



**First Session - Thirty-Sixth Legislature**

**of the**

**Legislative Assembly of Manitoba**

**DEBATES**

**and**

**PROCEEDINGS**

**(Hansard)**

*Published under the  
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The Honourable Louise M. Dacquay  
Speaker*



**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Sixth Legislature**

**Members, Constituencies and Political Affiliation**

<u>Name</u>	<u>Constituency</u>	<u>Party</u>
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
DERKACH, Leonard, Hon.	Roblin-Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary	Concordia	N.D.P.
DOWNEY, James, Hon.	Arthur-Virden	P.C.
DRIEDGER, Albert, Hon.	Steinbach	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
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EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
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GAUDRY, Neil	St. Boniface	Lib.
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HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
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McINTOSH, Linda, Hon.	Assiniboia	P.C.
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PITURA, Frank	Morris	P.C.
PRAZNIK, Darren, Hon.	Lac du Bonnet	P.C.
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TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, June 1, 1995

The House met at 1:30 p.m.

*PRAYERS*

ROUTINE PROCEEDINGS

MINISTERIAL STATEMENTS

Forest Fires—Northern Manitoba

**Hon. Albert Driedger (Minister of Natural Resources):** Madam Speaker, I have a statement for the House.

Yesterday, in this House, I indicated to all members that the forest fire situation in northern Manitoba was very volatile. That situation has not changed. With the very hot weather over the past few days and very dry conditions in northern Manitoba, the forest fire situation has become more serious.

The past three days, there have been approximately 60 forest fire starts in northern Manitoba. The majority of these fires have been caused by lightning. A high percentage of these fires are under control due to the work of 250 to 300 people. These firefighters are working very hard to suppress these fires, and I want to thank all of them for their commitment and dedication.

Manitoba is receiving assistance from the provinces of Quebec and Newfoundland. There are two water bombers from Quebec stationed in Thompson prepared to help fight fires in northern Manitoba. There are also two water bombers from Newfoundland stationed in Gimli prepared to fight fires in eastern Manitoba. The water bombers are in Manitoba as part of a mutual aid resource-sharing agreement.

On behalf of Manitobans, I want to thank the provinces of Quebec and Newfoundland for this much-needed assistance.

At present, we have five Manitoba water bombers, approximately 20 helicopters and 20 airplanes and various other heavy equipment and machinery helping

to fight the fires. As you know, the northern parts of Alberta and Saskatchewan are also facing very difficult situations and have even larger fires than we do. The fire situation has basically moved from the west to the east with the hot temperatures.

One of the more critical fires in our province is at Cranberry Portage where we have a crew of 50 firefighters and three water bombers. I am pleased to report that the fires in this area are being held and it appears at this time that we will prevail. As well, PTH No. 6 south of Ponton was closed yesterday with three or four fires near the highway. At last report, the highway was open. However, smoke in the area is still of concern.

Forest firefighting forces will do whatever they can to keep the fire hazard situation in our province under control. Of course, it is impossible to control the weather. However, we have experienced these situations many times before. We will be taking the necessary measures to ensure that people in communities are as safe as possible and hopefully keep damage to property and forest to a minimum. At this time, there are no travel restrictions in the province. However, the department will be assessing the situation on a daily basis. I am encouraging everyone to be extremely careful in their travels in the wooded areas throughout the province.

Madam Speaker, I want to again thank the provinces of Newfoundland and Quebec for their support.

I also want to thank all of the hard-working firefighters. I look forward to continued assistance and support from everyone involved in the situation.

I will be keeping Manitobans informed on the seriousness of our forest fire hazard as situations develop. Thank you.

\* (1335)

**Mr. Stan Struthers (Dauphin):** Madam Speaker, I would like to thank the Minister of Natural Resources

for making the statement today and keeping us apprised of the situation in northern Manitoba.

I agree that it is a very serious situation, one that is going to require the attention of the minister and his department. I will fully co-operate with the minister in serious attempts to battle a serious situation.

I want to make sure, though, that we pay tribute to the staff of Natural Resources and the community volunteers in such places as Snow Lake and Cranberry Portage.

I want to stress, as well, that the department and the minister work in co-operation with the First Nations in the area that will be affected by the fire. I do not want to see a repeat of what went on last year at Tadoule Lake.

I also want to caution the minister on the resources from out of the province. I hope there is a commitment from the department on using local personnel who are trained in firefighting, as the province has those people available to us.

I want to repeat that I appreciate being kept up to date by the minister on this issue, and I will be willing and able to listen to all the updates that he gives me. Thank you very much.

### TABLING OF REPORTS

**Hon. Jim Ernst (Minister responsible for Sport):** Madam Speaker, I would like to table the Supplementary Estimates for the Fitness and Sport Directorates.

**Hon. James McCrae (Minister of Health):** Madam Speaker, I am tabling Supplementary Information for Legislative Review respecting the Addictions Foundation of Manitoba.

### Introduction of Guests

**Madam Speaker:** Prior to Oral Questions, I would like to draw the attention of all members to the public gallery, where we have seated this afternoon twenty-five Grades 7 and 9 students from Inglis School under

the direction of Mr. Clarence Lazariuk. This school is located in the constituency of the honourable Minister of Rural Development (Mr. Derkach).

Also in the public gallery this afternoon, we have thirteen Grade 9 students from The King's School under the direction of Mrs. Angela Schaefer. This school is located in the constituency of the honourable member for Radisson (Ms. Cerilli).

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

\* (1340)

### ORAL QUESTION PERIOD

#### Winnipeg Arena Tender Process

**Mr. Gary Doer (Leader of the Opposition):** My question is to the First Minister.

Five weeks ago, the provincial government was promising a limit of \$10 million to the new arena. Since that time, the proposal has now moved from \$10 million to \$37 million, and the total public investment in the new arena facility has moved anywhere from \$30 million to \$40 million reportedly in the so-called private-sector plan to \$111 million, Madam Speaker.

Yet, when we ask for information in this House to be tabled, we do not receive it. When we ask about tendering, we do not get a process. The public sector is paying 100 percent of the costs, and it seems to us on this side we are getting zero percent of the information and zero percent of the decision making.

Given the fact that we are now paying 100 percent of the costs, would the Premier now take a leadership position and require that the new arena built with public money be tendered on behalf of all the taxpayers of Manitoba?

**Hon. Gary Filmon (Premier):** Madam Speaker, as I have indicated to the Leader of the Opposition in the past, by doing what he is requesting of us, we would do two things. One is that we would put ourselves in a

position of being responsible for any cost overruns in an arena, which is now currently the responsibility of the private sector, and so we would expose the taxpayer to potentially millions more of cost.

Secondarily, we would probably lengthen the process, so that there would be one additional year of losses to be picked up by the public sector for the operation of the Jets in the current Winnipeg Arena, which is, of course, inadequate and incapable of generating the revenues necessary to improve the operations of the team, and we would be exposing ourselves to another year of losses, which would probably amount to something in the range of \$10 million to \$15 million.

So, to do it in the way which he is recommending would cost the taxpayer \$10 million to \$20 million, conservatively estimated, more to the public taxpayer.

I do not think that is a very intelligent thing to do, Madam Speaker.

**Mr. Doer:** Well, perhaps it would have been more intelligent for the Premier not to have signed the operating loss agreement in December of 1991.

It is his \$43-million signature—

**Madam Speaker:** Order, please.

**Mr. Doer:** I would like to ask the Premier, the government and its secret negotiations and its protracted negotiations from December of 1991 until June of 1994, then again to May of 1995 and then to another drop-dead date, I am sure, that will be announced as we proceed along, has consistently delayed and delayed and delayed various decisions.

Madam Speaker, I would like to table today a document signed in August of 1994 by Mr. Loewen that indicates that the transaction will close on or before August 15, 1995. In light of that information that was known only to the private group—and I am sure the Premier is aware of these dates; he has his own staff involved in these intimate negotiations—in light of the fact that the transaction will not close until August 15, 1995, and that this was known a year ago, will the

Premier now utilize the proper tendering process, so that all proposals can be evaluated on behalf of the taxpayers and not on behalf of the private developers that he seems to be only working on behalf of.

\* (1345)

**Mr. Filmon:** Madam Speaker, in response to the preamble of the Leader of the Opposition, if we had not signed that agreement in 1991, then the taxpayer would have been some \$8 million out of pocket by this point in time because, as I indicated, on the basis of having received some \$17 million in direct revenues to the taxpayer during that period of time in return for the \$9 million of losses that have been our ward, not only would we not have had NHL hockey or the possibility of it in this province, but we would have been out of pocket an additional \$8 million, thanks to his efforts.

Madam Speaker, the time between the agreement which is being negotiated at the present time among all of the various private-sector parties, the agreement that will see the transfer of ownership of the Jets from the current ownership to the new entity that is being set up and the time for closure of the deal is a time in which all of the various finance agreements and understandings have to be reached.

Of course, that is a time in which they will seek the approval of the NHL for the transference of the franchise. That is a time in which they will seek the additional funding that they require in order to meet their commitments and all of the various elements necessary.

There is always a time between legal agreement and closure of a deal that is based on all of the financial measures that have to take place. That is the time that is set by the August 15 deadline. It was always contemplated in the agreement that was signed back in 1991, and that is no news, Madam Speaker.

**Mr. Doer:** Well, it is very unfortunate there was no time built in by this Premier to deal with the public and taxpayers' concerns that would be developed in terms of the 100 percent funding by the taxpayers of the proposed new facility.

It is unfortunate that in four or five years, the Premier never once considered the taxpayers and the people of Manitoba in the time frames that he has privately negotiated with the private developers who are not putting one cent into the new arena in terms of the first \$111 million.

I would like to ask the Premier, in terms of his position of ensuring his government will always follow proper procedures dealing with tenders—and this comment came about with the Kozminski-Shenkarow tendering proposal from the Auditor on the 280 Broadway site—will the Premier make sure that the government follows its own word and follows proper tendering procedures here in the province of Manitoba with our money?

**Mr. Filmon:** We have already indicated that four different companies that were qualified bidders were asked for proposals for the construction of this arena east of Portage and Main. Of those four, three submitted bids and proposals, and the best was selected.

In addition to that, of course, this is for the contract management part of it, all of the subtrades, with the exception of two that have already been awarded, will be put up for competitive bids by Manitoba companies.

#### **Physician Resources Health Sciences Centre—Emergency**

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, this minister and the government have known for months that there is a major crisis in our emergency rooms here in Manitoba, specifically at the Health Sciences Centre, and it is largely a result of government lack of funding and government lack of direction.

My question for the minister today is, what specific plans does the minister have to deal with the situation at the Health Sciences Centre emergency room, specifically the loss of doctors as a result of government funding?

**Hon. James McCrae (Minister of Health):** Madam Speaker, it is my understanding that another meeting is imminent between the MMA and the medical people at

the Health Sciences Centre. We have made our views known that in order for the Health Sciences Centre to be competitive with other centres, a reasonable amount of additional dollars ought to be made available for those negotiations.

We have recognized that the issue of competitiveness amongst and between practitioners is important, and the Health Sciences Centre needs to be competitive with the others, so I think from our standpoint, we are attempting to bring about a satisfactory resolution to the issues at Health Sciences Centre Emergency.

\* (1350)

**Mr. Chomiak:** Madam Speaker, will the minister today undertake to guarantee that he will bring back to this House a specific plan that will deal with the doctors in question and ensure and preserve the doctors at the Health Sciences Centre emergency room?

**Mr. McCrae:** I would like to see these discussions proceed, and, hopefully, they will lead to a satisfactory outcome, which will see the Health Sciences Centre as being a place where emergency physicians want to practise.

**Mr. Chomiak:** Madam Speaker, my final supplementary is, has the minister made any attempt, and if he has not, will he make an attempt to talk with another recently departed specialist who has left this province for the U.S., Dr. Rifkin, a urologist?

Will the minister attempt to talk with this doctor to see why, again, we have lost another specialist in this province?

**Mr. McCrae:** Madam Speaker, I will consider the honourable member's suggestion.

#### **Physician Resources Rural Manitoba**

**Mr. Clif Evans (Interlake):** Madam Speaker, there are currently as many as 50 to 65 vacancies for physicians in rural Manitoba, and as many as 25 rural hospitals are experiencing severe doctor shortages, which may compromise patient care.

In March, I requested that the minister take action to avert a crisis in Arborg as a result of a shortage of physicians at the Arborg Health Centre. Since that time, the minister has written to the centre, offering little more than a vague promise to develop a strategy by the end of the year.

Is the minister finally willing to admit that his policies have left up to 25 communities across our province without adequate medical services, and will he take immediate action to facilitate the recruitment of physicians in these areas?

**Hon. James McCrae (Minister of Health):** Madam Speaker, I thank the honourable member for identifying a very important problem that we have in Manitoba and have had for many, many years, not only in Manitoba, but right across the country.

I am urging the department and the College of Physicians and Surgeons to make this a very, very high priority item. In fact, I cannot think of any item that could be more important, especially in rural, northern and remote Manitoba, than to have physician resources available, medical assistance available, for people who need it.

I think a lot of people who live in the bigger centres do not realize how important that problem can be. If you have a small number of physicians practising in a community, and even one of them passes away or retires or leaves or for whatever reason is not available, there is a significant issue that faces that community immediately.

We need a system by which we can respond quickly, so that we need short-term and long-term ways to deal with these matters, and that is the effort we are embarked on now.

### **Recruitment Strategy**

**Mr. Clif Evans (Interlake):** Madam Speaker, will the minister, today, commit to providing financial administrative assistance to communities who have spent their own operating budget money in recruiting doctors to help them in their recruiting process for doctors, since it is this government's policies that have

changed licensing requirements and made it harder to find physicians. Will he help?

**Hon. James McCrae (Minister of Health):** Madam Speaker, the government has right along provided assistance to communities. We pay for the doctor bills. We pay for the hospital bills, and I do not think that is about to change.

**Mr. Clif Evans:** What changes is this minister prepared to make to allow foreign-trained physicians to practise on a longer-term basis in rural and northern Manitoba communities, given that in one recent recruiting drive, a community had no interest from any Manitoba physicians? What is he going to do about that?

**Mr. McCrae:** Madam Speaker, these are very much the same questions as before. I am interested in making sure that if we have resources available and willing to locate in areas where there are those needs, to bend every effort to make that possible.

But, Madam Speaker, I hope the honourable member is not suggesting we cross over the line of balance that ought to be drawn, where you want to have qualified people looking after our fellow Manitobans' medical needs. That is the job for the college, and I think the College takes its work seriously and should do so.

So we probably do not disagree on the balance that has to be drawn.

\* (1355)

### **Winnipeg Arena Tender Process**

**Mr. Tim Sale (Crescentwood):** Madam Speaker, the Minister of Finance confirmed yesterday that he is receiving daily briefings on the arena and Jets issue.

I would like to ask the minister if he would now confirm that the current plans, as he knows them, call for the governments to turn over the entire construction process to MEC, Spirit of Manitoba, their architectural and construction team. They will do the whole job; we will just shovel in \$111 million.

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, we have indicated consistently that we are working with the current private-sector group that is looking to take over ownership and control of the Winnipeg Jets Hockey Club.

As the Premier has outlined, part of those discussions are on the basis that if there are any cost overruns over and above the \$111-million projected cost of a new facility here in Winnipeg, that the private sector would be responsible for those costs.

They have done an awful lot of preliminary work over the course of the last eight months in terms of issues like a contract manager and so on and also indicating that they will be going out for tendering and bids on the majority of the work that will be done at the facility and that there will be opportunities for Manitoba companies. So the intention is to continue to work with the existing private-sector group—if this facility is going to be built, ultimately, in Winnipeg—to work with them in terms of ultimately building the facility.

**Mr. Sale:** Can the minister tell the House how long he thinks would be required for a proposal call for a new publicly owned arena, especially since at least four proposal calls already exist? How long would it take to refresh that process?

**Mr. Stefanson:** Well, Madam Speaker, the private-sector group, the MEC group, went through a request for proposal back in the fall of 1994.

They sent out four requests for proposals. They received three back from very reputable companies. They did an analysis. They made a selection of one that includes—it is a consortium called Dominion Hunt. They have experience in terms of building these facilities, but more importantly, one of the partners is a company called Dominion Construction that has been in Winnipeg for some 35 years, an outstanding company here in Manitoba. They have built buildings like the TD Centre here in downtown Winnipeg.

I think, certainly, Manitobans would agree that they have an outstanding reputation and performance here in our province.

**Mr. Sale:** Madam Speaker, will the minister then confirm that his government's decision not to call for tenders or proposals will cost Manitobans at least \$70 million more of scarce public dollars than would be required for a brand new 19,000-seat arena at Polo Park—\$70 million more?

**Mr. Stefanson:** I do not agree with a single word that the member for Crescentwood just uttered, Madam Speaker.

I remind members opposite—and I know some of them have read the material, but I do not believe that the member for Crescentwood necessarily has. It was back in 1993. A report on the preservation of NHL hockey in Winnipeg was prepared and chaired by Mr. Art Mauro.

Part of the terms of reference were to analyze potential locations and recommend the optimum site in terms of economic benefit to the community as a whole, income generation for a new facility itself and the needs of the partnership.

Part of that analysis included reports like the Lavelin Report of 1990 that pointed to a downtown location; an analysis done in 1993 by the City of Winnipeg Planning Department that recommended a downtown location, and the ultimate conclusions—and I will not read all of them for the members opposite; they can get the report—of the Art Mauro report is that the best location for an entertainment complex and arena is in downtown Winnipeg, and they list a series of reasons why it makes sense from an economic perspective.

I would encourage members opposite to take the time to do some research and read some material on this very important issue.

### **Winnipeg Arena Winnipeg Forum Group Proposal**

**Ms. MaryAnn Mihychuk (St. James):** My question is to the Minister of Finance.

Could the minister explain why this government has not been prepared to consider the proposal for a new arena by the Winnipeg Forum group—and I have their

proposal right here in front of me—at the existing St. James site through an open, complete tendering process?

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, I will not read the entire report that I just highlighted. I will encourage members to read it.

But an awful lot of time and research was put into the whole issue of an entertainment complex and arena by citizens of Manitoba, by the federal government, by the City of Winnipeg—I am referring to the Planning Committee—by the Province of Manitoba.

I know some members opposite have had an opportunity for input on the issue. The decisions and the recommendations all pointed to the best location for any new facility in our province in terms of the overall economy of our province, the economic benefits to our province, as being in downtown Winnipeg. That was the recommendation of that report.

That was the recommendation of consultants who worked for them. That was the recommendation of the City of Winnipeg Planning Department. That has been the recommendation of a whole series of organizations, individuals and so on, over the course of many months, Madam Speaker, and it has been on that basis that the whole issue has been moving forward.

It has been the basis of the private sector coming forward, preparing to invest in a hockey club \$111 million, Manitoba citizens investing. The whole focus, the approval by City Council recently, has been on a downtown location and the site east of Portage and Main, Madam Speaker.

\*(1400)

### Cost Benefit Analysis

**Ms. MaryAnn Mihychuk (St. James):** My supplementary question is to the Minister of Finance.

Did this government do a cost-benefit analysis on moving the arena from St. James and its effect on local businesses in St. James?

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, the report that I refer to does not only address downtown locations. It addresses many other locations. It addresses the Polo Park location. It addresses a series of other locations within Winnipeg as potential sites, and it does a detailed analysis of various sites within the city.

But at the end of the day their recommendations to us—and the Leader of the Opposition (Mr. Doer) was around when this report came forward and certainly had many opportunities for input and comment on it—have been that the best location for a facility in Manitoba is in downtown Winnipeg.

It has been on that basis that citizens are prepared to invest, and all three levels of government have gotten involved in the project, and it is on that basis at this stage that the—[interjection]

**Madam Speaker:** Order, please. The question was asked, and I am sure that all honourable members would like to hear the response. The honourable Minister of Finance, to quickly complete his response.

**Mr. Stefanson:** Madam Speaker, it has been on that kind of a basis that this initiative has been moving forward over the course of the last many, many months. So the issues of location have been discussed over several months.

### Impact of Relocation

**Ms. MaryAnn Mihychuk (St. James):** My final supplementary is to the Minister of Finance.

Can this government indicate whether they have also considered the effects of moving from St. James to The Forks on the financial operations of the Winnipeg Blue Bombers?

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, I would remind the member for St. James that there have been many individuals, many organizations and many entities involved in this entire initiative, such as the City of Winnipeg, such as the Winnipeg Enterprises Corporation that currently are the landlords for the Winnipeg Arena, for the Winnipeg football

stadium and the arrangements with the Winnipeg Blue Bombers. So they have a particular arrangement with the Winnipeg Football Club.

Obviously, the impact of a relocation of the arena has been considered by organizations like that, and they realize some of the steps that they will have to take over the next several years to deal with the Winnipeg Stadium and the Winnipeg Football Club.

#### **VLT Revenues Information Release**

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, my question is for the Premier.

We are concerned about the lack of commitment by the government and by the gambling committee to seek public input on the whole issue of gambling in the province of Manitoba. This Premier promised a community-by-community breakdown of VLT revenues. This material and information is valuable and I believe important.

My question quite simply to the Premier is, when is he going to keep his promise and bring forward the community-by-community breakdown of VLT revenues?

**Hon. Gary Filmon (Premier):** As soon as possible, Madam Speaker.

**Mr. Lamoureux:** Will the Premier commit to bring forward this very important information prior to the public meetings being heard?

**Mr. Filmon:** Madam Speaker, I can only commit to doing it as soon as possible.

**Mr. Lamoureux:** One could question the secrecy of this government—

**Madam Speaker:** Order, please. The honourable member for Inkster, with a final supplementary question.

**Mr. Lamoureux:** Madam Speaker, does the Premier not believe that the public has rights to know what sort

of information the government has prior to having a gambling committee dealing with the very important issue of gambling in the province of Manitoba?

**Mr. Filmon:** Yes, Madam Speaker, and that is why the information is being assembled as quickly as possible.

#### **Criminal Harassment Reduction Strategy**

**Ms. Diane McGifford (Osborne):** My questions are for the Minister of Justice.

Though harassment is a criminal offence, in 1994, over two-thirds of stalking charges in Winnipeg were bargained away or simply suspended. In 90 percent of the 55 charges laid in 1994, women were the complainants and men the accused, leading to the conclusion that in Manitoba the criminal harassment of women is not taken seriously.

