behind and it really did not stimulate other R.M.s to come into the process.

Now we are going to go through a process to try to create a methodology by which we can deliver the service using the existing delivery services that are in agriculture, soil and water associations, municipalities, ACRE. Get everybody together and let us find a way to get the job done in a broader sense. Sometimes you cannot get things started until you make a bold move, and that is the process we are in.

* (1630)

Mr. Plohman: Madam Chair, the minister is now calling this a bold move, and he is saying that the previous government did not increase enough to provide an incentive. He is bragging that he spends, spends, spends. He increased it by \$1,000 in each budget, then he came along the next year and took the bottom out from under them. I mean, what kind of policy is this? What kind of consistent approach, what kind of commitment is this minister demonstrating? It is like a roller coaster.

He is bragging about increasing it for two years, now he is going to eliminate it. I mean he has not, obviously, thought this thing through very much. He

did not in his first two years as a minister, if he was approving increases of \$1,000 each year—or maybe it was because it was a minority government and he could not do this then. Maybe that is a better explanation of why he gave them \$1,000 each of those years.

It seems to me he now wants to show that the government is serious about this, that they would be, in fact, actively attempting to get other municipalities in and offering—if it takes some change to the formula, if that is what he said that the previous government should have done. He said that we neglected that and did not entice the municipalities to come in so he is advocating that they should have been enticed. I imagine he is advocating spend, spend, spend.

I am saying to the minister, if he wanted the previous government to spend more on this area, why is he cutting it out now? Why does he not attract those municipalities to get involved and expand throughout the whole province? I do not understand by cutting it, he calls this a bold move, and this is somehow going to result in coverage throughout the province. What it is going to result in is a problem like was mentioned in this letter by the Dauphin-Ochre weed control board, something in North Dakota, to see the results of not controlling weeds.

Mr. Findlay: Madam Chairperson, clearly it is a problem for Manitoba that North Dakota is not controlling weeds. What has he done about it? What can we do about it, go down there and order them?

Mr. Plohman: We were going to spray North Dakota, but they would not let us come.

Mr. Findlay: Well, there is a fundamental problem here the member just absolutely has no understanding of, because he has never really lived in that part of the world and had to deal with the problem of revenues and expenditures, just a simple problem. He was in government when revenues were growing at 16 and 18 percent and he still thought you should budget a deficit of \$500 million a year. He just left it for somebody else to pay for it.

Right now the revenue growth is zero percent and the taxpayer of Manitoba has said very clearly, we are sick and tired of that kind of government, of spend, spend, spend, let the future generations pay for it, and right now we are paying for it. The first

\$550 million in the budget is interest, and \$450 million of that is due to the interest created by the deficit his government ran up in years when revenues were growing, when any kind of intelligent management would have kept those expenditures under control. We would have the money today to deliver these kind of services for health care, education, family services, agriculture and all the other modes we would like to do. The taxpayer has said adamantly, no more tax increases. Control your expenditures, and that is exactly what we are doing.

Mr. Plohman: And sending all kinds of inconsistent messages to the people of Manitoba in doing so, because there is no overall plan. It is just here and there and everywhere. It is slashing without proper planning.

The minister knows he is sending conflicting messages to the public of Manitoba, to the municipalities he is offloading. Of course, that is consistent, he is certainly offloading to the municipalities wherever possible. He is not even consistent in his arguments here. He said a moment ago, he criticized me for not having spent more on weed control when we were in government, so he wanted us to spend more, and now he is saying that we were spending, spending, spending. I mean, make up his mind. Did he want us to spend more then at that time? Where were we going to get the money for it? I mean, let him think about that. -(interjection)- Oh, taxation, and maybe increase the deficit -(interjection)- We had a Highways budget that was a little more modest even than your government is spending on highways. You criticized us for it, but we did. We spent less, we cut, we kept it in line. It is all in the mind of the beholder.

You are spending a lot of money on Highway 75. Sure it is good for you and there are some other areas where you think maybe a bridge is more valuable to you than north of Selkirk. You figure south of Winnipeg in your ridings might be better. It is a matter of political priorities and other -(interjection)- Well, go look at it, a thousand vehicles per day, more than projected, a thousand vehicles per day. Go talk to your colleague. You see, very often, Mr. Minister, you talk without knowing the facts. You do that a lot in here, and it is not becoming of you.

Mr. Findlay: Not me.

Mr. Plohman: It is true, he is the minister, he is supposed to provide the facts. We find out all kinds of areas, and he admitted today he did not provide the right information on March 14 when we asked him about the veterinarian drug centre. He has done that in this House, and it is not becoming of the minister. He does it very often, the same as with this bridge. He does not know what he is talking about, just thought it sounded good. He is like the Premier (Mr. Filmon). He pulls a figure out and starts talking about it. It is not accurate. -(interjection)- The people out there are very pleased that bridge is there. It is the people in southern Manitoba who maybe do not like it or maybe where the -(interjection)- You know why.