My first question for the minister, will the Minister of Justice tell the House what directive has been issued to Crown attorneys to ensure that the criminal harassment of Manitoba women, that is, stalking, is taken seriously?

**Hon. Rosemary Vodrey (Minister of Justice and Attorney General):** The member may know that it was the former Minister of Justice in this government who made sure that criminal harassment was included within the Criminal Code.

This government, Madam Speaker, has taken a very active role in making sure that there is full consideration, particularly in relation to women, but for anyone who may be the victim of a stalker.

I know that our Crowns proceed vigorously, and we are certainly looking for the federal Liberal government to make additional changes in the area of the criminal harassment legislation, and the reasons, Madam Speaker, are that, as it exists now, the law deals basically with the offender. We would like to see more consideration of the victim.

### Plea Bargaining

**Ms. Diane McGifford (Osborne):** If the minister is so committed to zero tolerance and the safety of Manitoba women, how does she explain why her department suspended or bargained away two-thirds of the stalking charges laid in 1994?

**Hon. Rosemary Vodrey (Minister of Justice and Attorney General):** Madam Speaker, the member and I, I know, will have a greater opportunity to discuss this issue in Estimates. The member also knows that there are matters of evidence which need to be considered by the Crown. That would be an answer in a general sense.

**Ms. McGifford:** Madam Speaker, what assurances can the minister give Manitoba women that further stalking charges will not be suspended or bargained away, especially in view of the 1994 record, plea bargaining?

**Mrs. Vodrey:** Madam Speaker, I would like to tell the member and all Manitobans that this government and certainly our Crown attorneys and Justice take the matter of criminal harassment very seriously. However, as in all cases, the cases must be considered on their facts and on the evidence available. That is how every case is considered.

In addition to that, however, we do look for changes by the federal government in the area of criminal harassment in the Criminal Code, which will provide additional protection for the victim. One of the areas we are particularly interested in is the reverse onus in the area of bail.

### Public Housing Collection Agencies

**Ms. Marianne Cerilli (Radisson):** Madam Speaker, my questions are for the Minister of Housing.

Yesterday, the Minister of Housing committed the taxpayers of Manitoba to cover 24 percent interest charges to collection agencies who are pursuing former tenants of Manitoba Housing. This is causing hardship for low-income tenants, and it is costing the taxpayer.

I want to ask the minister, what is the extent of this mismanagement, how much is the taxpayer giving to collection agencies and how long did this government mismanagement occur?

**Hon. Jack Reimer (Minister of Housing):** Madam Speaker, as pointed out yesterday to the member for Radisson, the people who have been charged the interest on overdue accounts will be given a letter from the department telling them that they have the ability to get that recuperation of funds that they have paid on top of their arrears.

The department has a proactive approach to it. If there is money owing by the department to the people because they have paid the interest, they will be refunded.

**Ms. Cerilli:** I thank the minister for that information, but my question was, how much is the taxpayer of Manitoba providing to these collection agencies?

How much is it costing us because the department was not able to enforce its agreement with these collection agencies?

\* (1410)

**Mr. Reimer:** Madam Speaker, I should point out to the member that the Manitoba Housing Authority has over 14,000 social units under its control and its jurisdiction.

During the time of collection of overdue rents, the department works very closely in trying to work out agreement with the people, so that the accounts that are going into arrears are properly managed and there is a proper setup of collection within the framework of Manitoba Housing. The last resort they get into is passing on the debt to the collection agencies for the collection of this money.

As mentioned, the arrears that were outstanding, there was an interest charge put on by the collection agencies which was inappropriate. We have made corrections on that. We have made overtures and directions to the collection agencies to cease and desist this type of operation.

We are being proactive in going through our files. As I speak, they are going through their files to rectify and send letters to these people, so that these people will be able to access a refund if they paid overdue interest on their arrears.

**Ms. Cerilli:** Madam Speaker, my question is the price of the error and can the minister tell the House how this error occurred. Is the collection agency in breach of its agreement with Manitoba Housing, and can the minister table that agreement in the House today?

**Mr. Reimer:** Madam Speaker, as I mentioned to the member for Radisson, as we speak, my department is going through a complete filing of the rents that have been paid, the amounts that have been charged this interest. Letters are going to be going out.

There is an ongoing search as of this time, so that we are working judiciously to try to correct this error.

#### **Forest Fires Burn Policy**

**Mr. Gerard Jennissen (Flin Flon):** Madam Speaker, my questions are for the Minister of Natural Resources.

Yesterday, my colleague the member for Dauphin (Mr. Struthers) asked the minister about a let-it-burn policy with regard to northern forest fires. The minister replied, quote: There is a group which decides which fires will be manned and which will be kept under control and the areas where this does not make any sense.

Yesterday, water bombers were pulled from the Snow Lake fire to fight the fire at Cranberry Portage. Unfortunately, the Snow Lake fire is now burning out of control.

Can the minister explain how it would not have made sense to fight both fires or whether this decision was made based on a lack of resources.

**Hon. Albert Driedger (Minister of Natural Resources):** Madam Speaker, I wonder if I could impose on the member for Dauphin to share the policy paper that I handed him this Question Period, so that

the member for Flin Flon knows exactly what the policy is relevant to how we fight fires.

I just want to tell you, well, to tell all the members here, that none of us, not one of us in this building here is qualified to get out there and make judgment calls as to which fires should be fought or not. We have professional people who do that, and I believe in their judgment.

#### **Helicopter Resources**

**Mr. Gerard Jennissen (Flin Flon):** Madam Speaker, can this minister assure this House that there presently are, indeed, adequate resources, specifically helicopters, available for fighting forest fires in northern Manitoba?

**Hon. Albert Driedger (Minister of Natural Resources):** Madam Speaker, yes.

#### **Evacuation Process**

**Mr. Gerard Jennissen (Flin Flon):** Can this minister tell us whether his office has been in contact with CN and VIA Rail to have stand-by crews ready for evacuation along the bayline, if the fire situation worsens?

**Hon. Albert Driedger (Minister of Natural Resources):** Madam Speaker, as I stated in the minister's statement that I made, we have had fires for many, many years. We have a system in place that is very capable of doing it. All the departments basically know what their responsibilities are in terms of safety for the general public, for the resources that we have out here.

Madam Speaker, in terms of the Crown corporations of CN and CP, in fact I have to say that one of the train companies basically started one of the fires that we are playing with now.

This is not unusual. This is a normal thing that is taking place out there. The conditions are not normal, but the operations are very normal, and we are ready to do what has to be done. Thank you.

### **Gaming Commission Public Hearings**

**Mr. Steve Ashton (Thompson):** Madam Speaker, my question is to the Minister responsible for Lotteries. For the last number of days, we have seen on-again, off-again and then on-again public hearings, questions asked about the information that will be available to the public, not only in terms of the community-by-community breakdown, but in terms of the demographics of people who are using lotteries.

I would like to ask the minister, given the clear uncertainty and the clear questions that have been asked about how valid the commission's report can be without proper public input, will the minister finally give clear direction that there should not only be extensive public hearings but other mechanisms as well, including the type of phone line system that was used by the MLAs' allowance commission, which should be used to get maximum public input on lotteries.

**Hon. Eric Stefanson (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Madam Speaker, as we indicated the other day, we have a 14-member commission that we feel is very representative of Manitobans. They, at this point in time, have made a determination of the number of public hearings, the locations of public hearings.

The error of the other day has been corrected. They are advertising more extensively throughout Manitoba. They are utilizing the newspapers and radio. They have extended the registration deadline from June 1 to June 8 for individuals to register. They are also making it well known that they will accept other kinds of representation, in particular written representation, from any Manitobans who want to forward any concerns, any information to the commission, Madam Speaker.

### **VLT Revenues Information Release**

**Mr. Steve Ashton (Thompson):** A supplementary, Madam Speaker: Will the minister commit to making

sure that full information is available to the public to ensure that whatever public hearings do take place are going to be valid? When will the information be made to the public so they can comment?

**Hon. Eric Stefanson (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** I am assuming the member is asking for the same information that the member for Inkster (Mr. Lamoureux) asked for just a few moments ago. As indicated, that information will be made available as soon as possible.

The hearings will be proceeding in June in four communities so far, Winnipeg and three outside of Winnipeg. They are being advertised extensively. There are many vehicles and opportunities for individuals to make representation to this committee. We encourage individuals to do so. The members of the opposition have the opportunity to encourage people within their constituencies to make representation, to make written representation or to appear at the committee hearings during the month of June.

**Mr. Ashton:** A final supplementary: Will the minister explain why, today, after repeated promises that this information would be made available, including during the election, to the Manitoba Association of Urban Municipalities, that he is now and the Premier (Mr. Filmon) is now still saying nothing more than, as soon as possible?

When do we get the information, period, Madam Speaker?

**Mr. Stefanson:** The member for Thompson can interpret as soon as possible in whatever fashion he decides.

### **Shellmouth Dam Gate Opening Day**

**Mr. Stan Struthers (Dauphin):** Madam Speaker, my question is for the Minister of Natural Resources.

Due to the high levels of precipitation in October of 1994, soil moisture levels in the Assiniboine basin area

were nearing saturation point. This winter, I also saw snow-packed levels in the area well above average.

Given these two very basic indicators of higher than average spring runoff, can the minister explain why Water Resources did not open the gates of the Shellmouth Dam before water reached the spillway?

**Hon. Albert Driedger (Minister of Natural Resources):** Madam Speaker, I am having a good day. I am fighting fires in my hipwaders today.

The question is a valid one. This has been raised by people along the Assiniboine Valley. The operations of the Shellmouth Dam have been a matter that has been questioned from time to time over the 25 years that it has been in existence.

I have given the undertaking to my colleagues, and I will give that undertaking to the members of the House that we have the Assiniboine River Advisory Committee that is in place at the present time.

I have also challenged them with responsibilities to check and see whether the operations of the Shellmouth Dam have been done properly in accordance with the guidelines that were set up to operate it from the day that it was built.

**Mr. Struthers:** Can the minister tell this House how layoffs of Water Resources technicians contributed to the delays in opening the gates of the Shellmouth?

**Mr. Driedger:** I would just like to say that the Shellmouth structure, as well as the Portage diversion, as well as the Winnipeg Floodway, these kinds of structures, if it had not been for those being in place, we would have had major, major dramatic impact on many people in Manitoba who would have lost their homes, who would have lost their means of livelihood.

These structures were built with proper planning and design in place. The idea of putting these structures into place was to assist and protect the people in Manitoba, and, Madam Speaker, I have to say they are working.

### Flood-Flow Management

**Mr. Stan Struthers (Dauphin):** Can the minister indicate to the House what new staffing measures for flood-flow management will be taken to prevent such disasters from occurring in the future?

**Hon. Albert Driedger (Minister of Natural Resources):** Madam Speaker, I wish it was within my power and purview to be able to dictate what the elements will do in this country, whether it be drought up North or whether it be water conditions in the rest of the province.

We have had flooding in the past, as we have had forest fires in the past, and we have systems in place that basically are supposed to be the guidelines to try and minimize damage to the public for safety reasons.

I have all the confidence that the systems that are in place are adequate. That does not mean that we should not recheck them from time to time, and we certainly are doing that, not only based on the questions from the member opposite but certainly among ourselves.

Within the departments, we review to see whether the policies that dictate the operations of these structures are adequate, and that is taking place again right now.

**Madam Speaker:** Time for Oral Questions has expired.

### NONPOLITICAL STATEMENTS

#### Great Canadian Geography Challenge

**Madam Speaker:** Does the honourable Minister of Rural Development have leave to make a nonpolitical statement? [agreed]

**Hon. Leonard Derkach (Minister of Rural Development):** Madam Speaker, I rise in the House today to express my sincere congratulations to two young gentlemen from my constituency. The first is Mr. David Menzies of Shoal Lake who has earned an opportunity to be part of the finals in the very first Great Canadian Geography Challenge. As one of 10

finalists in the competition, David had to compete against over 160,000 students from 900 schools, quite an accomplishment.

From this competition being held in Ottawa, Madam Speaker, the three top students will receive scholarships and will represent Canada at the International Geography Olympiad in Disney World. Competitions like the Great Canadian Geography Challenge provide our youth with a competitive and enjoyable venue for testing their scholastic skills in a rewarding and memorable way.

\* (1420)

### International Space Camp

**Hon. Leonard Derkach (Minister of Rural Development):** The second gentleman, Madam Speaker, I would like to recognize this afternoon before the House is Mr. Chad Lazaruk of Inglis, Manitoba. Chad who was chosen over all other male students from Manitoba to compete for the representation of Canada at the International Space Camp in Huntsville, Alabama. One week later, Chad was notified that he had been chosen as one male student in all of Canada to attend the eight-day camp. I know that Chad is honoured to have been chosen for this exciting opportunity to expand his horizons in science and space technology.

I am proud of Chad and of David Menzies as my constituents, and I wish them both all the very best with their experiences and all their future plans. Thank you very much.

### Seniors Month

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

**Hon. Jack Reimer (Minister of Urban Affairs):** Madam Speaker, I would like to call attention to members of the House that June is Seniors Month. Today, a celebration was held in Virden, which I was invited to attend and participate in along with my colleague from the area, the honourable member for

Arthur-Virden (Mr. Downey). This was only one of the many activities and happenings across the province during this special month.

In this our 125th year, Seniors Month offers us a tremendous opportunity to honour senior Manitobans for the many accomplishments and contributions they have made and continue to make in our society. Their hard work, their perseverance and their dedication have built and maintained a province and a country that are well respected and considered role models throughout the world.

Every facet of our lives from our homes to our environment and our economy has been shaped by seniors. It is therefore especially fitting to acknowledge and honour this very valuable segment of our society. As parents and grandparents, seniors offer wisdom, experience and guidance so that we can learn from our past, understand our present and plan for our future.

Madam Speaker, I would like to take this opportunity to encourage all members of the House to celebrate Seniors Month by taking the opportunity to participate in seniors events. Thank you very much.

### Osvita Foundation Award

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

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, yesterday I had the pleasure and honour of attending the Osvita Awards Banquet, together with the member for Lac du Bonnet (Mr. Praznik), as well as the member for Burrows (Mr. Martindale), where the Monseigneur Reverend Semen Izyk was presented with the annual award by the Osvita Foundation.

I would like to today acknowledge all members of the House recognition to Monseigneur Izyk for this award. He has been a formidable force in the Ukrainian community since arriving in Canada following World War II in 1949. In fact, he was a founder of Ukrainian communications in general. He has been the editor of Prosvita, that is Progress

magazine, a Ukrainian weekly journal for, I believe, over 30 years. He has been a spiritual adviser to many individuals in the Ukrainian community.

He has been a force in communications, operating a television and radio program. He showed great insight in developing these many, many years ago prior to other individuals even considering this as an instrumental force for preserving culture. He was very active in the Ukraine as well prior to coming to Canada, and, in fact, was imprisoned for many years in concentration camps and during that course of time was a spiritual adviser to many individuals who found themselves in similar circumstances.

To that effect, he has been an editor and a publisher of many books, including children's books. In fact, we learned yesterday that some of the stories he published in Ukraine almost 50 years ago are still being published and broadcast in Ukraine to propagate both the culture and the Ukrainian language.

I would like to join with all members of the House in congratulating Monseigneur Reverend Semen Izyk on this very, very appropriate award dedicated to his years of development in the Ukrainian community. Thank you.

### **Raise the Flag Day**

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

**Mr. Steve Ashton (Thompson):** Madam Speaker, the Kinsmen and Kinettes of Canada hold an annual event which is aimed at promoting pride in our country, the Raise the Flag Day. I am sure many members of the Legislature have had the opportunity to participate in events in their communities, certainly members where Kinsmen and Kinettes are active.

This year there was a rather unique challenge that took place between the Kinsmen and Kinette clubs of Thompson and, for the member for Portage (Mr. Pallister), between the Kinsmen and Kinette clubs of Portage. During a one-week period leading up to the

Raise the Flag Day both communities competed as to which community could raise the most number of flags.

I am pleased to indicate there was good participation from both sides and the Thompson Kinette and Kinsmen club was successful in raising the most number of flags in our community. I would like to congratulate the Kinsmen and Kinettes, a Canadian service club, on their excellent efforts in promoting what is I think a very excellent idea, and that is raising our pride and awareness of our great country. Thank you.

## **ORDERS OF THE DAY**

### **House Business**

**Hon. Jim Ernst (Government House Leader):** Madam Speaker, in certain matters of House business, just so no one is more confused than they might already be, the revised Order Paper is the correct Order Paper with respect to Estimates in committee in Room 254.

Unfortunately, the sequence of Estimates tabled yesterday was not quite clear, and, as a result, someone got confused, so just to clarify, Room 254 for Rural Development, which will be followed by Agriculture, should they be completed this afternoon.

We have had a number of discussions between the opposition House leader and members of the Liberal caucus with respect to some extended sitting times and things related to the Estimates process, so, by leave, I move, seconded by the Minister of Finance (Mr. Stefanson),

THAT notwithstanding any other rule or practice of this House during those sittings of the first session of the Thirty-sixth Legislature held prior to the summer recess:

(a) effective today the portion of subrule 19.(2) which provides for the consideration of Private Members' Business from 5 p.m. to 6 p.m. on each Monday, Tuesday, Wednesday and Thursday shall not apply;

(b) effective June 8, when the Committee of Supply is sitting on Wednesdays, it shall recess at 6 p.m. and reconvene at 9 a.m. on the following day (Thursday) and continue sitting until not later than 12 noon;

(c) effective June 1, when the House sits on Fridays, it shall adjourn at 2 p.m. without question put;

(d) when the Committee of Supply is sitting on Thursday mornings or on Fridays between the hours of 12:30 p.m. and 2 p.m., the rules respecting votes after 10 p.m. shall apply; and

(e) when the Committee of Supply is sitting on Thursday mornings or on Fridays between the hours of 12:30 p.m. and 2 p.m., the Estimates of new departments may be introduced.

**Madam Speaker:** Does the honourable government House leader have leave to move this motion?

**An Honourable Member:** Leave.

**Madam Speaker:** Leave has been granted.

**Motion agreed to.**

**Mr. Ernst:** By leave, Madam Speaker, I move, seconded by the Minister of Finance (Mr. Stefanson),

THAT when the first session of the Thirty-sixth Legislature resumes after the summer recess, notwithstanding the provisions of subrule 19.(2), Private Members' Business shall be considered from four o'clock p.m. to six o'clock p.m. on each Monday, Tuesday, Wednesday and Thursday until the Private Members' Business hours waived in June have been compensated for.

**Motion agreed to.**

**Mr. Ernst:** By leave, Madam Speaker, I move, seconded by the Minister of Finance (Mr. Stefanson),

THAT subrule 64.(1) and 65.(3) be repealed and the following substituted:

64.(1) The rules shall be observed in Committee of the Whole House, insofar as they are applicable, except the rules requiring seconding of motions,

limiting the number of times speaking and, in the case of the Committee of Supply, requiring members to rise to speak.

65.(3) While in Committee of Supply, the minister representing his or her Estimates and the critic or critics of that minister's department shall be permitted to speak from a place in the front row of the benches in the Chamber.

**Motion presented.**

**Mr. Ernst:** This, Madam Speaker, has been the practice for the last little while, but it requires the rule be changed to accommodate.

**Motion agreed to.**

\* (1430)

**Mr. Ernst:** I move, Madam Speaker, seconded by the Minister of Finance (Mr. Stefanson), that Madam Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty with Executive Council in the Chamber, Health in Room 255, and Rural Development in 254.

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

\* (1440)

#### COMMITTEE OF SUPPLY (Concurrent Sections)

#### RURAL DEVELOPMENT

**Mr. Deputy Chairperson (Ben Sveinson):** Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply

meeting in Room 254 will resume consideration of the Estimates of the Department of Rural Development.

When the committee last sat, it had been considering Item 7.(b)(3) on page 132 in the Estimates book and on page 84 of the yellow Supplementary book. Shall the item pass? The item is accordingly passed.

7. Rural Economic Programs (b) Rural Economic Development Initiatives (4) Programs-Capital \$3,700,000.

**Ms. Rosann Wowchuk (Swan River):** Mr. Chair, I would like clarification. This is the capital funding out of REDI funding, or is it a new area of funding that we have not seen before? If so, how long has the program been in place?

**Hon. Leonard Derkach (Minister of Rural Development):** Mr. Chair, this is the area through which we fund such things as the additional amount for the sewer and water of \$2 million, the development support under the REDI program of \$750,000. We have added \$200,000 to the conservation districts which is reflected in this number, the Mobility Disadvantaged Program of \$50,000 and the infrastructure development under the REDI program of \$700,000.

**Ms. Wowchuk:** Mr. Chair, I am sorry, I have not quite understood. We talked about sewer and water yesterday under the REDI initiatives on the page previous. Is this just the funding for the capital projects? If this is the case, is this the funding that the communities, particularly I have mentioned the community of Birch River which is looking for funding for a sewer project—would they have the ability to apply under this lottery support for capital projects to get sewer into their community?

**Mr. Derkach:** Mr. Chair, \$2 million of the Sewer and Water program was a new component of the Sewer and Water program and we had talked about the global amount previously. This is where the \$2 million is reflected.

**Mr. Deputy Chairperson:** 7.(b)(4) Programs-Capital \$3,700,000—pass.

7.(c) Unconditional Grants - Rural Community Development \$5,000,000.

**Mr. Clif Evans (Interlake):** Mr. Chair, first of all, could the minister provide myself, and I think some of our other rural members—I can also pass on any information through my office—I would appreciate if he could provide for me a fully detailed list of all the municipalities in writing like he has, like the department has previously, of the allocations to each community from this fund.

**Mr. Derkach:** Mr. Chair, I will endeavour to supply a list of the municipalities. I think the question was how much each had received under the program. I will supply that to the member.

**Mr. Clif Evans:** Would the minister indicate to us just how the formula, the amount of funds that go to the different communities is arrived at?

**Mr. Derkach:** The basic grant to each community, Mr. Chair, is \$5,000. In addition to that, each community gets a per capita amount. The per capita amount is arrived at by taking the amount of money and dividing it by the number of people in the municipalities as a whole. So it is a basic grant plus a per capita.