Mr. Findlay: Tell me.

Mr. Plohman: No, I am going to ask another question; I will tell you later. If you want to come and see me, I will tell you all about it. As a matter of fact, some time I will do half of my throne speech on it, maybe when you guys do it, just so long as you listen.

An Honourable Member: If it makes sense, we will listen.

Mr. Plohman: That is right. Now I am saying to the minister that he wanted us to spend, spend, spend. Now he says, you guys ran up too much of a deficit. Make up his mind, did we spend or did we not? The point is that weed control boards were given support by the province. If they were not doing a good job, then the minister should have some objective study to say they were not doing a good job. Did he do any analysis of the kind of job that was being done and the value for the dollar? Is there any element to that in this minister's decision saying, they are not doing the job so why are we putting our money in there? Is that part of what the minister is saying, or is it just a matter of just cutting, slashing?

Mr. Findlay: Madam Chairperson, I wonder if the member believes in sustainable development in any fashion. I wonder if he believes in that.

An Honourable Member: That is a good angle.

Mr. Findlay: That is a good angle. In that process we set up soil and water associations, and they are working well with local involvement, local decision making, a minimum amount of government dollars going in, a lot of positive things are happening. The people who are involved there say, we can broaden our focus, we can do more in terms of the weed district area and get complete coverage of the

province of Manitoba. So in that context, maybe it is a bit of a shock to have to do it this way, but we were in the process of going through negotiations with the department, the weed district associations and the municipalities to try to find a better delivery vehicle and broadening that delivery right across Manitoba so we have equalized level of weed control right across the province, involving people who are doing a very good job. I think we will be able to bring the municipalities in in a more cross-the-province co-operation in this process than what has been able to be achieved in the past.

Mr. Plohman: Madam Chair, the minister seems to be—it is not surprising—using the same approach as the federal government with VIA Rail. They cut it by a third and then they say they are going to study it. They have a royal commission to study the future of VIA Rail after they have cut it. He is doing the same thing on a miniature scale here with the weed control districts. Why not do the studies and the analysis and look at the better model and move into that model before you cut the funding? You do not cut out the system on the basis that it is no good when you have not even determined that it is no good. The only thing you have said to us today is that it does not cover the whole province, or go about ensuring that it covers the whole province if that is your objective, or do you want somebody else to pay for it? Is that not the real objective?

Mr. Findlay: Madam Chairperson, I do not know that anybody plans recessions, but one has hit and the reality is we have to live with it. That means we have to control our expenditures. Municipalities know they have to control their expenditures. The public at large knows that expenditures have to be controlled; everybody knows that.

You cannot do a study to determine a recession has happened. It is here; expenditures must be controlled. We have to do some things that maybe are not popular but they have to be done. The probability is that things will improve in the future and we will be able to get on with doing the things that have to be done.

* (1640)

Mr. Plohman: Madam Chair, you got it right that time—no reflection on the Chair.

The minister indicated it is a matter of slashing to find the dollars, not a part of a plan to determine if something is inefficient or so on. It is a matter of slashing and finding the dollars. That is what he is

after, while offloading it onto the municipalities. Thank you, very much for admitting that today, Mr. Minister.

I want to get onto the soils testing lab here and some of the other areas in soils, the soil surveys. Perhaps I will ask some questions about the soil survey program first.

Is the program still in place here in the province to the same extent? Has it suffered from the budget cuts in any way? Are we still in partnership with the federal government in this undertaking? I understand that a kind of agreement, whether it is formal or not, over the years has been that the province has supplied the personnel, the people, and the federal government has provided equipment to move towards an automated system for our mapping instead of the conventional system that was in place over the years, and there has been a great deal of progress and a lot of satisfaction in the area, that Manitoba was leading in this area. Is this continuing with this budget, and is it a priority for this minister?

Mr. Findlay: Madam Chairperson, with regard to the soil survey lab, the federal government also supplies staff for the soil survey process as well as the provincial government.

Mr. Plohman: That is what I was saying. We do the personnel, they do the equipment, and they pay for the personnel.

Mr. Findlay: They also have some staff. Federally, they also pay for some staff. We have reduced the staff complement there by a technician and a secretary.

Soil survey information has existed for a long time. The process that the soil survey lab is going through is updating the information, redoing work, broadening the base of knowledge. It is an ongoing process. It will be going on for many, many years, probably as long as we are farming the land.

What we are doing is probably slowing the process down a little bit, but it is not going to negatively impact upon the use of the information that does exist at this time nor will it impact negatively on farmers in an economic sense. The information in terms of soil survey is already there, and their process is simply updating, updating, and it will never end.