**Mr. Clif Evans:** Has the per capita changed at all in the last couple of years?

**Mr. Derkach:** Mr. Chairman, in 1993-94 the basic amount was \$5,000 plus a \$5.70 per capita amount. Once the total figures were in we also made an adjustment to every municipality, and that was an additional \$2.81 per capita. In 1994-95 the basic grant was \$5,000. The per capita is \$9.14, which is a significant increase.

**Mr. Clif Evans:** Mr. Chairman, I think this has been a contentious issue on this grant with the municipalities. Over the past couple of years they have been requesting, through resolutions and through meetings with the minister, meetings with ourselves, that the portion of the VLT funds be increased to go back to the communities. The government has not responded to those requests.

I am wondering whether the minister is endeavouring to convince his colleagues that the request of the municipalities should be looked at very seriously and considered. Is there any hope that we will increase the funding through this fund?

**Mr. Derkach:** Mr. Chair, it has been looked at very seriously and it had been considered when the municipalities came forward with their request. The member should know that no other province in Canada right now shares its VLT revenues with municipalities. We are the only province in Canada to share our VLT revenues with our municipalities with no strings attached.

We share 10 percent plus an additional million dollars for small municipalities who basically cannot—and we do that because they are more unlikely to access large amounts of REDI funding. In addition to the unconditional grant that goes to each municipality, we allocate a significant sum of money to Grow Bonds, to REDI. In addition to that we put money into health, into education from lotteries. Therefore there is a large amount of money that goes back to our communities from the whole lotteries pool.

In terms of increasing the payment from 10 percent, there are no plans at this time to increase that beyond the 10 percent level.

**Mr. Clif Evans:** Mr. Chair, I hope that we will be having a full review of the Crown corporation itself and just see where all the monies are coming from and going out to. I think the concern for some communities out there, and I have heard this quite often, is that even though the VLT money is there towards health and everything else and towards rural development projects, Grow Bonds, REDI program, a lot of communities cannot, because of the availability of their own share of money, get into some of these programs through the Rural Development department because they do not have their share.

\* (1450)

So communities are saying to me, for those of us that are a poorer community, a poorer municipality or jurisdiction, and are obviously putting out an awful lot

of money from our own area, it would help us just as much, if not more, if the amount sent back to the communities was increased. It would probably help their financial situation a lot better, and they would be able to do some of the smaller things that they would not have the money to do otherwise.

**Mr. Derkach:** Mr. Chair, the member should understand also that to help smaller communities we have increased our sewer and water program from the lotteries program by \$2 million. Again, that is money that is going back to the rural communities from the lotteries program. When the member says that there are smaller communities that have difficulty accessing the money, that is precisely the reason why we allocated an additional amount of money so that smaller communities would have unconditional dollars that they could use for accessing other REDI programs, because that is their money.

The REDI programs and the Grow Bonds programs mean that it is not the community, it is not the municipality that has to participate. In fact, the participation comes from projects and proponents that are going to invest in the community and invest in a business, so there is ample opportunity for anybody in the province to participate. It is one of the most flexible programming areas that we have in government in terms of people being able to access those dollars for development in their communities.

Right now I think we have over 200 projects in the province where monies from the REDI program have been accessed. I can tell you that, if you were to look at the map in terms of the distribution, we have projects right from one end of the province to the other. It is not restricted to one area or the other.

We also have introduced, as the member knows, the microloan program, which again is going to allow every community to access a pool of money that they in turn can loan out to small businesses in their communities. This is a community works program.

It is one we feel that is important because again we are putting the money in the hands of the community and the hands of the grassroots to be able to lend out to businesses that they feel are going to be successful.

So, as we evolve in this whole area of economic development in rural Manitoba, we are constantly putting more dollars to work in rural Manitoba, into the hands of organizations in rural Manitoba, so that they in fact have access to not only one program but a fairly large menu of programs, larger than anywhere else that I know of. As a matter of fact, we have other jurisdictions across Canada that are looking at our programs, and even in the United States, I might tell the member, that have looked at our programs and are looking at adapting some of our programs to their jurisdictions.

**Mr. Clif Evans:** Mr. Chairman, the minister indicated that there is a million dollars for those communities that cannot access funds as readily as others. Is there a criteria for those communities? Is there VLTs? Are they Northern Affairs communities that do not have any establishments in them? Who accesses this extra money?

**Mr. Derkach:** Every rural community in Manitoba.

**Mr. Clif Evans:** You are saying that there is an extra million besides what is under the Unconditional Grants.

**Mr. Derkach:** Yes, in the last year we added a million dollars from the REDI program to the Unconditional Grant program so that those municipalities that are small could have a share of that pie, if you like, but every municipal corporate entity receives that money.

**Mr. Stan Struthers (Dauphin):** I am interested in knowing how would people in my constituency go about accessing funds through the Community Works program then? If I have somebody come to my office in Dauphin and ask me how to get involved in this, what should I be telling them?

**Mr. Derkach:** The member should tell them to contact our regional office. We do have a regional office in Dauphin. We have professional staff at the office in Dauphin. We have an economic development officer there who can certainly direct them in terms of how they can establish a community development corporation, which is what is required to be able to access the money.

This program is not up and running yet. We are working on the regulations with respect to the program, and we anticipate that that will be ready for announcement in the fall.

**Mr. Struthers:** Could you give me kind of an idea of what types of groups could access the money?

**Mr. Derkach:** Mr. Chair, the target for this money is the community development corporation, and the reason I say that is that we have asked that every community contribute something to the pool of money as well. One way they can do that is form a community development corporation which then enables them to levy up to one mill within that jurisdiction for economic development purposes, and that is the money they can use to contribute to the pool.

That money is also meant to bring in the round tables that we have in our communities because through the round tables we can do some of that economic development. We want to involve our chambers within our communities. Those I think are very important entities, and, of course, if there are what we call industrial development committees in communities, those can be used.

We do not want to see yet another layer of organizations developed in a community. Rather, we are asking communities to use the organizations that they now have, including the round tables, and then to form their structures appropriately to be able to access the money.

Once they have accessed the first round of money, which is \$50,000, and they have matched it with their portion and have lent it out successfully in a community, there is a further amount of money that can be accessed by these communities so they can continue their operations.

**Mr. Struthers:** Could a town council or an R.M. council identify a specific project and have that body pass a motion ratifying them to do so and then approach through community works?

**Mr. Derkach:** The way the program is meant to work is that the community development corporation or the

entity that is going to have this money available to it will have applicants come forward to that committee. That committee will make the decision as to how much money and whether or not they will lend the money to that entity. It will not be government who will be making the decision in that respect. Rather, we want to vest more of the authority in the hands of the community.

**Ms. Wowchuk:** Some of the groups that have suffered in their fundraising are service clubs and people who run bingos to support service groups. Since the video lottery terminals came into rural Manitoba we have heard many of these people say they cannot raise the amount of money they used to to support these services. They are important services that they provide.

This new program that is being set up, will it be available or will the service clubs be able to apply to continue to operate their committees? I think about a number of halls in rural Manitoba who are facing difficulty because they cannot raise money. Will they be able to access under this program?

**Mr. Derkach:** No. This money is meant for economic development. It is meant to be accessed by small business, new business, home-based business, the manufacturing sector and that sort of thing. This is not a Community Places slush fund kind of approach. This is meant for business development so that community can attract employment into that community for the benefit of the community.

Although I have heard the charge many times even from my own area that we are having difficulty fundraising, we are finding that bingos are up significantly in the province, right through the province. What is down, apparently—and this is from the reports that I am getting—are the Nevada ticket sales, or whatever they are called. I am not too familiar with these. I can tell the member that our minister responsible has shared extra revenue with these entities who sell these tickets to make up that shortfall, or to help to make up some of that shortfall.

**Mr. Clif Evans:** Mr. Chair, this new program, and I remember the announcement during election time—and I am sorry, please correct me if I am wrong on my

thinking. Under this program you are asking groups and organizations in a community to pool together financial resources to have available so that someone, a business from within that community can come to them for dollars, for assistance, and this group would then approve that application, having their own funding in place, and then come to Rural Development, to the department, asking for the other 50 percent of what they are going to provide. Are you creating another banking system within the community doing this?

\* (1500)

**Mr. Derkach:** No, we are not creating a banking system at all, Mr. Chairman. What we are doing is we are giving a community entity that has been organized, an organization, a pool of money and we are asking them to contribute to that pool of money. That pool of money is \$50,000 per community. The community is required to put in \$25,000. Then the community can lend out that money to applicants who come forward for whatever business that community thinks is important to that community. It may be a shoe repair business, it may be a manufacturing business, it may be whatever business that community wants to lend its money to on a repayment basis.

Now if they lend out that first \$75,000, the community then can apply for another tranche of \$50,000 that will have to be matched on a one-to-one basis. Again, they can use that money to lend out to businesses within that community, new and expanding and existing businesses.

**Mr. Clif Evans:** Basically, I said exactly the opposite of what the minister is saying, of course. The minister is saying that the government is dangling the money out there; it is having it made available. Again, you are going to get these communities to come up with \$25,000. Right?

Well, that is my question. How many communities now—and my question earlier in saying that the VLT grants are not sufficient, I have resolutions here from UMM and MAUM requesting that and saying that because of the different troubles that they are having, they cannot access monies from the government? Again, you are saying that you are going to offer that

\$50,000 to anybody in the province, municipality, jurisdiction, who can come up with \$25,000. Who is going to administer all the financing on that? Who is doing all the work on that?

**Mr. Derkach:** The community will. This is what the round tables have been calling for. If you will read the requests that have been made by municipalities and community round tables, they have been asking for an ability to access a block of money that they can then in turn lend out to businesses. They have no difficulty with the concept of contributing some of their own dollars to the concept.

This concept is not something that we have dreamed up in the department. This is a concept that was originated 25 years ago by the community of Winkler which, although it is somewhat different, formed a community development corporation, levied a quarter of a mill on their taxpayers and used that quarter of a mill, the money that was raised by that quarter of a mill, to lend out to businesses that they wanted to attract to their community. That is basically how Winkler started to grow.

What we are saying is that model was so successful that we think it will work in all of Manitoba, and that is what community round tables are telling us. They are the ones who are coming forward and are asking us to invest with them a block of money that they can then, in turn, lend out, and they will do the administration of the money and the loans.

**Mr. Clif Evans:** Mr. Chairman, I appreciate what the minister is saying, but I hope he can prove me wrong. Not only are you providing the opportunity for a municipality at their wish, if they want to do so of course, to add taxes to their community, if their community is already overtaxed on any monies, or asking anybody to put in money, I do not know how many communities can do that.

**Mr. Derkach:** Mr. Chairman, we are only responding to a request that has been made to us by round tables and municipalities, and the municipalities have a variety of sources that they can draw from. One is that they can draw from the VLT money that they are receiving from the province. They can add to that

money by levying, by forming a community development corporation and levying a portion of a mill to help economic development in their area. There are municipalities that have surpluses right now in a general reserve account that can be used, as well, if they form a community development corporation. So, basically, municipalities have sources of money that can be used for this purpose, and we will see.

We know that the program is a new one for Manitoba. I do not know of a program like that in Canada either, but it is not unlike Grow Bonds or REDI. We will launch the program. We will see how the municipalities and communities respond to it. If there are adjustments that are required down the road, as the program matures, we will certainly be flexible and available to make those changes as we can afford them and as the needs arise from the communities.

**Mr. Clif Evans:** The minister says it is not the same kind of programs as Grow Bonds or REDI or whatever. Now these groups, once they have done their lending out or funding or assisting an organization or small business, if this small business still has some extra money, if and such they do, would they still be able to apply through the REDI program in line with the business? Besides this other program that you have got, can they continue on?

**Mr. Derkach:** Yes, Mr. Chairman, this program is in addition to the nice menu of programs that we have out there for rural Manitobans today.

If you look at all the programs we have out there, we have the Grow Bonds Program, we have the REDI program, we have the REA program. Under the REDI program, we have the MBA Consulting Program, we have the Development Support Program, we have the Feasibility Studies Program, we have a Green Team program, the Partners With Youth program and the list goes on and on.

This is yet another program that has been added to try and meet the needs of small rural communities that are struggling to rebuild their economies. We are simply responding in a way in which we hope is a positive response to the needs that have been expressed to us by municipalities and by communities.

I might tell the member that right now we are getting a number of inquiries from municipalities about how soon we can launch this program, because this program is targeted for home-based and small businesses that cannot access funds through the traditional banks and credit unions. We have many of those out there and they are in all of our communities.

So when they cannot access those dollars from financial institutions, they can go to this development corporation or this round table and request they be funded or that they be supported through a loan from this organization which is community based and nobody knows a business in a community better than the people from within that community.

So we think it will work far better than having people from government come in and make the assessment because people in a local community know the individuals. They know the businesses. They know generally what will work and what will not in a community. They know the needs and they can assess these, I think, in a very practical and a very pragmatic way.

**Mr. Clif Evans:** Mr. Chairman, let us hope this program does work. The minister rattles off all the programs that they have under REDI, and I certainly hope most of them will work for all the municipalities, not just for the ones that can afford to get involved in some of these programs.

The minister indicated that it is another way—he has a program that provides provincial loan guarantees to banks and credit unions and now he is coming up with another program that is going to provide the same thing. I just hope these programs do work for all the communities.

\* (1510)

**Mr. Derkach:** Well, I think, Mr. Chairman, there is plenty of evidence out in rural Manitoba that shows these programs that have been introduced do work. Again, this is a program that is designed for the small business, the home-based business. We are starting out with a maximum, a cap on the amount of money that can be lent out.

I am a little disappointed that the member is very pessimistic about it without even seeing the program. I am telling the member that we will launch the program. If the communities come forward and do not use the program because they see it is not effective or it is not practical for them then we will take another look at it, but I think it is at least worthwhile trying to give the community at the grassroots level the autonomy and the authority to be able to use these funds in a way they see fit.

**Mr. Clif Evans:** Mr. Chair, I just want to correct the minister on one comment. I am not pessimistic about any programs for rural Manitobans. I am far, far from being pessimistic. I am very optimistic. I must say, just to remind the minister, just to remind him, that in 1983, because of my optimism for rural Manitoba and because of my wish to be in rural Manitoba, I have lived in rural Manitoba and I am very optimistic. I do hope some of these programs will help somebody and everybody throughout Manitoba.

**Ms. Wowchuk:** Mr. Chair, as the minister has indicated, the program has not been spelled out yet and we will look forward to seeing the details of it. He says the program will help smaller communities that are not able to access funds right now. My question is, if you have a municipality or LGD—and I will use for an example the LGD of Mountain which has a low tax base—would a community have to divide itself off similar to a conservation district where then they would be able to draw on that tax base if the municipality was going to be able to levy a mill rate for them to raise some funds, or would that fund have to be levied across the whole municipality?

I am thinking of some of the smaller communities where they might want to raise some money and wonder whether that has been thought through as to how these small communities within a municipality would be able to access the funds?

**Mr. Derkach:** It can be an entire municipality, or it can be a portion of a municipality, or it can be more than one municipality, as long as two community development corporations do not overlap where taxpayers are levied taxes for this purpose for two

jurisdictions. So it can be one, it can be part of one, or it can be more than one, as long as they do not overlap.

**Ms. Wowchuk:** I am correct to assume then that there has to be a community development corporation put in place first before any of this can take place?

**Mr. Derkach:** A community development corporation is required under The Municipal Act in order for the municipality to be able to levy any taxation for economic development purposes. That is the only avenue a municipality has to be able to levy any taxes for economic development purposes so that is the reason why we reference the community economic development corporations.

**Ms. Wowchuk:** The minister indicated that this was a program to help some of the people who access funds, who have not been able to access before, and one of the areas where we have some of our poorest people. People with the least funds are in the aboriginal communities and in the Northern Affairs communities. I realize that Northern Affairs communities do not come under this minister, but I wonder whether there has been any thought given to whether this funding will be available to aboriginal communities or bands. If they have the ability to match, will these funds be available to them as well?

**Mr. Derkach:** Mr. Chair, we do not fund any projects on reserves so reserves will not qualify for this funding. In northern Manitoba we have the CEDF, which is being accessed by northern communities. In addition to that, this will apply to northern communities as long as they are not under federal jurisdiction.

**Ms. Wowchuk:** I would ask the minister, although these communities do not come under this government's jurisdiction, the aboriginal people are residents of this province, and I would ask that he take back to his cabinet the consideration to look at some ways that we can help, through lottery funding, if there is a way to help.

Again, the minister talked about very small projects, individuals who might want to be starting a home business to provide better services in the communities. I do not think there is a way for people in the aboriginal

communities who want to start these home businesses on their own right now to access funds.

All I am looking for is asking the government to give consideration to that in some way that we might be able to help with this as well. In the long run, if we help get some businesses going and create economic growth it only helps for the betterment of all the people in Manitoba.

I realize this is crossing jurisdictions. The minister is going to come back right away and say this is a federal area, but I know of people in my constituency who would like to get a small business going. If there were ways to help them, then I would hope the funds would be accessible to them as well.

**Mr. Derkach:** Mr. Chairman, I am surprised because the member's own previous government held the same view, that communities that were the responsibility of the federal government had to be funded by the federal government, not the province. I think that is fairly clear.

In addition to this, we have now struck gaming agreements with many of the reserves where the entire funds that are raised through VLTs are left with that community, so they have ample dollars to be able to devote to all kinds of economic development initiatives. That is not happening. It is up to those communities then to use those dollars for those purposes.

I am not going to sit here as a minister and consent to allowing our dollars, our scarce provincial dollars to then be used in areas which are the exclusive responsibility of the federal government. I think it is the federal government's responsibility to go into those jurisdictions and to launch programs that are going to educate and are going to allow those individuals to involve themselves in businesses.

We have the Community Futures organization in this province. We have a federal jurisdiction that is also participating in the province in economic development initiatives in nonaboriginal, or in off-reserve communities. By the same token, they can do the same on reserves. It is their responsibility, and we will not

enter into any activity because that is out of our jurisdiction and we have far more needs outside the reserves than we can meet as it is today.

**Ms. Wowchuk:** Mr. Chair, I was not asking the minister to overtake on federal responsibilities, but there are aboriginal people outside who are living off reserve who have difficulty. What I was asking about was whether they are able to access the funds, how they would go about it, if there was a way for the provincial government to work with the federal government and encourage the federal government to help some of these small businesses get started, because we have the need for economic development throughout rural Manitoba and in the North, whether it is in the aboriginal communities, whether it is in the farming communities we have to look for ways for economic growth.

I hope the minister would not take such offence when I raise the issue of looking for economic development. I am looking for a way that we might be able to work together instead of just saying, well, that is a federal responsibility, and we have already given them money to video lottery terminal revenue. How is it that we can work together so that we will have economic growth and prosperity in all of rural Manitoba, be it on a reserve, in a Northern Affairs community or in a farming community or in our small towns that are dying? I think it is a matter of us working together to try to help out, not just to say, well, no, this is not our responsibility so we are not going to do anything with it.

I was looking to the minister for some leadership to say, yes, although this is not our responsibility, we are going to work with these communities and encourage the federal government and work hand in hand for the betterment of all of Manitoba.

\* (1520)

**Mr. Derkach:** Well, Mr. Chairman, I have to indicate to the member that we do work with the federal government with the Community Futures organizations, with Western Diversification for all of Manitoba. Those individuals who do not live on a reserve can access money whether it is in the northern jurisdiction through CEDF or through any of our

programs. They are not restricted from participating, but I have to tell the member absolutely and unequivocally that on reserves we do not have any jurisdiction. We have given over all the lottery funding that is generated on reserve to the reserves and we cannot participate because it is federal jurisdiction and that is all that can be said about that.

**Ms. MaryAnn Mihychuk (St. James):** Mr. Minister, my critic area is actually Energy and Mines, so I would like to ask for communities that go through boom and bust cycles and for some communities it has been very tough.

**Mr. Deputy Chairperson:** Order, please. Can you pull your mike up a little bit closer so we can hear you.

**Ms. Mihychuk:** Can you give us an idea of what opportunities there are for communities such as Snow Lake and Lynn Lake where they have gone through some very hard times economically?

**Mr. Derkach:** Well, I can certainly respond to that question and I am glad the question was asked because it does give us an opportunity to show that we have worked with the northern communities. I have put a lot of my own personal energy into making sure that I am available to the northern communities because they are a distance away, especially the single-industry towns.

Just by way of history, Lynn Lake went through a period of time during the former administration and then it carried on into our administration where the mine was closed down. People moved out of the community, left behind their homes and the homes began to be looted and destroyed by vandals and so did the businesses, and the community was in shambles. We came to the aid of the community, along with the federal government, to launch a program of restoring some of the homes that could be restored, tearing down those that were beyond repair.

It was actually the first Welfare to Work program in the province, I believe, because we employed people who were on welfare and people who were unemployed. We had in that first round of work, I believe, 16 or 18 people working throughout the summer restoring the homes and tearing others down,

salvaging the lumber.

The program was so successful that in partnership with the community, we held a bit of a thank you evening for the people who had come forward. I have never seen so many thankful people who actually found that they were happy to be off the welfare role. They were doing something that was benefiting their community. They were taking pride in their work.

Out of those 16 people, I believe, most of them are today employed either in the mining industry or in some other occupation. So the experience was an extremely positive one. We were able to access some dollars from the Mining Reserve Fund, and we were able to use some money from our REDI program. We were able to participate with the community to do that.

So where there are single-industry towns, we are constantly talking to them about looking ahead to the time when the mines close down, so that they can look at other opportunities, whether it is in tourism, which is fairly important in the North, or some other type of industry that will sustain their community as best as possible once the mine has been closed and the industry of that community disappears.

**Ms. Mihychuk:** Can the minister tell me how much money is generated through VLTs through a community, for example, like Snow Lake, and how much money would go back into that community? Does the department have that type of information available?

**Mr. Derkach:** Mr. Deputy Chairperson, I do not have that kind of information in terms of how much money is generated by the community, but I can provide for the member the amount of money that goes back to a community like Lynn Lake or Snow Lake. I do not know if I have the information with me.

The community of Lynn Lake, in 1994-95, will have received \$12,623 under the VLT support program. The community of Gillam, for example, will have received \$22,000; Grand Rapids, \$9,625. The Snow Lake community received \$19,606 under the community development program. In addition to this, the communities also have received dollars from REDI,

and there have been no Grow Bonds in the northern communities.

I might also add that we have provided communities like Snow Lake and Lynn Lake, Lynn Lake especially, with financial assistance to do a strategic plan for their community for the future so that in the event that the mine closes down, they have begun the process of strategically looking at their strengths and where they can see their future after the mine leaves. So we have participated in that way with the communities, as well.

**Ms. Mihychuk:** The minister was talking that the grant is, as I understand it, based on a lump sum plus a per capita amount that is given to each municipality or community. Does this not actually accentuate the boom-bust cycle in mining towns, for instance? When times get tough the amount of revenue or resource they get from VLT revenues also falls, and when times are good and there are more people living in the community, they get an additional windfall. So instead of trying to moderate the boom-bust cycles, and people losing their homes and then coming back, this government is making things worse.

**Mr. Derkach:** No, Mr. Chairman, it is not making things worse because what we do is—to account for some of the smaller communities we have put in a base grant first and that is taken off the top, and then the per capita comes in as a secondary portion of the grant that they receive. In addition to that, when a community's mine leaves, there is a mining reserve that can be accessed to help that community along when its population goes down.

In addition to that, as I indicated to the member, we are working very aggressively with these communities in the North. We have a regional development corporation in the North which looks after a number of communities in northern Manitoba in terms of economic development opportunities. We have worked with communities on a strategic development plan for their area, so basically we are trying to do what it is we can to ensure that these communities are sustainable even after their resource runs out.

**Ms. Mihychuk:** Can the minister share with us the number of communities that receive over 25 percent of

the VLT revenues that are generated in those communities? You indicated that it works out to 10 percent plus. How many communities are actually receiving more than 10 percent?

\* (1530)

**Mr. Derkach:** Well, there are no communities that receive more than 10 percent in terms of the unconditional grant that is given to them, but I could not tell the member at this time how many communities would have received dollars from REDI programming. We would have to do a calculation of that. I do not have that number in front of me right now.

**Mr. Struthers:** I was a little bit surprised, with all due respect, to see the minister get his nose out of joint on the question of jurisdiction over federal and provincial jurisdiction in the area of reserves. The provincial government, it seems to me, spends money already on health, education, social services and a number of things on reserves. I would think you would want to ease the burden on the provincial government of the amount of money that you spend in those areas.

It seems to me that connected with that are the high unemployment rates on reserves. I am going to say something nice about your community works program, after I said what I just did, but it seems to me that the community works program has a possibility of providing employment, which would ease the burden on your own rolls when it comes to putting out money for health, education and social services. That is why I was a little bit surprised to see you go on that tirade about the federal government.

What I want to point out with the community works program though is that I can see it working very well in communities such as Winkler and probably in my own community of Dauphin, where there is somewhat of a tax base to draw from and where there could be surpluses there already to put up the \$25,000.

I want to deal with those communities first and then get to the other ones later. If the community grabs the \$25,000 that you are putting out for them and comes up with \$25,000 of their own, are there guidelines from your department giving some sort of guidance to those

communities on how to go about choosing which projects qualify for the \$50,000 overall?

**Mr. Derkach:** Mr. Chairperson, we will set some regulations with regard to the community works program, but we feel that the expertise that is available in many of these communities is far better than external expertise of the department. We would have to say that we would allow communities to decide which businesses they should invest in. These are not large sums of money.

The cap on the largest sum of money they can lend out to a single business is \$10,000, so basically we are looking at allowing the community to decide the type of business that that community needs within it and then to support that community with a small start-up loan of \$10,000, which is repayable over a five-year period of time.

We will help. We will be there with the community to give them any support and assistance that we can, but we want the decision making to start being made at the local level.

**Mr. Struthers:** The reason I ask is that I am hoping there are lots of communities in Manitoba, with lots of ideas on how to start their own businesses using the community works program dollars that you are making available. My worry is that if there are a lot of projects come forth, there will obviously be some projects left out.

If you get 10 projects and you can only fund seven of them, are you going to assist the community in deciding on what you do with the last three that do not get in there? I do not want to see a community like Dauphin get into a discussion about who gets the money and having some kind of ongoing or long-lasting feud or debate come out of this kind of a discussion. I think if you were to put some guidelines in place to help the community, there would not be those kind of splits that might develop.

**Mr. Derkach:** Number one, I hope that there are more applicants than there is money, because that would be a good indication that rural Manitoba is really out there creating employment and revitalizing itself.

Secondly, this is a revolving fund. So once the \$75,000 has been used by the community in the first round of loans that they may be extending to their businesses, the community can then, given that there will be activity, apply for another lump sum of money, which will also allow them to then meet the needs of those businesses they may not have been able to meet in the first round.

As the money starts being repaid by the businesses which have accessed that money, the community will then be building up a block of money that they can lend out again; so it is a revolving kind of fund. They may not be able to meet every need in the community to begin with and there might have to be a waiting list that is established, but it is a beginning. I ask the member's patience here so that we can get the program launched first of all and get some experience with it, and then we will be able to adjust in accordance to what level of activity there is.

There is also another element here and that is that there are larger and smaller communities, and there may in fact be a greater demand from those communities that are large where we may be asked to put more money into the larger communities. So we want to get the program started first. Let us walk before we run. Once we have had some experience with it, we will be able then to alter, expand and be flexible in how we adjust to the needs of the communities.

**Mr. Struthers:** I want to assure the minister that after spending 10 years of my life as a school teacher in the junior high section, I have more than enough patience and I am willing to wait and listen for the good results that I think can come from this program.

I am still a little bit unclear though. You talked about the waiting list and that gets back to the question that I had just asked you. I can see a situation develop—and I have seen this happen in small communities before—where if you have a number of projects that are up for consideration for this amount of money, how do you go about ameliorating the people who do not get funded in the first round if they are not happy with sitting on the second round or sitting on the waiting list waiting for the second round? I just do not want the

program to get a hole poked in it by people who have their nose out of joint for not being considered on the first round.

**Mr. Derkach:** Mr. Chairman, those are all hypothetical. I do not even know if we will have that kind of a problem arise. If we do, we will certainly be hearing from the communities, I am sure. Basically, what we are trying to do is meet a need that is out there. We are starting out with a moderate sum of money. Provincially it is a fairly large chunk of dollars that will be allocated to this program.

If you take a look at \$175,000 which would be available to a community in the two tranches, and if you take an average of \$7,000 per project as an average, you are looking at in excess of 20 projects per community. That is pretty significant, and you would have to be a fairly large community to be able to have 25 new expanded businesses start up in a community. It may happen, and we hope it will, but as I said, we will monitor and look at the program carefully as we proceed with it.

**Mr. Struthers:** I realize that I am throwing up some hypothetical situations, and it is always difficult to operate on the basis of hypothetical situations. I want to say, too, that I appreciate the opportunity now to get to talk about a program that I think is going to be good before it actually is put together. So I am really feeling right now like I am actually getting some input into a government program.

\* (1540)

On that line too, if we discuss these hypothetical situations now I am hoping that it will give the minister and his department a little bit of time to consider these should they come up when the time does. I hope he appreciates my bringing these hypothetical questions up.

**Mr. Derkach:** I appreciate them, and I thank the member for that advice and that counsel.

**Mr. Struthers:** Still sticking to this community works program, has any kind of decision or discussion taken place on what kind of interest rate would be charged

when these loans are taken out and repaid, or is that too hypothetical?

**Mr. Derkach:** It is not hypothetical. I think it is a little premature though because we have not written the regulations for the program. That is something the department is working at currently, and as we develop the program that will be an issue that will be addressed. I cannot really respond to that in any way right now, but it will be a moderate rate that will be able to be lived with by the business. We are not going to be competing for the highest interest rate in town.

(Mr. Mervin Tweed, Acting Chairperson, in the Chair)

**Mr. Struthers:** The other half of the questioning that I wanted to get into—I think you have answered my questions on the larger communities that I think would be able to afford this and take advantage of it—I am though worried, and I share the concerns of my fellow members from Interlake and Swan River, about the smaller communities that may not be able to register for the program at all.

I am thinking in terms of a small R.M. in rural Manitoba. The people from there approached me. They had heard about this program during the provincial election and the discussions that took place then. You will be glad to know, at the time even, I told them that I thought there was some merit to the program. They were concerned, though, about raising the amount of money up front that they needed to take advantage of the program.

Is there any other way that a small R.M., which cannot raise the money through taxes, can access the money without having to hit the \$25,000 mark?

**Mr. Derkach:** Mr. Chairperson, there is going to be some flexibility in the program in that if a small R.M., as the member raises the issue—and I do not know that there are that many which cannot find \$25,000. If there is, they do not have to access the \$50,000 to start with, but it is a ratio of 2 to 1. If they want to access just a smaller amount of money so they can start out with a smaller amount of their share, we are going to be flexible enough to allow that.

The other way we are going to provide some flexibility is to allow communities to join with other communities, municipalities to join with other municipalities, perhaps another neighbouring small municipality, and jointly they may be able to come up with their share of the money and go at it at a 2 to 1 ratio as well.

We are trying to build in enough flexibility so that we can meet the needs of the smaller and the larger communities.

**Mr. Struthers:** The money then that will be going from your department through the community works program, some of that money will be taken from VLT money that has come from these communities.

**Mr. Derkach:** Mr. Chairperson, we do not identify how much money has come from each community. What we do through the budgeting process is look at the programs and then allocate through our Treasury Board and budgeting process an amount of money to run a program. Basically that is how we arrive at the amount of money. Where that VLT money comes from is not important to us. What is important is the amount of money we have to run a program.

**Mr. Struthers:** Yesterday I asked a question about what you just talked about now, where that VLT money comes from. I was told just what you said today, that those figures would not be available. Yet, correct me if I am wrong, but the question in the House today from the member for Inkster (Mr. Lamoureux) to the First Minister (Mr. Filmon) was an accounting of that money. The Premier, at the time, said that he would have those figures as soon as possible. So I am led to believe that those figures can be accessed, and I want to know how quickly we could get it.

**Mr. Derkach:** As I indicated yesterday, that is not something my department has. What you would have to do is access that information through the Minister of Finance (Mr. Stefanson) who has responsibility for Lotteries.

**Mr. Struthers:** Okay, good. So if I go through the Minister of Finance, then I can find out, say, that the R.M. of Lawrence has contributed X number of dollars

through their VLTs to the Province of Manitoba. Am I correct in saying that?

**Mr. Derkach:** Again, I have to indicate to the member, he is asking the wrong minister here, because that is the kind of information that would have to be asked of the Minister of Finance. I do not have that information.

**Mr. Struthers:** What I am worried about here is that a small community like the R.M. of Lawrence, you could tell me how much money they are getting from your department for different projects, just as you did for Snow Lake and some of the others. If I was to ask you how much the R.M. of Lawrence was getting in, you should be able to tell me then, right?

**Mr. Derkach:** How much it was getting—

**Mr. Struthers:** How much in a year the R.M. of Lawrence would receive in funding from Rural Development.

**Mr. Derkach:** Well, Mr. Chairman, of the Unconditional Grants that go to these municipalities, the 10 percent, I acknowledge that, yes, we have that information. I will provide it to the critic. I indicated that I would. So that is the information he is seeking. Yes, we will make that available to you.

(Mr. Deputy Chairperson in the Chair)

**Mr. Struthers:** Okay, good. Thanks.

Since I raised the R.M. of Lawrence, it is just the one I used to live in, and maybe that is why I am using that as an example.

I realize that the province has taken money out of the R.M. through VLTs and then is turning around and giving it back in community works program money.

Would that money that they take out of the VLTs, could that not be considered part of their \$25,000 building up towards community works?

**Mr. Derkach:** Well, Mr. Chairman, let me say that the R.M. of Lawrence received \$10,000 in '94-95. If the

R.M. of Lawrence wants to use that \$10,000 as part of their contribution towards the community works program, that is their decision.

**Mr. Struthers:** That allays the fear that I had that small R.M.s like the R.M. of Lawrence would be actually paying twice. My fear was that they would be putting out a lot of money through VLTs and then having to put up money again to become part of the community works program, which I would not see as a fair way to do it, but I am glad you have cleared that up.

Maybe this is not the right place to bring this up, as well, but I am going to try anyway. It has to do with VLTs, and I am worried about the people who are addicted to gambling and the amount of money that is being spent on helping them get off of gambling. Is that something that your department puts money into?

**Mr. Derkach:** No, Mr. Chairperson. That is not my department. Again, that would have to be asked of the Minister who is responsible for Lotteries (Mr. Stefanson) and I believe the Minister responsible for— is it Family Services or Culture, Heritage? I am not sure.

I am sorry, Mr. Chairman. Because the money goes through the Addictions Foundation, it will be the Minister of Health (Mr. McCrae).

**Ms. Mihychuk:** Following up on some of the questions my colleague has been asking in terms of the new community works program, can the minister tell us what projections the department has made in terms of what they see as the outlay of revenue in this? How much money do we anticipate is going to be coming this year, next year, maybe two or three years in terms of a projection?

**Mr. Derkach:** Mr. Chairman, over a five-year period, we are projecting that we will be spending in excess of \$3 million.

**Ms. Mihychuk:** This \$3 million is coming from VLT revenues that are accumulated throughout the province, and I understand put into—is it general revenue? What programs are then going to be

hampered by the removal of that \$3 million? This is money that was in that pot that is now going to be going into rural Manitoba?

\* (1550)

**Mr. Derkach:** Mr. Chairman, through the budgeting process, we have had increases. Rural Development has been fortunate to get increases in our budget allocations over the last three years, and we are not anticipating any reductions in that. This is money that is established for programs through the budgeting process. We have identified that over the next three years we will be spending \$3.5 million. It is not money that is being taken away from any other program so that we can have this program.

**Ms. Mihychuk:** Can the minister share how much lotteries money the department gets? What is the total pot? This \$3 million, if I understand correctly, would be in addition to what there was last year.

**Mr. Derkach:** Mr. Chairman, through the lotteries programs, our money is basically in the rural economic programs and in 1994-95, we received \$13,006,000; in 1995-96, we have received \$17,500,000.

**Ms. Mihychuk:** For clarification then, the new program will be in addition to the \$17 million that you are—

**Mr. Derkach:** Mr. Chairman, the new program will be part of the \$17,500,000.

**Mr. Clif Evans:** Mr. Chair, I appreciate some of the questions that my colleagues have put forth. We have to also remind the minister that initially when the VLT monies came into play, monies were supposed to stay in rural Manitoba. I would tend to indicate that \$17.5 million going back through Lotteries Funded Programs is a small, small portion of the amount of money that comes from rural areas into the general revenues. I would ask the minister and his cabinet to seriously consider the requests of the municipalities to increase the level of funding from VLT monies back to them.

**Mr. Derkach:** Mr. Chairman, the money does not just simply go from—the \$17 million that we are looking at

is not the only money that goes into rural Manitoba. As I indicated before, there are monies that go into rural Manitoba for health, for education, for other services. There are monies that have been put aside for balancing the budget. Rural Manitoba benefits in many ways.

If we look at the \$17 million, that is a very narrow way of looking at the whole picture. I only ask that members consider the fact that our resources for government are such that we have to try and spend them in the best way we can. It is for that reason we have indicated to municipalities that we can share 10 percent but we will not be sharing any more than 10 percent at this time. If you look at the record of other provinces, we stand head and shoulders above what other provinces offer to their municipalities.

**Mr. Clif Evans:** Mr. Chairman, the minister has indicated the rates for '94-95. Seeing as we are dealing with '95-96, does the minister have figures as to what the amounts for '95-96 will be for municipalities, going back to the municipalities? The '94-95 was \$9.14 plus the \$5,000.

**Mr. Derkach:** No, '95-96.

**Mr. Clif Evans:** Okay. You said '94-95.

**Mr. Derkach:** Mr. Chairman, our projections are that in 1994-95, the per capita was \$9.14. In '95-96, the per capita will be in the range of the \$5,000 basic grant plus \$11.43.

**Mr. Clif Evans:** Can the minister just relate from the beginning of the first figures in '93-94 to the '95-96? How do you project the percentage of money going or the amount per capita? How do you project that amount? How do you come to that conclusion to have \$11.43, up \$2 and some?

**Mr. Derkach:** Mr. Chairman, that is a forecast that is done by the Minister of Finance (Mr. Stefanson) and the Lotteries Corporation. It is not something we are involved in directly.

Based on their forecasts for 1995-96, they are projecting that we will be able to pay out the \$11 that I have indicated.

**Mr. Clif Evans:** So that will be the indication in the Estimates book of the \$1 million increase on that line then, an anticipated extra cost of \$1 million.

**Mr. Derkach:** That is right, Mr. Chairman. That is correct.

**Mr. Struthers:** This weekend I will head back to Dauphin, and I am going to be talking to people. One of the things I am going to mention is your community works program.

**Mr. Derkach:** It is not announced yet, Mr. Chairman. It could be somewhat premature.

**Mr. Struthers:** The minister should be looking for allies wherever he can get them even if they are in the opposition benches and if I am going to say nice things about his program, he should at least encourage me and give me the ammunition to do it with. Is that not right?

Well, when I go home on the weekend, I want to be talking to friends of mine who I have with the Chamber of Commerce. There are meetings of the chamber that are coming up, and I want to be talking about this program to them. I do not want to mislead them though in any way and get your office inundated with a whole bunch of calls from Dauphin going for all kinds of programs that you may feel uncomfortable in sending money to even if the local people are making the decisions, which leads me to the Parkland recreation complex.

Even though the complex has already got money from your department, would that sort of a project still qualify for money under the community works?

**Mr. Derkach:** I do not believe it would, because it is not a small business and the only amount of money you can afford a small business is \$10,000. There is a cap on this program.

I would caution the member from making announcements on behalf of government right now, because we have not made the announcement formally in terms of the program yet and although in the election campaign the concept of this program was announced, we still have some detail to work out. I appreciate the

fact that he believes this is a good program and can be of benefit to his community.

I would ask him to be patient and let us develop some of the details that have to be developed for the program and then I would be happy to share those with him.

**Mr. Struthers:** I may be new around here, but I want to assure the minister, too, that I will not be calling any news conferences bragging up his program.

**Mr. Derkach:** Thank you.

\* (1600)

**Mr. Struthers:** I do want to remind the minister that in my community of Dauphin when it comes to fundraising, the No. 1 issue is going to be the Parkland recreation complex, and the first thing that will pop into people's minds when they do eventually start to consider projects for community works will be the Parkland recreation complex. Even if it is a cap of \$10,000, that is \$10,000 towards the goal the community has set to raise for the complex.

Let me tell you that the Dauphin Joint Recreation Commission will be taking any amounts of money from any source they can get. So, if they think there is a possibility of getting money through this program, they will probably check it out and they will be coming to me and they will be coming to you and your department to see if this is a possibility. So I just want to make sure that I am on the same wavelength as what the department and you are.

I might give you a chance to brag here a little bit too, but would a company such as Westman Plastics then, qualify under this program?

**Mr. Derkach:** I cannot see why it would not. But again, as I indicated to the member, the details have not been put in place yet for this program, but it is an eligible business in the community. It is one that the community may decide to support through the community works program.

The member said it might give me a chance to brag, and I will, because Westman Plastics is one of those

Grow Bond issues that has been very successful for the province and for the community of Dauphin.

It is the kind of project I think that we in government should be supporting because it is adding value to a product. It is creating a product that is needed not only in the agricultural industry but also in the transportation industry. I believe that is the kind of project we all should be behind and supporting because it certainly provides high-quality jobs in the community of Dauphin.

I think there are one or two engineers working in the plant which brings the skill level in that plant up considerably, and that is what you need in a community like Dauphin or any other small rural community.

**Mr. Deputy Chairperson:** Item 7.(c) Unconditional Grants - Rural Community Development \$5,000,000—pass.

Resolution 13.7: RESOLVED that there be granted to Her Majesty a sum not exceeding \$17,500,000 for Rural Development Rural Economic Programs for the fiscal year ending the 31st day of March 1996.

The last item to be considered for the Estimates of the Department of Rural Development is item 1.(a) Minister's Salary \$22,800.

**Mr. Derkach:** Mr. Chair, I know you will be asking staff to leave. Before the staff of the department do leave, I would just simply like to put on the record my appreciation as Minister of Rural Development to the deputy minister and staff of my department who have worked very hard over the last year to bring to rural Manitoba the kinds of programs and initiatives that would help revitalize our community.

I have to tell members around this table that during the Forum 95 staff from my department from all areas of the department worked night and day to put this project on. For weeks and weeks they took time from their families, from their recreational time to work on this event, and that is why it was such a success. I would just like to record that I have a deep appreciation, and so does our government, for the work that has been done by staff of my department.

**Mr. Clif Evans:** Mr. Chair, I would also like to echo on behalf of our party and our caucus on the fine, fine work that the department people have done in the past couple of years in trying to put together a new form of Rural Development department. I hope that we can work together and make it an even bigger success, certainly with your appreciation and co-operation. Thank you.

**Mr. Deputy Chairperson:** As I said earlier, the last item to be considered in the Estimates of the Department of Rural Development is the Minister's Salary of \$22,800. At this point, we request that the minister's staff leave the table for the consideration of this item.

**Mr. Clif Evans:** Mr. Chair, I think it is standard procedure under the Minister's Salary that we may ask some questions that were perhaps missed or other members might want to put on record of the minister.

**Mr. Deputy Chairperson:** It is allowed.

**Mr. Clif Evans:** Mr. Chair, I would like to ask the minister, with the draft report of the Municipal Act review that is in place now, can the minister indicate to me and to us just where we are at with this report as far as future committee, future meetings.

**Mr. Derkach:** Mr. Chairman, we have had the committee now go through two rounds of consultations with Manitobans regarding the Municipal Act review. They have taken the draft report back out to rural Manitoba or to all of Manitoba. There has been comment on the draft report. I believe we have a date of around the 16th of June or thereabouts when the committee will present their final report to me. At that time it will be up to government to consider the final report and to take further steps regarding the rewriting of The Municipal Act and related statutes.