Mr. Plohman: I spent a summer or two as a soil surveyor in southern Manitoba a number of years ago, working with Gordon Mills and Smith and some

of those people, and I realize it is an ongoing process. The detailed surveys that we were doing at that time were much better than the originals I believe started in the 1940s initially, with some of the work. So there is always the need to update and certainly the data from the 1940s is not as relevant or as good as now, for what is needed now, than what would happen perhaps in the '70s and '80s.

There is a concern, I would think, about getting behind on that and doing those surveys but the minister is saying that the pedologists are still in place and there is not any reduction there, but some of the analysis then that the technician does is going to be affected. There will be a slowdown at the lab. Is there any provision then to share with other labs? With the soils lab itself now being privatized, that may be one option that will not be available to assist this lab, which will obviously be understaffed.

Mr. Findlay: Madam Chairperson, the member mentioned two names, Mills and Smith. Mills is a provincial employee, Smith is a federal employee. There is the combination of the two levels of government both having employees.

The soils survey commitment for this year was two R.M.s and that will still be done.

Mr. Plohman: Yes, I realize there has always been a federal component, although a lot of the work that was done in the computerization is what I was referring to, the automation, the computerization of the system, digital mapping as a replacement for the hard copy that was in place previously. I understand as the agreement with the federal government that they would be providing the equipment, and Manitoba, the province, would be providing the staff in that regard, not on the old soil survey model the minister is talking about.

Are we going to be able to keep our end of the bargain, then? Are we going to be able to continue with that computerized mapping system, or is there another plan in place? Is the minister looking at this whole thing that Linnet is proposing to the government for the geographic information system? Is that in the plan to fit in instead of doing the computerized system on their own? Are they going to perhaps plug into the geographic information system with this soil information? Is that something the minister is planning?

Mr. Findlay: Madam Chairperson, certainly our intent is to continue with the process of soil survey updating as it has been going on in the past. The

use of our computers will continue. Certainly, Linnet may well have a system of being able to assimilate all information of any land-based information that somebody would want to access, but I would see them as more in supplying the information to Linnet to go into a system of access for some user of the information. It might improve the access by the public to the information they have provided over the years.

Right off the top my head, we do not see how Linnet would help the soil survey process, but we could see how the soil survey process would help put more information into the Linnet system for the user to access in a much broader scope.

Mr. Plohman: That, I think, states it the way it would work in the way I understood it, although it did not state it that way. The computerized system, though, would have to continue or else they could not put it into the Linnet system for use by various users. I guess the concern there is that the pace of this is not reduced to the extent that, in fact, there is no progress being made. I guess that is what I really want to ask the minister is whether—I am not talking about the soil survey work itself as it traditionally has gone on, but the computerized mapping—whether that part of it is being accelerated or at least maintained in terms of its pace?

* (1650)

Mr. Findlay: Madam Chairperson, the computerized mapping process is being maintained. I think he used the word stoppers or terminate. We are not going to do that at all. The process will carry on.

Somebody could easily argue that we should have three times as many staff or five times as many staff to generate information updating at a faster pace, but it just is not affordable at this time.

Mr. Plohman: No. It is not always possible. It is a matter of whether we keep up our pace and our reputation in Manitoba on the forefront of some of these areas or whether we lose out completely to other jurisdictions in terms of being at the forefront of this technology. I would argue that we should be at the forefront rather than trailing, and that it will pay off for our producers and for our province in economic development in the long run, perhaps in the short run.

The minister said that the number of staff were laid off August 19 in the other areas, the veterinarian lab, veterinarian drug centre and also the feed

analysis lab. He said, when I asked him about the soils lab, well, these are employees of the university. Is that true for all of the employees of the soils lab that are being privatized? Are they all employees of the university?

Mr. Findlay: Madam Chairperson, in the soil testing lab, all the employees in the lab involved with the testing are university employees. The director of the lab is a Department of Agriculture employee. In the soil survey lab, which is quite different, they are employees of the provincial government.

Mr. Plohman: Yes, Madam Chair, I was not trying to insinuate that the minister was contradicting anything there in his statements earlier, the soil survey lab being quite different. I was moving on to the soil testing lab. The minister had indicated that the staff were employees of the university, but he said that the management is not, so that would be McGill, the head. Would that be the person who is in charge of that? Did this person in charge of the soils lab then also received his layoff for August 19?

Mr. Findlay: Madam Chairperson, Ken McGill, the Director, or the head, as he refers to him, has not received his layoff notice.

Mr. Plohman: I am certainly not suggesting that he should, but I want to ask the minister, where is the consistency in the approach? Can he explain why heads of others have been laid off but, in the other area to be privatized, it has not occurred?