The committee basically has completed their consultations. I believe it is just a matter of them now formally presenting the final report to me as minister.

**Mr. Clif Evans:** Mr. Chair, then the final report will be coming, as the minister has indicated. Is the minister aware whether some of the concerns from the

draft report that MAUM and UMM have brought forward to the department for consideration or changing, implementing, not implementing?

**Mr. Derkach:** Mr. Chair, I will not know that until they make their final report to me in the middle of June. I have not heard of any concerns raised by UMM or MAUM. Both organizations were involved in the review, so I guess I will know better when they present their final report to me during the mid part of June or the third week in June.

**Mr. Clif Evans:** Mr. Chair, when will it be made available to other members after the 16th of June? How long does the minister feel that he will have? How much time will he need to go through it before we get copies?

**Mr. Derkach:** Well, Mr. Chair, this is the committee's report. I do not intend to keep it secret. My intention is to be able to review the report with the review panel so that I have a clear understanding of what recommendations are coming forward. I want to have an understanding of the types of concerns that were raised, and after I am comfortable with those kinds of issues, I will be prepared to share them with members of the Legislature.

**Mr. Clif Evans:** Mr. Chair, can the minister indicate whether there has been a real good, positive response to this review to The Municipal Act? Has he had reports back of any serious thoughts from different municipalities about parts of the draft, in the second round especially?

**Mr. Derkach:** Mr. Chair, I have to say to the members here that there have been no major issues raised as a result of the draft report that was circulated. As a matter of fact, from my meetings with mayors and reeves throughout the province, I have had nothing but positive comments in terms of the process and the openness of the process.

Yes, there are going to be proposals there that may not be agreed to by each and every municipality, but once again, I cannot even talk about what is in a draft proposal because that may change in the final recommendations that come to us from the board.

By and large, the feeling has been quite positive in terms of process. Issues have not come to me in any significant way.

\* (1610)

**Ms. Wowchuk:** Mr. Chair, the minister indicated that he expects the final report somewhere around the 16th of June. Is there a possibility that this report could then go into the regional meetings, which I believe are being held towards the end of June, so that councillors and municipal people could have an opportunity to review the final draft?

**Mr. Derkach:** That is our intention. If in fact everything goes as planned, I will be receiving that report prior to the regional meetings, so it would be our intention to also have that information available for councillors at that time.

**Ms. Mihychuk:** In my past life, as a woman in a nontraditional career in the field of geology and mining, I was always interested in the opportunities for women and target-group members in terms of the affirmative action program in their ability to move ahead in departments in government.

Can the minister tell us what your plans are in terms of affirmative action? Have you achieved your target? How is that program evolving over the past few years?

**Mr. Derkach:** I can find out whether we have achieved our target, but I believe we have. I can tell the member that we have advanced women in our department in many areas; for example, the Assistant Deputy Minister of the Local Government Services Division is Ms. Marie Elliot. We have also the individual who is the executive director to MARS Review, Ms. Dianne Flood. There are other positions within the department where we have women who have successfully undertaken responsibility and have done extremely well in their positions.

**Mr. Struthers:** I am interested in the infrastructure of the Manitoba Water Services Board in relation to the debate that went on about a water treatment plant in Dauphin several years ago. It is a fact that it is going to come up again. When these people on the council start

to talk about a water treatment facility in Dauphin, what is the procedure they need to go through in order to some day build one?

**Mr. Derkach:** Mr. Chairperson, it is almost ironic that the member should raise the issue because the Dauphin community was offered the PAMWI program for the development of a water treatment plant for the community. The money was there. It was a one-third, one-third, one-third sharing program between the federal, provincial and local government. The community of Dauphin rejected the proposal and so that money vanished and was used by other communities. Now if the community is interested in a water treatment plant it is going to be again a matter of going through a process of trying to find enough resources around to be able to do the project. That could be a very big challenge at this time, especially when the federal government has now cut back their PAMWI contribution. The program has been cut back by \$10 million.

**Mr. Struthers:** I realize what the debate was several years ago, and I think the minister is accurate in the description that he gave me.

**An Honourable Member:** He is always accurate.

**Mr. Struthers:** Is that right? That is good to know. What I am worried about is that at some point in the future, and I do not think it will be in the too distant future, that this minister again will be approached and so will I as the MLA in terms of the water treatment facility, and I want to know what advice to give the council. I am sure it will be a whole new group of people on council who will be pursuing this again on behalf of the residents.

In the Manitoba Water Services Board, I note that it does not say that the capital would be provided for the water treatment itself, but am I correct in saying that the operation of a water treatment facility would fall under this Water Services Board?

**Mr. Derkach:** Both. The capital and the operation of a water treatment plant would fall under the jurisdiction of the Manitoba Water Services Board, but I can tell the member that we have a large number of

communities who have fairly extensive projects that they would like to undertake, and they go right from Flin Flon down to the very southern tip of this province, and some of these projects are massive.

We are not allocated a great deal of money on an annual basis for this whole area of water and sewage capital facilities, and we are doing as best we can with the resources that we have. The other component is that the community has to be able to have its money in place as well before a project can be undertaken.

I am not going to sit here and be negative about a water treatment plant for Dauphin. I know how much it is needed in the area, but it is the community that will have to come forward and show us their plan and the approach that they want to take with regard to the service that is needed in the area.

**Mr. Struthers:** Thank you for that. I want to stick with the Water Services Board. It also talks about alleviating water shortages that may occur in the province from time to time. I know that the Minister of Natural Resources (Mr. Driedger) talked today about fighting fires with hip waders on, and it may sound funny talking about a drought in Manitoba these days, but if the weather continues the way it is we could actually end up in that situation later on in the year.

I am interested to note that technical advice and money to alleviate the situation is available through the services board then?

**Mr. Derkach:** Yes, in terms of domestic potable water for use in the rural part of the province, that is correct. Also, we work co-operatively with the PFRA to address those kind of issues that arise throughout the province.

**Mr. Struthers:** That includes irrigation projects that are ongoing now or that are planned in the future?

**Mr. Derkach:** Mr. Chairperson, there are several departments that come into play when we talk about irrigation: the Department of Agriculture, the Department of Natural Resources. Our department is involved to some extent in that regard, Rural Development, and the Department of Environment, of

course. So it is not a matter of one department being involved, it is several departments from government.

**Mr. Struthers:** I realize that. Could you tell me how many irrigation projects are on the go now or where they would be located?

**Mr. Derkach:** No, I do not know that except to tell you that this province has been very successful in attracting a potato industry into our province. There has been a fairly significant expansion in the whole potato industry which does require irrigation. I would recommend to the member that when the Department of Agriculture sits next in Estimates that is a question that might more adequately be answered by the Minister of Agriculture (Mr. Enns).

**Mr. Struthers:** Your department, though, contributes financially and through technical advice to that project you mentioned with the potato industry then?

**Mr. Derkach:** More of that kind of work is done through the Department of Agriculture. Our department will be involved in perhaps—if the request is made and if it fits under the REDI program, the rural economic development program, basically the Water Services Board will—for example, if McCain were expanding or needed more sewage treatment in a community, that is where we would come in to assist.

**Mr. Struthers:** Has McCain made that approach to the Water Services Board?

**Mr. Derkach:** Well, there is ongoing work going on at Portage right now. As a matter of fact under the PAMWI program we are providing a new sewage treatment plant in Portage.

\* (1620)

**Ms. Mihychuk:** I would like to return to the Affirmative Action program. A lot of the success of these programs is dependent on the support of the senior executive officer and my question is to the minister: Does this minister support Affirmative Action programs?

**Mr. Derkach:** Yes, I do. I always have.

**Ms. Mihychuk:** I am very pleased to hear that. My question now to the minister is: What measures have you taken as minister—and I am glad that you are supportive—to reach the goals of Affirmative Action, in particular in the area of aboriginal people which face serious barriers in terms of employment all across the province?

**Mr. Derkach:** Mr. Chair, when we have an employment opportunity under the Civil Service Commission, there are criteria that are established when we are hiring for various positions within the department.

The applicants are screened according to criteria that are established under The Civil Service Act and personally, from my point of view, as long as we are meeting the targets that have been established and those are the instructions that go out from government. The hiring of individuals in the department is up to the deputy minister and the Civil Service Commission.

**Ms. Mihychuk:** Can you tell me, are the targets established by the departments themselves? It used to be the practice that departments established targets by an Affirmative Action committee composed of Human Resource people and department representatives. Is that still the process now, are the targets moving upwards, and has this department been able to achieve its targets?

**Mr. Derkach:** Mr. Chairperson, that is not a question I can answer. That is a question that might more rightfully be posed to the Minister responsible for the Civil Service Commission (Mr. Toews).

**Ms. Mihychuk:** I would like to change onto a different line of questioning if I may. I would like to ask if the minister supports UMM when they are asking for at least 50 percent of the province's infrastructure money be put into rural development in Manitoba and if so, what measures is he taking to try to secure that type of resource?

**Mr. Derkach:** Under the infrastructure program the money was divided equally between the rural and the urban part of this province. In addition to that we also extended to UMM and MAUM an ability to form a

committee and in essence recommend to government the type of projects that should be proceeded with. They were directly involved in that process, so therefore the money was divided equally. As far as I know, and from my conversations with both organizations, they have been very pleased with the process that was followed.

**Ms. Mihychuk:** Some of these questions are not coherent. They are sort of a mishmash of questions that I have on rural development. So I am now moving into the area of education, and I know that this minister is well versed in that area from his past portfolio as Minister of Education.

The government has a boundaries report and everyone in rural Manitoba is obviously very concerned about the implications of that report. The movement of a few students could result in the closing of a school in a community, and basically if the school closes the feeling is that the community is virtually dead. Not only that, we are looking at very long bus rides to whatever school they are being bused to so there are a lot of complications in terms of this Boundaries Review.

Have you as Minister of Rural Development considered the possible impact of this Boundaries Review Commission?

**Mr. Derkach:** Mr. Chairperson, the Boundaries Review of course is undertaken by the Minister of Education and Training (Mrs. McIntosh), but I can tell the member that we have shared the information with all of the municipalities to ensure that they have adequate opportunity to address the issues.

Secondly, we have also made sure that there is opportunity available for people in Manitoba to express their views on the boundaries commission report. As a matter of fact there is, I believe, a communication that has gone out from the Minister of Education and Training regarding opportunities for Manitobans to have some direct input into—as far as their views are concerned—the Boundaries Review. I do not have any direct input in that regard, except that I do interact with municipalities and facilitate a meeting if necessary with

the Minister of Education and Training for them to be able to discuss their concerns with them.

Additionally, as MLA, of course, as any of you are, we receive commentary from our constituents which are passed along to the Minister of Education and Training.

**Ms. Mihychuk:** In terms of rural Manitoba, is it your feeling that the review process now on boundaries is sufficient? The time line in September has been proposed by the Minister of Education (Mrs. McIntosh). Given seeding and farming applications and everything that goes on in the summer months in rural Manitoba, are you concerned about the September deadline and are you going to be looking for an extension for rural Manitoba?

**Mr. Derkach:** Again, I think that is a question that maybe you should pose to the Minister of Education and Training, but I have had no reaction from either the UMM or MAUM organization with regard to the date. If I receive any commentary in that regard I will certainly pass it along, but to date I have received no adverse commentary in terms of the time lines that have been set out.

**Ms. Mihychuk:** Another area that I am particularly interested in is in the area of land use management. I noticed that in the convention that UMM had in February there was a concern about the provincial land use policies, and if I could quote: The UMM is concerned that the new provincial land use policies have become too open-ended and permissive, and the document will be of no assistance to municipalities attempting to implement consistent planning practices.

Can the minister provide us with some further information as to the provincial land use policies, the new ones that they have? How are you going to address the concerns of the UMM?

**Mr. Derkach:** In developing the provincial land use policies, there was consultation with municipalities and rural Manitobans, right through the entire province. There was a document that was put out with regard to land use policy.

I think the area that municipalities have the greatest concern about is the development of industry in a municipality which perhaps has some adverse effects on whether it is the residents in an area, or perhaps it is establishing where it may be negative to the municipality.

\* (1630)

We are certainly in constant consultation with municipalities. We have planning people who are working with municipalities in terms of planning districts and land use and that sort of thing. As much as we can, we are working co-operatively with municipalities. Our policies are based on sustainable development, so that we ensure there is a balance between the protection of the environment and economic enhancement in an area.

However, again, we are always open to municipalities to express their views. I think that was a resolution, if I am not mistaken, that was placed by one region, but it was not something that was expressed as a general opinion of all of UMM.

**Ms. Mihychuk:** Part of land use management is also two uses for a particular site that may be in conflict. As we try to minimize that, a lot of these policies are sometimes in conflict. What I am referring to here are aggregate sites. Many municipalities and communities choose to use old gravel pits, sand pits that may be unsafe places for solid and chemical waste disposal.

I would like to ask the minister if you have certain policies or programs to move those sites, or what is the progress in terms of solid waste management in aggregate sites?

**Mr. Derkach:** Again, Mr. Chair, that area falls under the Department of Environment, but I can tell the member that municipalities have now probably very effectively moved to establish their waste disposal grounds in areas that are appropriate. Many of the old sites that were, as the member describes, in old gravel quarries, have been closed and cleaned up, and today I think we have, by and large, a fairly safe and much better management of our waste disposal grounds. Now, I am not going to say that we have reached the

optimum, but I think municipalities are much more aware of the needs today of protecting our environment and the water resource that we have and are moving, as much as they can, to create safe waste disposal grounds throughout the province.

**Ms. Mihychuk:** Can the minister tell us if the municipalities and communities have access to resource people to meet their needs in terms of placing solid waste disposal sites?

**Mr. Derkach:** Yes, Mr. Chairman, under the Department of Environment, again it is not my jurisdiction, but there are regional people who work with municipalities not only to design but to also monitor how these waste disposal grounds are built and operated.

**Mr. Struthers:** Mr. Chairman, I want to go back a bit to the Water Services Board. It is my understanding—and I have looked in here in your book of Estimates to try and find this—that your department will provide technical assistance or money for farmers for digging dugouts.

**Mr. Derkach:** Yes, that is correct. Wells and dugouts for agricultural purposes are assisted by the Department of Rural Development to the Manitoba Water Services Board, and we do that in partnership with PFRA as well.

**Mr. Struthers:** If I have a farmer or rancher in my constituency, then, or any other part of rural Manitoba that calls me on it, what is the procedure that that producer has to go through before they can actually go out and dig the well?

**Mr. Derkach:** The process is quite straightforward. They would apply through the Department of Agriculture in their community, to their ag rep, for the support. The support comes in a proportionate way from PFRA and from Manitoba Water Services Board, and there is a formula by which the funding is applied. I do not have it in front of me, but I could certainly share it with the member.

**Mr. Struthers:** You can send me the formula. It is a written formula you can send me at some point then?

**Mr. Derkach:** Yes, Mr. Chairman, there is an established formula that is used by PFRA and the Water Services Board.

**Mr. Struthers:** I am maybe asking questions that are closer related to my colleague here from St. James, but I am concerned about the environment hoops that a farmer would need to jump through before they embarked on creating dugouts and digging wells.

Does the R.M. or does the farmer or anyone need to worry about any guidelines that are in place before they go out and start doing the work?

**Mr. Derkach:** The best advice that we offer is to check with both the Department of Agriculture, to check with our department, of course, and to check with the Department of Environment to ensure that, whatever dugout or water retention area is being created, it is indeed in line with policies of the provincial government.

**Mr. Struthers:** So, before you flow any money to anybody, you would need to know from the Department of Agriculture, the Department of Environment that it, indeed, is a safe venture that the farmer is undertaking, that they are not breaking any environmental guidelines before you gave any money out?

**Mr. Derkach:** We have staff in the department who certainly would be aware of the need of doing that, and they would be checking that out as a matter of normal procedure.

**Mr. Struthers:** You just answered my next question. I have had constituents already talk to me about the beaver program, and I have had almost as many constituents talk to me as there are beavers out there, I think, busily working to dam up all the water that is already there.

**Mr. Derkach:** No, there are more beavers than there are constituents, I can tell you.

**Mr. Struthers:** Well, I cannot disagree with the minister there. Can you explain to me the beaver program that you have within your riding?

**Mr. Derkach:** No, Mr. Chairman, that is not my department's responsibility. That is within the responsibility of the Department of Natural Resources.

**Mr. Struthers:** It seemed to me that I read it within your Estimates here some place, and I have to try to find it.

**Mr. Derkach:** It is in the wrong estimate book.

**Mr. Struthers:** Am I thinking to my own estimates and have read it in there then? I suppose that is where my mistake has been. Okay. What we were talking about with wells and with dugouts, does the same apply with sewage lagoons? Can anyone undertaking the construction of sewage lagoons get any kind of technical assistance and money from your department?

**Mr. Derkach:** Yes, sewage lagoons basically come out of the Manitoba Water Services Board again, and both technical advice and usually monetary assistance are provided through the Manitoba Water Services Board. Once again, in some instances, we have the PFRA involved in those as well. The Department of Environment, as a matter of normal procedure, would be involved as well.

**Mr. Struthers:** Again, that would be operated on a formula the same as there was for the wells?

**Mr. Derkach:** Mr. Chairperson, yes, there is a formula that is available for that, as well.

**Mr. Struthers:** In that formula, does that mean there is a cap? Somebody cannot spend limitless on a sewage lagoon—there is a cap there that does not allow them to go over that?

**Mr. Derkach:** It depends on the project, Mr. Chair, as to how much money is spent on it, but usually those are engineered and designed for the needs of the community and the size of the community, and the community has to put in its share of funding for it, as well.

**Mr. Struthers:** Over the last few years and quite recently in the rural municipality of Dauphin, there has been a big discussion, pros and cons, both ways, in

terms of the sewage lagoons that are associated with the hog barns that have been constructed in the area. Does Rural Development contribute to the construction of sewage lagoons in relation to hog barns?

**Mr. Derkach:** No, Mr. Chairperson, we do not.

\* (1640)

**Mr. Clif Evans:** Mr. Chair, I know that Rural Development does play a role in development in an area for operations such as hog operations. What is the role of his department when it comes to such operations and building them?

**Mr. Derkach:** Any involvement in issues like that would be through our Planning Division of the department, where if a community has a development plan, and it needs to be amended, we would make sure that we are involved in that regard. Also, the planning district would call on staff from our department to assist them if there is a problem with the location of an entity like that.

**Mr. Clif Evans:** As the minister is aware, I mean, there have been some difficulties with operations or setting up of operations in the LGD of Armstrong, and Rural Development being involved.

There have been indications to me from local people that the Rural Development side of this committee that is in place seems to not have an influence as much, you know, with the actual study or the committee's report. Has the minister had any such responses as I have?

**Mr. Derkach:** Not at all, Mr. Chairperson. Our responsibility in terms of the planning side is to ensure that there is a planning statement in the area, that it is adhered to, and the planning district will certainly call on our department to assist them in that regard, but I have had no complaints from communities or individuals that our department has not been involved enough in the entire process. I could say that we want to see economic development in rural Manitoba, and hog production is an important aspect of that to our economy.

If we look at what is happening in our neighbouring provinces and how they are forging ahead in hog production, we certainly are not—I do not think it is wise for us to sit back and watch development in other areas and not allow our province to develop in that respect as well. So as long as we are meeting the guidelines—and we are working very closely with the Department of Agriculture, the Department of Environment to ensure that the proper procedures and the proper land use is made when a hog operation is being developed.

**Mr. Clif Evans:** Well, that is and has created a problem. The minister indicated about land use and the zoning by-laws that are within different jurisdictions. They are now in a process of trying to re-establish local by-laws within their jurisdiction. Has the minister been made aware of just where this is at with the LGD of Armstrong, and how much input has his department put into this system?

**Mr. Derkach:** I am not personally aware, but I am sure that if there were concerns the department staff would be raising them with me. I am assuming the work is ongoing in an appropriate fashion. But, once again, I have had no complaints from the LGD nor have there been issues raised by my staff.

**Mr. Clif Evans:** Mr. Chairman, still with that, I feel that we do have to have some sort of a co-operative basis in jurisdictions when it comes to rural economic development or agriculture, tourism, and I would certainly hope and look forward to the minister's department's input into helping these jurisdictions establish their zoning by-laws that would provide a partnership with everyone in a community, not only the Environment department and the Agriculture department. I think the Rural Development is also very important. We cannot just move on just in one avenue. We have to have different avenues to make way, you know, to get ahead.

**Mr. Derkach:** I agree.

**Mr. Clif Evans:** Can the minister tell me just where his department's thoughts and policies are with the 911 service?

**Mr. Derkach:** Once again, Mr. Chairman, we support the initiative, but it is an initiative that is under the jurisdiction of the minister responsible for the telecommunications area.

**Mr. Clif Evans:** Well, that may be true, but then in rural areas you are looking at perhaps—or is there going to be, is the minister aware of any extra cost for the people in rural areas with the 911 service?

**Mr. Derkach:** Well, the 911 service has to be paid for by someone, and I would anticipate there will be extra costs by the users of the service. Once again, those details are better asked of the minister responsible for that area.

**Mr. Clif Evans:** The two associations have also raised some concerns about the one-tier social assistance program with the minister through their resolutions. Where is the minister's department with that?

**Mr. Derkach:** Again, Mr. Chairperson, that is not an area that is within the jurisdiction of our department. Therefore, again, I would ask the member to ask that question of the minister who is responsible for that area.

**Mr. Clif Evans:** Well, then I will ask a question that the minister feels is under his jurisdiction, that is policing.

**Mr. Derkach:** Part of it.

**Mr. Clif Evans:** Well, part, not all of it. I would like to know where the minister's department is standing on the policing situation that is out in rural Manitoba?

**Mr. Derkach:** I guess I could ask the member to be more specific, but as the member knows we just reached an agreement not that long ago on the whole policing issue in rural Manitoba.

Again, we put a committee together made up of UMM, MAUM, and we hired an independent individual who headed up this committee, and they actually came forward with a resolution of their own which we implemented last year. To my knowledge the entire policing situation is working very well.

**Mr. Clif Evans:** Mr. Chairperson, natural gas—I know we have touched on it during the Estimates process, and as the minister will remember that we had in fact brought to his attention and to his government's attention about the potential natural gas lines in the Interlake area. I am now, he may be also, aware that there is a committee formed of different municipalities who have been formed to look at the potential of natural gas on the west side along Highway No. 6 and up north. What input has his department had to this committee?

**Mr. Derkach:** Well, Mr. Chair, as you know we had the infrastructure committee which worked very hard to bring natural gas under the infrastructure program to many communities in Manitoba. We have some difficulties in the Interlake in the northwest area, Swan River, and also in the southwest area. We appointed a special consultant to work with a committee that has been made up of community members and also department staff to try and resolve some of the issues with regard to extension of natural gas to those communities. Again, under the Centra Gas proposal and in the infrastructure program there are some 21 communities that were identified for natural gas expansion. I believe that has dropped to less than that, but I cannot recall the exact number. We are still moving ahead in that regard. Which community is the member talking about, Mr. Chair?

\*(1650)

**Mr. Clif Evans:** Actually communities with the Interlake Development Corporation.

**Mr. Derkach:** Teulon, Arborg.

**Mr. Clif Evans:** Bifrost is involved. There are communities, Grahamdale, St. Laurent area, that have put together a group of the reeves and mayors and councillors to look at doing a feasibility study to see whether they, in fact, would have to even come to Centra Gas, what other options they have. Have they contacted the minister?

**Mr. Derkach:** I have not spoken to them directly, Mr. Chairperson. Again, they could be developing a feasibility study among their organization, and once

they have that completed, they will probably approach our government to see whether or not there is a possibility of expansion in that regard, but at this point in time, I have not seen their plan.

**Mr. Clif Evans:** Would a group such as this then be available under the REDI program for feasibility study funds if they were to provide the 50-50 portion?

**Mr. Derkach:** If they met the criteria, yes, they would be considered under the REDI program.

**Mr. Clif Evans:** Now the question of natural gas on the eastern side of the Interlake, he is aware that we have been pushing for getting a line put up to Arborg, through Teulon and into Riverton. Would something like Grow Bonds be available for communities to get involved in as a whole and work towards a Grow Bond issue for natural gas?

**Mr. Derkach:** We would have to look at a business plan and look at the criteria that have been established, whether it is a business venture, or what it is, but, once again, I cannot sit here and say yes or no. I think we would have to look at the entire proposal and then have our professionals make the recommendation with regard to whether or not it meets the criteria.

**Mr. Clif Evans:** Our member, the minister, in questions during Estimates, I believe it was last year, the year before, they had put forward criteria before the infrastructure program came into light, and the communities were not able to meet some of the criteria. Again, it goes back to the basis of what certain communities can afford to do or not afford to do. I would hope that if the future development north of Riverton goes ahead, the natural gas line—and I am sure that will be coming to the government, of course, again, to see if we can get a line up to that area to not only service that proposal but also the pellet operation just south of Arborg that they are proposing. I would like to sort of research more the availability of some of the programs under REDI and the Grow Bond issue to see whether the natural gas issue would be available.

**Mr. Derkach:** Mr. Chair, we have been working with those communities in an attempt to resolve the issue, but they have not come forward with a definite request

at this time and a business plan to show us that it is in fact feasible and that they are in fact ready to put up their share of money as well.

**Mr. Struthers:** I want to continue on with the discussion on natural gas as well, but from the western side of the province. I have sort of been watching at least from a distance but the discussion has taken place around natural gas into the Swan River Valley, and I want to ask a couple of questions in regards to that.

Yesterday I did not quite catch—I came in part way through the discussion that the member for Swan River (Ms. Wowchuk) initiated on natural gas. Your department has committed some dollars in the past towards feasibility studies on natural gas in the area, am I right?

**Mr. Derkach:** I cannot recall off-hand what amounts or where, but I could certainly find that information out.

**Mr. Struthers:** The figure that I do remember yesterday was a figure of \$1.2 million, and that is not the feasibility study, but I did not catch what that dollar amount represented either.

**Mr. Derkach:** Mr. Chairperson, that \$1.2 million was the commitment made by the government under the Infrastructure Program as the province's share towards the Centra Gas development of natural gas service in the Swan River area.

**Mr. Gregory Dewar (Selkirk):** Has your department been approached in recent times to fund a further feasibility study for this project?

**Mr. Derkach:** No, we have not. We have been asked for support for the actual placement of the service in the area. We have asked the community to come back to us with a business plan which is not an onerous task or not an expensive way to go, but we have asked that they work on a business plan for natural gas. We have also hired a consultant to work with the community to try and arrive at some solution for them for natural gas, so we have certainly gone beyond what we have done in any other community in the province in terms of providing technical assistance and expertise for them.

**Mr. Struthers:** Now, it is my understanding, though, that there are certain minimums in terms of a sign-up that has to occur before natural gas will be brought into the Swan River Valley.

**Mr. Derkach:** Under the Centra Gas proposal there was a requirement that, I believe, 60 percent of residents in a community sign up for natural gas service in order to make it viable in a community, and I would think that even under any other entity that would be supplying the service there would be a minimum requirement of a sign-up before you could make it feasible.

**Mr. Struthers:** That is the residential sign-up. Is there not another percentage on the business side, a commercial sign-up as well?

**Mr. Derkach:** Yes, there is a requirement for a commercial sign-up as well. That one, I believe, is based not on the numbers of businesses that sign up but rather the volume of usage of natural gas that would be used by those businesses.

**Mr. Struthers:** In the recent campaign to get natural gas air, did they reach those targets?

**Mr. Derkach:** No. They did not.

**Mr. Struthers:** In light of that, is your department still going to commit the \$1.2 million to the project.

**Mr. Derkach:** Mr. Chairperson, we have told the community of Swan River that if they come forward with a plan to put natural gas into the area, that as far as we were concerned, we would live up to our commitment that we had made under the Centra Gas proposal. That commitment still stands.

**Mr. Struthers:** Even if there is less than 60 percent of residential sign-up, and even though there is a low volume of usage, your department is committed to the \$1.2 million that you spoke of earlier?

**Mr. Derkach:** No, Mr. Chairperson. The business plan that has to come forward is one that makes the entire service viable in the area. Therefore, we are waiting for that business plan. We will simply not go

ahead with a contribution in excess of a million dollars without seeing a business plan which makes it viable and which shows that there is long term viability to the project.

**Mr. Struthers:** My understanding is that it is the towns of Swan River, Bowsman, and Benito that will be included in the percentage or included in the service eventually for natural gas?

**Mr. Derkach:** Those were the communities that were identified in the beginning. I believe that Bowsman was dropped off by the community or by Centra at the time that they were looking at the service in the area and Louisiana-Pacific was added to this as well, and I believe Minitonas, if I am not mistaken.

**Mr. Struthers:** As soon as I had mentioned those towns I realized that I had forgotten Minitonas. I am interested in Louisiana-Pacific as well. Have they made any commitment as far as how much natural gas they would need in a year?

\* (1700)

**Mr. Derkach:** Yes, I do believe there is an amount that has been identified by Louisiana-Pacific. I do not have those numbers but in considering the feasibility of natural gas in the area, Louisiana-Pacific were a fairly major player in terms of making the project viable in the region.

**Mr. Struthers:** I just want to switch a little bit here from the natural gas. I appreciate the answers that the minister has given me on that. I want to say that my belief is that conservation districts play an integral part in the development of rural Manitoba. At least my understanding of what a conservation district is. I do not understand the limits that conservation districts have. I know their main purpose but I do not know how far they can range in their projects they do or the good that they can actually accomplish for an area. Could you help me out a little bit on this and explain more the mandate of conservation districts?

**Mr. Derkach:** Conservation districts, by and large, have an association that each of the conservation districts belong to and their mandate is fairly specific.

It has to do with conservation issues. It has to do with enhancing the landscape, protecting the resources in the area and making them as usable as possible to the residents in the region. They have certainly expanded their work. They are now offering field trips. They are offering educational programs to residents and to students in their jurisdictions.

So, by and large, they focus on issues such as drainage, such as water retention, such as enhancement of land, protection of land from flooding, if that is necessary. They take care of crossings as well. They do the educational program, as I have said. Basically, those are the areas that they concentrate in.

**Mr. Struthers:** I was aware of the educational side of it, as I have had several of my school groups out to different conservation districts, and I understand the educational value of a conservation district. Are these districts solely funded by your department or are there other departments involved in that funding?

**Mr. Derkach:** The basic grant funding is done through the Department of Rural Development, but in their projects conservation districts access money from municipalities to begin with. They also get basic funding from municipalities because the grant system is made up of I believe it is 25-75 percent basis. They also access money from individual farmers when they are doing work in the area. In addition to that, from time to time I know that they have been able to access dollars from the federal government and federal departments as well.

**Mr. Struthers:** How difficult is it to establish new conservation districts?

**Mr. Derkach:** It is not a difficult process, but it does take some time because you have to get agreement from municipalities within a watershed to participate in the conservation district. It would be very difficult to have a single municipality conservation district, especially where you have sparse population. We as a department try to co-ordinate that for regions. Once a decision is made, it generally takes a year to a year and a half to get a conservation district up and running.

**Mr. Struthers:** You said that one RM probably could not take on the responsibility of creating a conservation district. Is that because of size or is that because of funds?

**Mr. Derkach:** We try to establish conservation districts within a watershed area. Because conservation projects which might be embarked on affect more than just a single municipality, it makes it very awkward for one municipality to be able to do a lot of work if it were to become a conservation district of its own because of the impact of the surrounding areas. So that is why we looked at grouping municipalities within a watershed area for a conservation district.

**Mr. Struthers:** Okay, that is all clear. Does the district, the land area itself, does it have to have a certain speciality about it or a uniqueness in order to become a conservation district?

**Mr. Derkach:** Not at all, Mr. Chairperson. Simply, we try to include municipalities within a conservation district that share the same watershed.

**Mr. Struthers:** The conservation districts then, do they form part of the 12 percent that is set aside by the province in relation to the Gro Brundtland Commission?

**Mr. Derkach:** No, Mr. Chairperson, they do not.

**Mr. Struthers:** Why would they not?

**Mr. Derkach:** Mr. Chairperson, these are not—conservation districts are not lands that are set aside. Conservation districts include municipalities, and what they are is lands—they have jurisdiction in areas where the land is owned by private individuals. There could also be some Crown land in that area, but it is not part of the accounting of the 12 percent that is set aside, because this is not land that is set aside.

**Mr. Struthers:** Okay. That kind of leads me into something else that I think falls in the area of Rural Development that I worry about. If those do not fall into that 12 percent, what exactly does?

**Mr. Derkach:** Well again, that is a question that is better posed to the Minister of Natural Resources (Mr. Driedger) who would be able to answer it more accurately than I could.

**Mr. Struthers:** I understand that the bulk is going to fall into the area of Natural Resources, but a good part of our province is the prairies, the areas outside of the vast North area that we have that we can set aside. I am wondering about the impact on your department in Rural Development of the land that we need to set aside for that 12 percent, and is that going to have an impact on farm communities?

**Mr. Derkach:** Mr. Chair, I cannot respond to that with any knowledge. All I can say is that the Department of Natural Resources has jurisdiction over this area and they have jurisdiction over the entire province in the areas within the mandate of natural resources.

So lands that are identified as special places because of their uniqueness will be set aside as part of that 12 percent. Where those lands are, of course, is something that is not identified by my department but rather through the Department of Natural Resources.

**Mr. Struthers:** Okay, I will try to be more specific then. In rural Manitoba there are, let us say, areas where there has been a branch line abandoned and that line sits there empty now. I am thinking of how rural Manitoba can use the area of land that had once contained a branch line of CN or CP.

Can rural Manitoba be using that for something else, or does that come under the 12 percent that this province, your government, has committed itself to?

**Mr. Derkach:** Again, Mr. Chairman, I suggest that question be posed to the minister who is responsible for that area.

**Mr. Struthers:** Okay, we will move on a little bit. The member for Interlake (Mr. Clif Evans) brought up policing a little while ago, and if I did not talk a little bit right now about the detachment that is being proposed in Dauphin, I would have several R.M.s and Dauphin town councillors breathing down my neck when I go back to the riding.

Is your department involved at all in any funding for the building of the detachment in Dauphin?

**Mr. Derkach:** No, my department is not involved in that at all.

**Mr. Struthers:** But your department is involved, though, in providing funds, I understand, for policing in rural Manitoba.

**Mr. Derkach:** Could you just pose that question again? I am sorry.

**Mr. Struthers:** Now you are forcing me to remember it. I understand there are jurisdictional problems again, but your department does give some money to policing in rural Manitoba, but it would not include what I have mentioned in terms of the detachment that is being proposed in Dauphin.

\* (1710)

**Mr. Derkach:** Mr. Chairman, under a formula that has been arrived at, there is support that goes to municipalities for purposes of policing, but that does not include any capital facilities that are being built by the police force, whether it is the RCMP or municipal police force. Our sharing of costs goes by way of payments to the municipalities.

**Mr. Struthers:** Do you have any criteria then to the municipalities as to where that money would go, and, specifically, would that money be earmarked for any specific projects?

**Mr. Derkach:** No, what we do is, through a formula that has been arrived at, we allocate a per capita amount of money to each municipality for the purposes of policing. It is then up to that municipality through the Justice department to establish an agreement, if it is the RCMP form of policing, or in some instances some municipalities have their own police force and they can utilize that money to fund their own police force.

**Mr. Struthers:** The original question that I had in terms of your involvement in funds available for police detachments was, of course, the facility that has been promised for a number of years to the Town of

Dauphin. But, as I listen to your answers, I was reminded of a Chamber of Commerce meeting that I attended in Dauphin where we were approached by several groups of citizens who were concerned about policing in their communities. They were concerned about inaccessibility of the police force in their vehicles, and they were talking about getting police on foot patrols and bicycle patrols. If they are going to be purchasing bikes and different gear to go along with the bike patrol, would it be possible for your department to earmark monies specifically for that?

**Mr. Derkach:** No, Mr. Deputy Chairperson, we do not get involved in that respect with regard to policing. Our only function in the whole area of policing is that we provide a per capita amount of money for each municipality for policing. It is up to the municipalities and either the RCMP or the Department of Justice to establish the arrangements with regard to policing.

**Mr. Struthers:** My fear is that if that is coming out of that same pot of money, that if the local municipality goes ahead and comes up with a foot patrol that costs them extra money or a bike patrol that costs them extra money in some way, then there is no incentive for creative programs that local people can come up with—whether it is Dauphin or wherever else in rural Manitoba. That means that they are taking up more of their share of the dollars with a program that they may think of.

**Mr. Derkach:** I apologize for not being able to follow exactly what point the member was making. I guess the only response I can give to the sort of tone in which it was being asked, is that it is up to the municipality to determine the kind of policing that it requires and to then make the adjustments accordingly. We do not, as a department, get involved in that at all.

**Mr. Struthers:** My other fear in the area of policing is that it seems to me by looking at the estimates in your estimates book, that money for policing has been decreased over the last several years.

**Mr. Derkach:** No, Mr. Deputy Chairman. Again, I can get the detail for the member. In essence, what we have done is there is a tax-sharing formula that is used for policing. Previously, rural municipalities were not

paying a large portion for policing, whereas rural-urban municipalities were. There has been a shift in terms of the amount of money that rural municipalities now pay for their policing services. There has been an increase in the cost to policing in rural municipalities and, I guess, a decrease in the cost of policing in urban municipalities because of the shift in tax sharing that is done between the province and the municipalities.

**Mr. Struthers:** I am looking right now—it is Appendix II on page 92 of the estimates. If I am reading it correctly, I was right in my supposition. If I am not reading it correctly, I wish that the minister would straighten me out on it. It says that 1991-92 was \$1.4 million, same as 1992-93, and then 1993-94 was \$200,000. If you continue on through to the last two years, it is nil. Am I not reading these figures correctly?

**Mr. Derkach:** Mr. Chairperson, that is the kind of detailed question that was really meant to be asked when staff are here, so they can provide the technical advice in that regard.

I can probably get that information for the member privately, but it is not information I have at my disposal right now.

**Mr. Struthers:** That sounds fair. Generally speaking, you are saying that the funding has not decreased, and R.M.s across the province can still count on funds from your department for policing.

**Mr. Derkach:** Can I ask the member to repeat his question, please?

**Mr. Struthers:** I realize that without staff, and it may not be the appropriate time to be specific, but in general terms then, what you are saying is that the funding has not decreased and that you are still funding to the same extent that you were, at least the same extent that you were two years ago or three years ago.

**Mr. Derkach:** Mr. Chairperson, the only shift that has occurred is as a result of the policing agreement that was arrived at between municipalities, urban and rural municipalities, through the policing agreement that was signed about a year ago.

That is done through the provincial-municipal tax sharing dollars. In terms of withdrawal of dollars from the general area, that has not happened.

\* (1720)

**Mr. Dewar:** I just want to ask a few questions of the minister related to the upgrade of the Selkirk water supply. I raised the issues in Question Period on May 26. Unfortunately, the minister was unable to answer the questions.

**Mr. Derkach:** I do not recall the questions.

**Some Honourable Members:** Oh, oh.

**Mr. Deputy Chairperson:** Order, please.

**Mr. Dewar:** Well, as the minister is aware, the agreement was signed by the three levels of government in 1993 under the Partnership Agreement on Infrastructure, the PAMWI agreement it was called. The project, of course, is designed to get Selkirk off the emergency reliance on the Red River for our water supply. I recognize and I do want to thank the minister for being a partner to that agreement. It is very important for us in our community to end this emergency reliance on the Red River, and we do applaud and support the government.

The problem is that the second phase of the project may be in jeopardy. There are two phases. Phase 1 is the construction of a storage container to increase the capacity of the storage ability of the infrastructure in Selkirk. Phase 2 was the digging of a well, a well that is required to fill the storage container of Phase 1. The problem is that the project may be in jeopardy because the federal government has given notice that they are unwilling to participate in Phase 2. My question is: Is the minister aware of the problem, and is he prepared to take some action to help the constituents of Selkirk?

**Mr. Derkach:** Mr. Chairperson, I am aware of the problem. The problem has resulted because of the withdrawal or reduction in funding by the federal government to the PAMWI agreement.

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

That came on a very untimely basis because we were in the middle of approval and in the middle of construction of some of these projects when that news came, and what it did was, it did not allow communities to complete some projects.

There are several communities that found themselves in that situation. We cannot make up the difference that has been cut back from the federal government. I have written to Minister Goodale. I have written to Minister Eggleton. I met with Minister Eggleton to discuss the problem. I also wrote to Minister Axworthy to try and impress upon him the importance of this program for rural Manitoba.

It seemed very contradictory that they would cut this program, which is basically an infrastructure program and at the same time enter into a new infrastructure program.

I can only say that we cannot make up that shortfall that has been reduced by the federal government. All we can do is continue to impress upon the federal ministers the importance of expanding this program so that indeed we could complete some of the work that has been started. It is such important work and I understand it, but Selkirk is not the only community that finds itself in that position. There are several others, and we just do not know how to respond at this point in time because we do not have those dollars.

**Mr. Dewar:** Have you received any response back from Minister Axworthy?

**Mr. Derkach:** Mr. Chairperson, I have received a response, I believe, from Mr. Eggleton and from Mr. Goodale. I am not sure that I have received a response from Mr. Axworthy; I cannot recall. I know I have received some of the responses. There is one of the people I wrote to I did not receive a response from. Basically the message has been that it is a budgetary matter, and they basically are not telling us that they will increase it at this time. However, we are continuing to talk to PFRA because that is the arm that delivers the program, and we are keeping the channels open so that if the funding should be there, we would only be too happy to accept it and continue the projects that we started with.

**Mr. Dewar:** In August of '94 I too sent a letter to Minister Axworthy. I have not heard anything from him yet, but there was a press statement made in the local paper last week from our M.P. and he said that, oh, the money is on its way. Then he went on to say it is the Jets deal that is holding it up. I do not know if the money is on its way or not. He seemed to indicate that it is, but I do not know if that is for just Selkirk or for throughout Manitoba. I do not know what we are going to do in the community. We have the storage capability yet we have no well to fill that tank. So you do not see the province taking on a bigger role in any of this?

**Mr. Derkach:** Well, Mr. Chairperson, we do not have the financial capacity to be able to make up the shortfall of these projects, because as I indicated it is not just this project. There are several in the province that we find are in this same position. If the money is on its way, we will certainly welcome it, and it will be put to immediate use to live up to those commitments that were made under the agreement. But I have to tell the member that our commitment is solid. If that money from the federal government comes, our money is there immediately. As a matter of fact, we would even like to see an increase in that program because we think it is a very important program for communities outside of Winnipeg.

**Mr. Dewar:** What is the federal shortfall? How many dollars are needed to finish these projects?

**Mr. Derkach:** The total figure is almost \$10 million.

**Mr. Dewar:** And that would be for all the projects that are unfinished in Manitoba. What are some of the other areas that are finding themselves in the same situation as Selkirk?

**Mr. Derkach:** There are a variety of communities, Mr. Chairman, and I do not have the list with me at this time. I can provide it for the member. Instead of trying to recall each community that is in that position, I would rather provide that list for the member in the next day or so.

**Mr. Dewar:** I hope that the minister here will go forward and take the issue up with perhaps Minister

Axworthy or relay it on to the Minister of Finance when he meets with Minister Axworthy. I understand that they meet to discuss the arena proposal.

Will he make the commitment that he will ask the Minister of Finance to bring this up the next time he meets with the federal Minister of Human Resources?

**Mr. Derkach:** Mr. Chairman, that has already happened. Minister Stefanson has already broached that topic with Minister Axworthy in their discussions. However, nothing has come of it yet. We continue to hold out our hope.

**Mr. Dewar:** So do I. Let us speak a little bit about the REDI project. Are there any grants or any projects in Selkirk that are receiving money under the REDI program at this time?

**Mr. Derkach:** The question was, I believe, are there any programs in Selkirk?

**Mr. Dewar:** What are the projects that are applying for REDI money that you are aware of?

**Mr. Derkach:** I do not know the specific projects, because I do not keep track of them. We have something like 200 projects that have now been approved under the REDI program. I can tell the member that companies like Black Cat Blades, Sterling Press have been major participants in our programs. Certainly they have been very positive ones, because they have produced a significant number of employment opportunities in that community.