Mr. Findlay: Madam Chairperson, his role serving the department is extension of information to the farm community. There will probably be a redefined role in that capacity in the future, but that extension activity will continue.

Mr. Plohman: Well, Madam Chair, does the minister envisage that his role as the head would perhaps involve some co-ordinating function with a privatized soils testing lab?

Mr. Findlay: Madam Chairperson, that is a possibility. It does not mean it will happen, but it is a distinct possibility.

Mr. Plohman: So it is the intention then that this is not one of the jobs that has been eliminated in the budget. Has there been a change of mind? Was this identified as a cut in the budget? It never was identified, the minister is saying. Is it the intention to retain the position or the person or both?

Mr. Findlay: Madam Chairman, it is difficult to predict the future, but neither the person nor the

position had been identified in the layoff process, and the process of negotiating the future with regard to whoever the new administrative unit will be is an on going process. How the job is going to be defined after that happens will be determined at that time.

Mr. Plohman: Was the position now defined as the head of the soils testing lab, period? Is that what his job description is?

Mr. Findlay: That is the descriptive title, Madam Chairman, and that is the descriptive title he has, but his job is taking the information that is generated in the analysis and doing the extension work with that information to the farmer or to the department staff in a collective sense. He is using the information generated for the extension activity directly or collectively.

Mr. Plohman: Can the minister indicate whether that is unique to this operation in terms of this lab, or is it also consistent with the kind of work that would be done by the head of the feed analysis lab?

Mr. Findlay: Madam Chairperson, the head of the feed test lab is Don Waddell who is an extension nutritionist in the Department of Agriculture.

Mr. Plohman: Yes, thank you, Madam Chairman. It is just about five o'clock here, and I wanted to ask—I do not know if I have one more question here—the minister, could he just give his rationale for privatizing the soils testing lab and what concerns he has with regard to, if any, this operation in the future?

Mr. Findlay: I have really given this answer three or four times already. We chose those services which are an economic service delivery to the farm community for the privatization process, those services associated with health concerns to be kept in the department.

* (1700)

The soils lab is one of those economic services to the farm community which is a natural combination for delivery by the private sector with the feed lab, the same kind of equipment. It allows the use of the same equipment, and it allows a lab to be used at different times of the year, for the peak periods of soil testing spring and fall, and for feed analysis more or less year round. We think it is a good combination that can be delivered by the private sector in an effective fashion for the producers of Manitoba. The soils lab has lost, I would say, about half the business to labs, particularly in the United

States, for a variety of reasons. We think that in a privatized sense we can get a lot of that business back.

Madam Chairman: Order, please. The hour being 5 p.m., and time for private members' hour, committee rise.

Call in the Speaker.

IN SESSION

Committee Report

Mrs. Louise Dacquay (Chairman of Committees): The Committee of Supply has considered certain resolutions, directs me to report progress and asks leave to sit again. I move, seconded by the honourable member for Gimli (Mr. Helwer), that the report of the committee be received.

Motion agreed to.

Committee Changes

Mr. Edward Helwer (Gimli): Mr. Speaker, I move, seconded by the member for Assiniboia (Mrs. McIntosh), that the composition of the Standing Committee on Public Utilities and Natural Resources be amended as follows: the member for St. Vital (Mrs. Render) for the member for Lac du Bonnet (Mr. Praznik).

Mr. Speaker: Agreed? Agreed and so ordered. Six o'clock? Will the House call it six o'clock? Agreed.

The hour being 6 p.m., the House is now adjourned and stands adjourned until 10 a.m. tomorrow (Friday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, June 20, 1991

CONTENTS

ROUTINE PROCEEDINGS			
Introduction of Bills		Constitutional Consultations Friesen; Filmon	3621
Bill 10, Employment Standards Amendment Act Ashton	3615	First Ministers' Conference Friesen; Filmon	3622
Oral Questions		EPF Funding Reduction Wasylycia-Leis; Orchard	3622
Tupperware Plant Closure Doer; Filmon	3616	Health Care System - National Wasylycia-Leis; Orchard	3623
Free Trade Agreement - U.S. Doer; Filmon	3616	Hudson Bay Mining & Smelting Storie; Ernst	3623
Free Trade Agreement - Mexico Doer; Filmon	3617	Nonpolitical Statements	
Free Trade Agreement - U.S. Storie; Filmon	3618	Congratulations to J. Penner Birth of Grandchild Ducharme	3624
Manufacturing Industry Storie; Stefanson	3619		
Free Trade Agreement - Mexico Edwards; Filmon	3620	ORDERS OF THE DAY	
Labour Adjustment Strategy Edwards; Filmon	3621	Concurrent Committees of Supply	
		Health	3624
		Agriculture	3649