\* (1730)

**Mr. Dewar:** As the minister recalls, I believe it was last year there was a firm, the firm is still interested in moving to the Selkirk community—TACO, it was called, or Saskatoon Heavy Industries. They received a conditional loan from the province for \$2.5 million and, as well, they were going to apply for a Grow Bond of equal amount. Can you give us an update on that?

**Mr. Derkach:** Again, that is not the kind of technical information I have at this time but, once again, we are continually working with individual businesses like that

to bring the jobs into any community that is interested. I do not know the status of it but, again, I can research that and get back to the member.

(Mr. Deputy Chairperson in the Chair)

**Mr. Struthers:** One of the first events I was invited to after becoming an MLA was the rural deal-making forum that took place in Dauphin. I want you to note that that was not looking in here and getting my research done, that was right off the top of my head. It was spontaneous.

The rural deal-making forum took place just after the election and I was invited to speak. Unfortunately, my grandfather's funeral was the same morning and I could not get to speak to it, but my constituency assistant did attend and spoke for us. I am interested in knowing what kind of feedback you have on the success of the forum.

**Mr. Derkach:** Mr. Chairperson, I have not had the specific debriefing on the forum as of today, but I can indicate to the member that this is the kind of activity that we are trying to promote throughout the province.

In this case it was encouraging to see that it was the community that actually came together and put this forum on rather than depending on a department of government to put it on. That is what we are finding right through rural Manitoba. Communities are waking up to the fact that if something is going to happen within their community, it is not going to be government that is going to drive it. It has to be from within the community and within the grassroots. That is a complete change in attitude in our communities than it was five and 10 and 15 years ago.

It is a pleasant change because our forefathers who came here did not wait for government to develop this country. They undertook the responsibility by themselves. If our communities are to survive for the long term, I firmly believe it is up to the communities to undertake that responsibility and to take the leadership role. As a department and a government, we can be there to facilitate that action and to be there to support them and to provide, whether it is resources in

terms of bringing in experts who have something to offer in fields that they are exploring, but in terms of driving initiatives, it has come from within the community.

I was encouraged to see that the community of Dauphin had come together to put together the forum. We are seeing other communities in rural Manitoba do that. I am looking forward to talking to staff about the results of that forum, and I guess the proof of the pudding will be if we find that community to look at attracting new businesses to that community and also creating businesses from within the community to stimulate economic development and job creation.

**Mr. Struthers:** I agree almost wholeheartedly with what the minister has just said. I think that he is accurate in saying that our forefathers pioneered rural parts of our country, predominantly without relying on big government to help them. I want him to also understand that they did it without big business to help them as well. In most cases it was the co-operative efforts of a lot of our ancestors who built strong communities, and I just wanted to make sure that he does not forget to include big business in his group of people that we have not relied on in past years, not just the government side of it.

What impressed me the most in looking through the agenda for the rural deal-making forum and talking to one of the minister's staff, Mr. Lloyd Talbot, was the amount of co-operation that was going on between business and between his department and between the local businesses in the community of Dauphin, and not just the community of Dauphin but the whole Parkland area.

One of the things that was evident at the forum was that it was more than just a Dauphin forum, it was Parkland and it brought a lot of innovations in from smaller communities, which I feel tend to be ignored in the big picture when government or business or anyone comes out into rural Manitoba to make their mark. I was really impressed that those folks were also included in the deal-making forum.

My hope is that it will be continued again in Dauphin next year. What I would be interested to know is, the

people who organized it within Dauphin, have they indicated to the minister a willingness to do it again in Dauphin next year?

**Mr. Derkach:** I have not had any direct correspondence with the good folk in Dauphin since the deal-making forum, but the member is correct. It has to be a regional approach because for too long every small community has been looking after its own little needs and almost looking at envy if something happened in a positive sense in a neighbouring community.

Slowly we have tried to instill some different thinking into communities by asking them to look not only at their community, which was very important, but also to look at what is happening on a regional basis, because whether new business locates in my little town or not is not that important if it locates within a neighbouring area within the region. It is going to help our entire region. Therefore, this deal-making forum that the member speaks of was an excellent beginning at bringing the whole region together and examining what the strengths are of that whole region now.

We have round tables that look at the strengths of their own communities. Now we need to look at the strengths of the region and see what we can attract to a region that would make economic sense that would provide opportunities for job creation and would also bring wealth to the area.

**Mr. Struthers:** The last point I want to make on that is that it followed right on the heels of a very successful, very large Kinsmen trade fair which attracted thousands of people into the community of Dauphin. One of my worries at the time was that there would not be a lot of people coming back for the rural deal-making forum in such close proximity to the Kinsmen Trade Fair. When you do get your information back from people, I hope that you remember that it was within a matter of weeks following that, and it may have had a negative impact on the numbers that would have attended the deal-making forum. I wanted to say that, hoping that you are not discouraged by low attendance.

**Mr. Derkach:** Mr. Chairman, I do not simply look at the numbers of people who were there. Any attempt to bring people together I think is a worthy one in terms of sharing this kind of information. Because this was the first attempt, we naturally have to learn from that. It does not mean that, just because the numbers were low or we expected more participation, we should abandon the idea. I think that what we need to do is look at the areas where we could improve and perhaps do a better job at communicating, strategizing how we structure the day. I think that it can become a very positive event.

**Mr. Deputy Chairperson:** Is it the will of the committee to recess for five minutes?

**Some Honourable Members:** Agreed.

*The committee recessed at 5:40 p.m.*

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**After Recess**

*The committee resumed at 5:47 p.m.*

**Mr. Deputy Chairperson:** Come to order, please. We are debating 1(a).

**Mr. Clif Evans:** It is more of a comment to the minister than a question. The question will come, but a comment—because the rural development corporations—I think the minister has heard me make many comments before about the support for rural development corporations. The Interlake Development Corporation, of course, has been an ongoing corporation since inception of these corporations. Does the minister have any specific plans to expand the availability of these RDCs to expand within themselves? Is there some guidance that the department will be providing in the future for RDCs?

**Mr. Derkach:** I do not quite know what the member means by expand within themselves, but I can tell him that we are looking at all of our delivery systems within the province. As the member may be aware, there are some duplications within the province in terms of service delivery. If you were to, as an example, look at

what happens with community futures organizations and our own regional development corporations, they tend to do the same kinds of things and they seem to go after the same kinds of entrepreneurs and businesses and opportunities. I guess my question is, as minister, how many of these organizations do we need out there doing the same job. Secondly, are we confusing the entrepreneur who is starting a business and asks himself, where do I go first? Do I go to the Community Futures office? Do I go to the Regional Development office? Do I go to the Rural Development office? Do I go to I, T and T? Where is it that I go to get service? I think we can co-ordinate and do a better job of streamlining the way we do economic development delivery of services in all of our province and that is what we are presently looking at.

\* (1750)

There is no intent on my part to diminish the role of the regional development corporations. I think they do have a responsibility and a role to play, but that is not to say that their mandate and their structures may change down the road. But that is still premature. We are simply studying the matter right now, and we will be in a better position down the road to make a recommendation to government.

**Mr. Clif Evans:** Mr. Chairperson, yes, I agree that better services should be provided for information and resources to rural areas, but I want to remind the minister, I found that when I became a member of our RDC as mayor of Riverton, I thought at that time, and I still do, that it is probably the better grassroots organization within the provincial government which we certainly do need, the grassroots part of it, because only the municipalities and communities and people who are involved in their local RDCs know exactly what is good for their communities or their specific region or specific area.

I would certainly hope the minister's department would consider, if improving, fine, but maintaining would be for my best interests and the best interests, I think, for the rural communities.

I did not see a line as far as the amount of money provided to the RDCs this fiscal year. I might have

missed it. If you could just tell me if the funding is the same.

If the minister cannot find the figures right now, I would just appreciate his getting back to me on that through his department.

**Mr. Derkach:** Mr. Chairman, the regional development corporations still are an important element in our delivery of programs in the province. I can tell the member that we support them again on a 75-25 percentage basis in terms of their operating grants that are provided.

As a matter of fact, we just formed a new regional development corporation which is called WEDA, and that is the one in the southwest part of the province. Additionally, we also split the Parkland regional development corporation into the East Parkland and the West Parkland Development Corporation, which gives them an ability to respond better to their communities.

The funding, I can tell the member, has not decreased. It has probably stayed the same. I have the numbers here, Mr. Chairman. In total we have contributed, in 1995-1996, \$544,989 to the development corporations. That is the same number, a slight increase, from the previous year.

**Mr. Clif Evans:** I thank the minister for that information and I would also like to thank the minister again, and his staff, for their indulgence in this Estimates process. We look forward to working with your department and in the future to maintain our rural economic development and our rural areas.

**Mr. Derkach:** Mr. Chair, if we are concluding, I would simply like to thank the critics, both from the official opposition and the Liberal Party, for their cooperation in the past. I would also like to thank the new members of the opposition who have posed some very thoughtful questions over this Estimates debate, and I look forward to working with them and to provide them with any assistance that I can as minister responsible for this department.

Thank you very much.

**Mr. Deputy Chairperson:** Item 1.(a) Minister's Salary \$22,800—pass.

Resolution 13.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,244,000 for Rural Development for the fiscal year ending the 31st day of March, 1996—passed.

This completes the Estimates of the Department of Rural Development.

The next set of Estimates that will be considered by this section of the Committee of Supply is the Estimates of the Department of Agriculture.

Committee rise.

## HEALTH

**Mr. Assistant Deputy Chairperson (Gerry McAlpine):** Will the Committee of Supply please come to order. The committee will be resuming consideration of the Estimates of the Department of Health.

When the committee last sat it had been considering Item 1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits \$594,800 on page 77 of the Estimates book. Shall the item pass?

**Mr. Dave Chomiak (Kildonan):** Mr. Chairperson, I think when we had left off I had asked the minister about the funding announcement on November 22 as it relates to the budgetary Estimates that were announced by the Minister of Finance (Mr. Stefanson) and the relationship between the 2 percent cut to hospitals and the Minister of Finance's assertion that the only real cut in the expenditures for the '95-96 year versus the previous year was as a result of the MMA agreement and the medical expenses being down \$8 million to \$9 million.

I wanted to clarify what the exact cut was. My first question is, what is the exact cut to the hospital sector which was announced at a 2 percent cut on November 22 last year by the Minister of Finance?

\* (1440)

**Hon. James McCrae (Minister of Health):** Mr. Chairperson, for the community and tertiary hospitals we are looking at a percentage reduction generally across those hospitals of 2 percent. With respect to reductions elsewhere, i.e., intermediate and large rural, small rural, all of those, a 1.2 percent overall reduction on average—overall about \$14 million, but some of those dollars go back in for certain new projects going on in hospitals or certain capital improvements or expenditures. There is no way to answer that question in one or two words. It is that kind of an answer.

Also money is going for the waiting list reduction measures that are being put in place. There is money for the community health centres and additional monies for various projects and additional monies to make the nurse resource centres possible in Manitoba, the first one being the Youville satellite project going on St. Vital. In addition, there has been quite an increase in capacity in the personal care home sector and monies are going for that as well. So \$1.2 billion is indeed being used differently than it was the previous year.

**Mr. Chomiak:** I thank the minister for that. [interjection] Madam Chairperson—after five years you do develop a rote response. Thank you, Mr. Chairperson. Do I still have it right? Okay.

The minister has indicated \$14 million is being redirected towards community-based operations, and I would like to get a rough breakdown of where that \$14 million is going. I know half a million dollars is going to the waiting list reduction project as announced on March 7. I believe, if memory serves me correctly, \$4 million is going to the nurse resource centres which takes us to \$14.5. Now, if I remember correctly, a \$3-million increase is going to personal care homes but I think that is a different line item. Perhaps the minister can correct me if I am wrong.

So can the minister outline for me roughly where that \$14 million is being directed?

**Mr. McCrae:** If the honourable member would not mind, a little later today we can have the department fax over the information that would respond to his question. We do not have it immediately available but we will make it available a little later today.

**Mr. Chomiak:** Mr. Chairperson, I appreciate that, and I look forward to receiving that information. Perhaps I will go down a different line of questioning while we await that information. I would like to spend some time on the list that the minister kindly provided us last session regarding some of the committees dealing with health reform. It seems to me logical that we deal with it during this particular section of the Estimates, unless the minister feels otherwise, that it would be more appropriate dealt with elsewhere, but I think if the minister is prepared I would like to deal with some of the specifics on some of the committees that have been established on health reform.

**Mr. McCrae:** Mr. Chairperson, I think that we can probably deal with some of the questions the honourable member has in regard to health reform and health committees. I am not very good at deciding exactly where the best line in the Estimates is to deal with some of these questions. So if I am able to, I will answer them as I am able to if my staff are able to assist me to do that. I think we maybe have some information we can impart this afternoon on the committees.

**Mr. Chomiak:** Just off the top, the secondary services committee that was formerly chaired—formerly, as in past tense—by the present deputy minister, who is now chairing that particular committee, the committee dealing with the other facilities that is outside the tertiary care facilities, the secondary level hospitals?

**Mr. McCrae:** Yes, as the honourable member has himself alluded, he referred to it as Bell-Wade or Bell-Wade 2 and, in this regard, the KPMG consulting people are involved with the secondary review. Part of the work, of course, would be to work closely with the various facilities involved in the delivery of secondary care. We are also interested in knowing how that interfaces with the primary care sectors as well.

I do not know of a formal committee per se established for this other than to say that this is a contractual arrangement with the consulting organization.

**Mr. Chomiak:** I just assumed that we would be getting effectively a Bell-Wade No. 2, that that was

secondary services. Is the minister saying that is not the goal?

**Mr. McCrae:** Sir, I think the honourable member's expectation is probably as close to what we can all expect. It is probably what is happening. We had a tertiary review, and the honourable member brandished, I think, the Bell-Wade Report there, and I can see something like that happening with regard to secondary care as well. However, I do not know yet, because the work has not been completed, and I suppose it all depends on how the process goes forward from here.

We are going to be dealing with quite a number of people, but I expect at the end of it to get some kind of a report. What form it will take, it is too early for me to be able to say.

**Mr. Chomiak:** On page 7 of the document that was tabled last sitting of this committee, the item we are discussing, I assume, is the Secondary Care Services Review Advisory Committee. I assume they are the ones that are charged with the responsibility of producing this.

My question is that it says the 19 members of the committee are the Urban Health Advisory committee, who I did not realize were still in operating existence. I wonder if the minister might clarify that for me.

**Mr. McCrae:** That is maybe a little bit of a complicated way to describe what is the Urban Health Advisory committee, which is composed of all these CEOs of hospitals and maybe board chairs and people like that. Sorry about the lack of clarity, but what we are talking about is the Urban Health Council.

\* (1450)

**Mr. Chomiak:** When I referred previously to Bell-Wade 2, is that coming out of this group or is that coming out of somewhere else?

**Mr. McCrae:** This group is going to be, I suggest, a little busier than it has in the past because with what the honourable member has termed Wade-Bell 2, more appropriately called the secondary care review, I

guess, I would think that the members of the Urban Health Council will be playing a more active role than they have.

Things like what some people have called regionalization in Winnipeg and so on are now going to become more important topics for discussion, because I think there has been more emphasis up until now on rural regionalization. The city of Winnipeg now is going to be asked through this exercise to look at the population health needs here in the city.

We are not going to be looking at things in sort of the vertical way that we have in the past, where we have institutions to some extent, less more recently than before, but operating a little bit isolated from other things and other institutions and other things going on in the health community. So I think you are going to see the Urban Health Council playing a greater role in the next year or two, three, four years.

**Mr. Chomiak:** Will the former concept of developing specific centres of excellence around Winnipeg itself be incorporated in this process, or is that going down a separate road?

**Mr. McCrae:** I do not think we will want to continue on with the process of looking at secondary care in Winnipeg without looking at the concept of centres of excellence. We have had some pretty positive experience thus far with the whole idea.

With respect to the kinds of things that we need to be doing, we need to be developing plans for secondary care services that are carried out in our hospitals in Winnipeg. We need to be looking at volumes of activities by service and by facility. We need to identify the current and the projected—because they are not always the same tomorrow as they are today—needs of the target-area residents by means of appropriate needs-assessment methods, including sociodemographic data, health status analysis and the opinions of the key stakeholders and constituents of the community.

You know and I know that is not an easy process. We just have been reading the last day or two about the latest report by the Manitoba Centre for Health Policy

and Evaluation—extremely interesting report that says some things that now some people are saying, well, you see, we told you, we knew this all along. Other people are saying, well, now, you see, we told you—we are operating at the maximum level of our efficiency. Others are saying, oh, we cannot be operating at such a low level of efficiency, we just cannot believe this.

So any report or recommendation made on the basis of needs-assessments or on the basis of data, depending where you are, you are going to have a potentially different kind of response. So that no matter what, there is no move that can be made I suggest in these matters without a spirited debate. I expect that, I look forward to it, and I hope everybody else does. I think it is necessary to have.

Part of what we need to do is to confirm current activity and location of hospital-based secondary care services provided to patients and clients by analysing clinical utilization data and performing appropriate analyses. Here, where you can use peer groups to do that, the better likelihood of having a result that will be accepted by the group.

We need to identify and describe current components within the hospital-delivered secondary services within Winnipeg and analyze for gaps, for deficiencies, duplications. We need to identify areas where services can be delivered outside hospitals.

We already know that a lot of work is being shifted away from hospitals. A lot of it is being done on a not-for-admission basis. Now there are things that actually we could do outside hospitals altogether.

The concept I guess of hospitals without walls comes forward from time to time. If we can think of one of our hospitals—or if we can think of all of our hospitals as a service for the people of Manitoba, those partnerships that we have begun to develop will begin to bear more fruit.

We need to identify and describe other models of secondary care provision. Those models might come to us from some other place in Canada or some place internationally. We hope that it will not have to come from the United States, because we will certainly hear

about that if that happens. Maybe they will even have an idea there somewhere or maybe in Sweden or France or Britain or somewhere that might even be a good idea, and we might want to look seriously at that.

We need to work with clinical working groups to review the data that is available and to discuss potential other models for secondary care services provision. Again if we moved forward on those things that would involve change, and some people tend to sometimes stand in the way of change.

We need to identify and describe enhanced utilization—

\* (1500)

**An Honourable Member:** Enhanced utilization management opportunities.

**Mr. McCrae:** There you go. Do you want this on the record, or I do not have to go through it?

**An Honourable Member:** No, I have that here.

**Mr. McCrae:** Okay. Well, we need to do all those things as we—I did not know you were looking at the same piece of paper I am.

**An Honourable Member:** Yes, I just found it.

**Mr. McCrae:** Okay.

I think the things that you have before you, I say to my friend the honourable member, those are the kinds of things that are being looked at everywhere where there is a need to change and to make our services more responsive to what patients and taxpayers want to have.

**Mr. Chomiak:** I am trying to understand the process a bit here. We have the secondary care services as a review advisory committee which was co-chaired by Dr. Wade and Mr. Bell. Underneath that we have a number of working groups, the dental surgery, ear, nose and throat, general surgery, ophthalmology, orthopaedic reconstructive, urology. Within that context we are looking at a Winnipeg regionalization. I do not quite understand how that fits within this

context. I wonder if the minister might explain how that process works, because I do not understand it and secondly what the philosophy is and the direction they are going in terms of the regionalization of services within the city of Winnipeg.

**Mr. McCrae:** I sort of maybe think I should not have used the word "regionalization" because the city of Winnipeg cannot be broken up in exactly the same way the tram, what they call the rest of Manitoba, can be broken up into. Obviously we have a North, we have a south and an east and a west. We have those things in the city too, but the distances are not so great so that centres of excellence for the whole of the city and even beyond the borders of the city of Winnipeg are possible and even desirable.

I am told that the centre of excellence for eye care has surpassed the performance expectations that there were and in the first year we did an additional 800 procedures there. I thought we had been talking about doing 600 additional, doing it and saving money at the same time. I understand we have achieved both objectives and even done better on performance of the number of procedures than we thought we would. So obviously in that area of specialty that was a good thing to do.

I still see us in—well, I will use an example. Not that long ago one of our community hospitals had a plugged-up emergency room. Of course there were people hollering away about how all that had to do with reform and cutbacks and all that stuff. The fact is that in the city of Winnipeg there was capacity in all the other hospitals that day, so why did one have to shut down.

That did not make any sense to me and I said so. I think that sort of thing can be avoided. If we were thinking more corporately or co-operatively or whatever it is called, when you have five community hospitals, two tertiary hospitals operating in a city of 600,000 people, it seems to me that we can do a better job than dealing with the situation in that way.

Similarly, where we have actually made some capacity in some of our hospitals because we have closed some beds, that means that when you have a

peak period that occurs you are able to respond by opening some beds. I have been criticized for opening beds when people needed them. I do not know why I am criticized for that but I am. It seems to me that is a good thing to do rather than a bad thing to do. If you have a rash of respiratory problems coming down from northern Manitoba finding their way to the Health Sciences Centre and you are able to open some additional beds to take care of people who need the care, I do not know why I should get criticized for that. It seems to me like that is a pretty good idea. Anyway, I have digressed again.

What I mean is that I think that we have enough co-operation. We have some very, very good people working in the hospital sector in Winnipeg who have shown a willingness and an ability to work together putting the needs of the patient first as opposed to the needs of an institution. If they would do that and they are showing signs that they are prepared to do that, we have every reason to be hopeful through the kind of thinking I am talking about but also through shared services organization, which has already been announced—work is going forward on that—how we can achieve some efficiencies and spend the money saved to sustain our health system and to look after people even better when they are in our care in our hospitals.

**Mr. Chomiak:** I understand the minister's response. It is interesting that I had not in my notes utilized the words "regionalization in Winnipeg". I know the minister used it and people have mentioned it to me in my meetings in the communities. They have talked about the Department of Health regionalization and I have never recognized that or seen that. I do not know exactly how that would work. So the minister is saying, there is not really an attempt at a geographic breakdown in city of Winnipeg but rather he is talking about an overall co-ordination of services or sharing of services and the like but not a geographic move. Is that correct?

**Mr. McCrae:** Actually, I think I have to agree with the honourable member. It is probably my fault for using that word. Today I do not know if there is a way for us to identify, and there is the core area, for example, in Manitoba centre will tell you that they can delineate more or less a population there and a need

there that you can see as separate and distinct from needs perhaps in other regions of the city. So for things like that, I do not know that I want to throw away the word "forever", but I am looking for better co-ordination of services, but I am also looking to health planners to look at need that can be defined and identified. If regionalizing an area for the purpose of dealing with that particular problem is the right word to use, then I do not mind the nomenclature, I am just saying that I did not mean to use the word in the same way we used it for rural Manitoba and what I call greater Manitoba, that part outside the city of Winnipeg.

**Mr. Chomiak:** I thank the minister for that response.

Just going through this list that was provided to us, I wonder if there is a way that we can go through this list systematically and determine which reports are completed and which reports are pending.

**Mr. McCrae:** The trouble with the honourable member's question is this—it is not his fault—it is just that you strike a committee or a task force or whatever all these things are called and there is an expectation that what will flow from that is a nicely bound and neatly typed-up report. Some committees never really produce something like that. They are a working kind of committee. They are not asked to do a particular study and then give you a report with recommendations that you can make public and then get criticized for not following them or whatever like that. There are some that are like that.

Some committees have produced reports that have been made public. Some have produced reports that have not been made public. Some have that will be made public at some future date.

Usually you want to be able to co-ordinate the release of a document with some kind of action that you either have taken or are intending to take. Some reports, for example, the Centre for Health Policy and Evaluation reports, they come out under their own steam. They operate independently and make their reports available, not unlike the Law Reform Commission does. Sometimes they call for action. Sometimes they just provide information and help keep the debate going.

However, I am not sure what it is the honourable member is asking for. He knows the reports that have been made public. He knows of some that he became aware of before they became public and which formed the basis of his party's platform in the election. That is all right. I am flattered when that happens. I am not critical. Just because their child health strategy is exactly the same as ours is no coincidence. I know how it happened and I think it is great. I think we can work together on a lot of things.

**Mr. Chomiak:** I do not really want to get into political debate. I am trying really hard not to do that. Our particular announced child health strategy I think is more comprehensive than the plan that was announced by the government. It just could be that we are farther along in our planning than the government was at the time that they announced theirs.

**Mr. McCrae:** Anything is possible, I suppose, Mr. Chairperson. I notice the honourable member's cheek has a little bulge in it. That is all right.

**Mr. Chomiak:** While Dr. Wade is with us I wonder if we could get an update as to what the status is, the specific status of the tertiary care consolidation, where we are at today with respect to the recommendations in the December '93 report.

\* (1510)

**Mr. McCrae:** The honourable member will recall the signing of the consortium agreement at that time—I forget what we called it exactly. It was an agreement between the Health Sciences Centre, the St. Boniface Hospital and the government to begin to develop these various programs, these tertiary programs. The first ones identified were cardiac and neurosciences. The reasons for that, as was felt I guess by all concerned, were that those were very, very key and very, very tertiary sorts of programs.

So we have the University of Manitoba involved in the discussions through the efforts of Dr. Arnold Naimark, president of the university, have the chair and the CEO of HSC, and the chair and CEO of St. Boniface Hospital building program plans and plans for the governance of the programs, but heart and neural

were the two identified tertiary programs that needed to be the subject of priority discussion and planning.

One of the major things they want to do is establish leadership for those programs. They are really happy, and I am really happy to be able to say that Dr. Bill Lindsay is leading our cardiac program, one of those doctors who returned to Manitoba. We hear about doctors leaving Manitoba. Well, here is a very well-known and highly respected cardiac surgeon who is leading our cardiac program. Similarly, Dr. Blake McClarty leads the neurosciences program.

So we have made a pretty significant beginning to address the Bell-Wade recommendations, which if you could put the Bell-Wade Report in just a short precis of what that report says, it talks about working collaboratively on these things. Instead of having two teaching hospitals working probably too much in isolation, one from the other, we now have some joint planning, some joint delivery of service, and we expect there to be great improvement.

From there we go to the issue of trauma, the trauma centre, I take it, and that will be the next major piece of work that will be done under these arrangements.

**Mr. Chomiak:** I thank the minister for that response. So what we have is we now have one head of the cardiology program and one head of neurosurgery at both facilities. The minister is nodding and he affirmed it.

Is there a common waiting list that has been developed, particularly for cardiac surgery?

**Mr. McCrae:** When Dr. Lindsay arrived on the scene, that was in the process of being developed. He has now taken charge of the matter. That process is still in process, but with Dr. Lindsay's leadership we should be able to get that ready to roll.

**Mr. Chomiak:** This is not a politically charged question; I am trying to get a grasp as to what the situation is. Would there be any specific difference that someone would notice if they walked into, or they are sent to St. B or Health Sciences Centre for cardiac problems? Would there be any tangible difference they

would see as a result of these preliminary steps, or is it still too soon? Is there anything tangible that they would see that would be changed?

**Mr. McCrae:** Patients will begin to or have begun to see surgeons and support staff, if patients happen to be in both places, working in both places. In other words, you do not see the surgeons assigned only to one location anymore; you will see them assigned or working at least in both locations. That includes support staff as well. I do not know if patients see that or not, but if you hang around both locations, you might see the same people in both places.

**Mr. Chomiak:** On the issue of waiting lists now, as I understand it, each surgeon basically has his or her own waiting lists.

What are we looking for in terms of the consolidation of waiting lists?

**Mr. McCrae:** The exercise involved in building the new program dealing with waiting lists would have the doctors working together to develop that waiting list. It would be based on need, and it would be done jointly as opposed to each doctor having his or her own list and maybe competing with each. Now they are working together to prioritize that list.

**Mr. Chomiak:** So in natural fact the cardiac surgeons are now meeting as a group and looking at prioritizing, consolidating or working together on their list. Is that the exercise?

**Mr. McCrae:** That is where they are heading. I am not trying to have the honourable member think that it has already happened, but that is where we are heading under the leadership of Dr. Lindsay.

**Mr. Chomiak:** I guess it is difficult to put a time line on this. Is there any kind of time line that has been placed on this process?

**Mr. McCrae:** I kind of think that way myself sometimes, but it is not always so easy. I think when you are dealing with professionals, there are a lot of things enter into these things for them. My wish is that

it happen immediately and that we have physicians looking at the cases together and making decisions that result in a better use of the list. I still think there is going to be a list at the end of all of this. Some might even argue it will be too long then, but at least I would like to have more of a comfort of knowing that the right people are getting the priority attention. I do feel better knowing that the doctors are working toward this.

**Mr. Chomiak:** Mr. Chairperson, that is in fact happening now though on an individual basis. There are clinical guidelines that are in place at each institution and under the direction of each of the programs, and those particular priorities are already in place as we speak. It is just a question of consolidating those lists. Is that not the case?

\* (1520)

**Mr. McCrae:** Is it not a question though if each doctor previously was working quite individually, no matter what your guidelines and all of that, the honourable member knows and I know, too, that different interpretations can apply; whereas, if you are sitting around the same table, then you are coming to a consensus interpretation. It is questionable as to whether there were even common guidelines. As long as you were working within the parameters laid down by your professional organization, that would, I suppose, keep you okay with your professional organization, but I do not know that that served the population the best.

I do not know if the honourable member is as uncomfortable as I am talking about these extremely professional issues, but what we need to get fundamentally is very highly specialized and professional people to work together with other highly specialized and professional people and to build consensus. Dr. Wade tells me that a good description is that the waiting list methodology will be designed to meet the needs of the patients and not entirely the needs or desires of the professionals involved.

**Mr. Chomiak:** Mr. Chairperson, the reason I am emphasizing this particular issue is not only because it is important, but because prior to your assumption of

the office, the previous minister actually had announced the program that a common waiting list would be developed for cardiac surgery.

I can remember being interviewed in the media and praising it quite strongly. I did not see anything tangible come down in the process. I also received correspondence from yourself in December of last year indicating a move towards this, so I am trying to get some kind of ideas as to where we are at in terms of this.

**Mr. McCrae:** I am the same as the honourable member. I think some of these things take a very long time. I am glad to be given the comfort that only since, what, about the first of this year I guess, have we had Dr. Lindsay. I think that is the most significant thing to happen in the cardiac program. It is important that the administrators and trustees and everything we are talking about this one program, two sites and all of that, but the thing that was missing even last fall was leadership in the cardiac program.

That is the best I can give the honourable member. I wish I could say tomorrow it will all be resolved, but the best answer I can give him today is that we do indeed have a strong leader for that program. I think that the professionals working in the program would have been the first to say, what we need is good strong leadership in our cardiac program. That is the most hopeful response I can give the honourable member, short of saying tomorrow the whole matter will have been resolved.

**Mr. Chomiak:** Is a similar development happening in neurosurgery or is it further advanced or further behind? What is the status of that?

**Mr. McCrae:** I think two significant things need to be said in this area. It is also a priority item or has been. Now that we have Dr. Blake—well, I am going to say Blake McClarty. We will have to check that out for you. Having recruited that leadership, the two issues that are important in the neurosciences program is recruitment of more neurosurgeons and also the issue of the funding of the program I think—if problems occur sometimes it is because of funding issues, not so much

how much for the program as a whole, but who gets what sometimes is a problem.

It has been, for me, very interesting to have discussions with Dr. Wade, the new—not even new anymore, but the Deputy Minister of Health has some ideas that I suspect he has probably had for some time and wants to discuss and pursue with his colleagues in the profession. I support those discussions, alternate methods of remuneration for physicians. I know that some people suggest salaries for everybody and then some people say, well, fee-for-service for everybody.

There are all kinds of ways I suggest to look at the remuneration issue. Which is the best way of remuneration for a particular program? That is the way we should look at it. There should not really be a philosophy involved. I know that salaries work well in some places and in some programs. I know that on the other hand there are going to be some physicians in Manitoba, maybe even a significant number, who will be very, very displeased to move immediately away from the fee-for-service system, which is all they have ever worked under.

So I do not know why we have to move from one totally to another system overnight when we can look at programs, and these tertiary programs might be a very good place to start looking at issues like block funding for a program or a contractual arrangement of some kind to see that Manitobans get what they need under these very, very high-tech and extremely important programs. Maybe fee-for-service is not right. Maybe even salaries, simply put, is not right, but some kind of contractual or block funding arrangement. So I have said to Dr. Wade and the others that they are quite at liberty to pursue whatever kind of option is the best one to look at as long as Manitobans get the service.

Of course, we are working within certain numbers of dollars across the whole health system in Manitoba but, there again, it is a question of, where should the monies be going, where should the priorities be? If we have been having trouble with recruiting, is that an issue of money? If it is, let us address it. We owe that to Manitobans.

**Mr. Chomiak:** Mr. Chairperson, I appreciate that response. There are several lines of questioning that arise from the minister's response.

I think it is appropriate that the minister did talk about the remuneration mix when it comes to neurosurgery, because my people that advise us have indicated, this was one of the difficulties that resulted in the loss, perhaps, of one of our neurosurgeons.

**Mr. McCrae:** That was an emergency surgeon you asked me to talk to earlier today, was it not? It may help the honourable member for me to say very simply that we are looking at alternate funding and discussing alternate funding for the whole program, all of the programs of the academic health centres.

**Mr. Chomiak:** While we are on that point, the minister talked about, basically, a flexibility in approach which I think no one would disagree with. Aside from the academic funding, which seems to make sense, tied in with research funding I would suspect, what are the other alternatives and the other configurations that the ministry is looking at?

\* (1530)

**Mr. McCrae:** At this point it is not me doing the looking. I have asked the academic centres and the department and the university and everybody involved to feel free to look at any number or variety or permutation of methods of remuneration. I mean, as far as the government is concerned, I think it still comes out to a certain number of dollars that we are going to have to spend to provide all of these services. So it is really not my debate so much as at the end of the day to hear what the others have had to say and then make some determination based on the options put before me

So at this point I do not really have any philosophy other than to say that there are so many dollars and we know how many there are for this particular year, and we have some fairly good signals as to what the future is going to be like so that it may be even that alternative funding will allow us to find ways to live within budgets and to be more efficient with the dollars and still get a job done for the patients of Manitoba.

Just to help also for later discussion when we get into servicing underserved areas of Manitoba, we are open to discussion on alternate remuneration formulas in those areas too. I think that what has made the change is, maybe physicians themselves have come around to the thinking that just because fee-for-service was kind of the foundation of medicare does not mean we have to not have a medicare because we insist on that one kind.

There are certain problems with certain kinds of systems of remuneration which people are now willing to address, which maybe they were not in the past. Maybe we did not have to in the past because the pressures were not on us in the same way as they are now.

We have pressures of how many dollars can be made available, but we also have very serious pressures in areas that are underserved. So we are quite willing to look at other methods of remuneration in other areas. In fact, we have salary programs in some areas already.

**Mr. Chomiak:** It is no secret that workload and stress is a factor in many of these areas, particularly in neurosurgery. Can the minister indicate how many neurosurgeons we presently have in the province and what efforts are being made to recruit additional neurosurgeons?

**Mr. McCrae:** We are actively in the process of recruiting neurosurgeons. We have 3 or 4 and we want 6 or 7. We are making commitments to young neurosurgeons in Manitoba now. Another thing Dr. Wade tells me, that of 40 trained in the whole of Canada, 20 remain. So the problem is a national one, this issue of specialists leaving us. We want to do everything we can here to keep what we need here in our own province. The context here is a national sort of context.

**Mr. Tim Sale (Crescentwood):** I am not sure of the exact year, Mr. Minister, but I think Dr. Wade negotiated an agreement with the family practice unit at St. Boniface Hospital to the point where it was on the—is my mike not on? I have not often been accused of not speaking loudly enough. Do I need to go over that again for Hansard? Yes? Okay.

I am not sure of the year, but it might have been the end of 1991-92 or 1992-93, I am not certain, but several years ago. Such an agreement was virtually completed.

I believe there was significant disappointment when it was not actually completely concluded. We have talked about moving away from fee-for-service for primary care physicians for a long time now.

We have talked about alternative methods of funding doctors. You are into your eighth year now in government and I do not know of specific progress that has been made. I know of general hopes and thoughts and directions.

Has there been any specific movement away from fee-for-service and on to specific arrangements either for capitation or salary in some cases of any groups of physicians? We can go on in this area for some time because there are so many different groups involved in this.

Can you first indicate in general, are there any groups that have moved from a previous status to a new status?

**Mr. McCrae:** It may just be that the honourable member had not heard about it, that is all, because there are a number of arrangements, I am advised, that have been in place for some time. For example, the university's Department of Family Medicine has been under an alternate block-funding arrangement for two years now, and there are alternate arrangements in emergencies in various places, obstetrical anaesthesia and intensive care, so they have these other arrangements in those. Then in addition to that is the salaried physicians in various rural locations, as well, and the northern medical unit.

**Mr. Sale:** I do not think most of those are really new, Mr. Minister. I think that northern salaried physicians and arrangements have been in place for a long time in Dr. Hildes's units of one kind or another, sessional fees and those kinds of arrangements.

I am asking, have there been specific changes in the last two or three years from previous fee-for-service arrangements to new kinds of arrangements,

specifically as a result of the, what was it, 1993 that the Action Plan was tabled? 1992. Have there been specific changes and what have they been?

**Mr. McCrae:** The family medicine one we referred to is in that category.

**Mr. Sale:** Mr. Minister, are there any others than the family medicine one?

**Mr. McCrae:** No, there are not any others yet, but we are open and I think maybe even encouraging proposals in that area. I am told the university's Department of Family Medicine model is a national one, though, and is looked at with approbation.

\* (1540)

**Mr. Sale:** Could the minister then table for the committee's information the specific information in regard to the family medicine remuneration process, and would he, in tabling that information, provide some estimate of the impact of that change as compared to the previous arrangement in terms of either expenditure patterns or service utilization patterns? How has this shift in remuneration affected the delivery of health care? I ask that in a totally nonpartisan way because the literature suggests that physician-induced demand is one of the characteristics of the Canadian medicare system and that alternative salary or remuneration, let us just say alternative remuneration, would be one strategy for addressing that question. So can the minister table some information that would help us to see the impact of that change?

**Mr. McCrae:** We will provide what information we can to the honourable member on that. I do not disagree with anything he said. I think he is on the right track.

**Mr. Sale:** I thank the minister for that, and I think that that is the kind of dialogue that can be creative and helpful in terms of helping to move us forward in this, I think, very critical area.

Would the minister comment then on the impact that the five-year MMA agreement with the commitment to a fee-for-service model has on the ability of the

department to move away from virtually 100 percent reliance, apart from the example given on fee-for-service over the next period of time?

**Mr. McCrae:** I am not sure I agree with the honourable member about the five-year deal with the MMA having such a total reliance on the fee-for-service system. I have discussed and been assured that that agreement would not prevent parties from moving on to other models of remuneration.

The doctors themselves—I suggest many of them—are crying out for the kind of change the honourable member is talking about and that I am talking about, so that I do not think there is anything in that agreement that restricts us.

I do think that there are some physicians in Manitoba who will hold fast to the fee-for-service system, and I think some regard has to be had for them. I am in the business of trying to do what I can do. I sometimes wish I could do all the things I think I would like to see done, and it is not quite as simple. It is harder to be on the government's side than it is on the opposition side, when it comes to actually doing some of these things. The honourable member would maybe understand that. So that I have never felt that we could transform our fee-for-service system 100 percent in a hurry, but I think over time we can transform it quite a lot. There is nothing I know of in the agreement that would stop us from making significant change.

**Mr. Sale:** Mr. Chairperson, I think, Mr. Minister, one of the problems in the agreement is that while the parties to the agreement may agree to alternative things, the fact is that the MMA has the ability under the agreement not to agree and to block movement in that direction, as an association.

I think that all of us who know about unions—and I guess we can speak about unions when the MMA is a union just like any other—know that sometimes the power in the union is held by members who may not have all members' best interests at heart. I think the fee schedules that have been arranged over the years have often reflected that, that some of the smaller numbers specialties have not gotten their due in relation to fee schedules.

So I guess I am not as optimistic as the minister that signing this agreement has not in fact locked up a lot of your flexibility that you might otherwise have had if this agreement were not in place. That aside, I take your point that you think that it is possible to move ahead.

I want to ask about Ontario's capitation arrangements. In Ontario, under the Conservative government, the Liberal government and the NDP governments of the last—whatever it is—12, 14 years, there has been a slow but steady evolution of capitation formally. I think that when I last looked at them—and that was not in the last year—but when I last looked at them, there were well over 100 capitation-funded group and solo practices in Ontario. The model was a case-mix model in which people's case mixes were normed, projections made of what the cost ought to be, and they were paid on that basis. There were some disincentives in the system. If patients left and went to other doctors, then the physician of record lost. There were some incentives in terms of reducing hospitalization.

As far as I know, there has been no open exploration of that model in Manitoba. At least there has been no public exploration. Is the minister now undertaking a specific initiative to explore capitation, models of remuneration, either for group or solo practice.

**Mr. McCrae:** Mr. Chairperson, I think it is probably somewhere in between. It is probably not as bad as the honourable member says and not as good as I say, in terms of the flexibility—I am talking about the flexibility in the MMA agreement. I am just going back to that part—I wanted to sort of get in at some point to say to honourable member that so far, we have enjoyed a co-operative effort. We are now into the third year of that five-year deal. We are working co-operatively so far and I certainly want to keep it that way if I can. We seem to get more done when we are not fighting. That is good because we need to get some things done right about now in our history.

I do not know that the vested interests will be able to stop meaningful change when faced with population health reports from the Manitoba Centre for Health Policy and Evaluation. Those reports do get the discussion going, but that is a good thing and not a bad

thing, in my view. That is a question of—I do not know who is right, whether the honourable member is right or I am right, but we will keep working away to try and make the thing work for Manitobans.

The capitation arrangements to which the honourable member refers is something you see in regard to pharmacy arrangements for our personal care homes now. Again, the Manitoba Centre for Health Policy and Evaluation and its advice will help direct us to which models or model are the right ones in any particular application in the future. Nothing, as far as I am concerned, is ruled out as long as the population health is somehow the beneficiary.

**Mr. Assistant Deputy Chairperson:** The honourable member for Crescentwood, before I acknowledge the member, I would just remind the honourable members of the committee that any remarks should be made through the Chair rather than back and forth for the benefit of Hansard.

\* (1550)

**Mr. Sale:** Thank you for that correction. We new members need help and we appreciate all the help we get. Then to the minister, I take it the answer is no, that there is no active exploration of capitation as an alternative strategy in Manitoba. I understood the minister to say, anything is possible, we will look for advice, but I think the minister said no. If the minister said no, Mr. Chairperson, why? It is a recognized, a well-recognized model for remuneration used in a number of places in the world. Why are we not exploring it?

**Mr. McCrae:** I do not think I did say that. I said that it is one of the methods that we are actively involved in discussions with others in. So that if the honourable member felt I was dismissing it, I was not doing that. I have not dismissed anything in this area.

**Mr. Sale:** Mr. Chairperson, when a government is undertaking development of a new initiative in an area as big as health, as complex as health and an area as complex as the remuneration of physicians, I would think there would be something more formal than, we are open to exploring ideas.

Is there a written outline? Has the minister reviewed the Ontario guidelines or the British guidelines? Is there a possibility of a pilot project?

This is not an arcane notion, capitation. Is this really on the table or is it simply, well, we are open should it come down the road?

**Mr. McCrae:** I do not want the honourable member to misunderstand here. The tone of the question seems to suggest that he wants to push me along further than we already are. That is all right. He is doing that.

Yet, you see, if you move with inappropriate or even indecent haste you can get yourself into all kinds of trouble. I am trying to maintain partnerships in this province, and it is not for me to judge how I am doing, but I am working at it pretty hard.

Specifically with the development of rural health associations, the discussion of this method will be more pointed, I suggest, as we go through the secondary review of our hospitals here in Manitoba. This will become more focused on this topic as well.

These things, in terms of the history of our system, while it might seem like a long time for the honourable member, who has maybe embraced these ideas for some time, not everybody has. So building consensus takes a little time. Thank goodness we have a little time here in Manitoba, not a lot of time, but a little time in order to do the best job we can in our consultations with the various parts of the system.

**Mr. Sale:** I thank the minister for that thoughtful response. I guess I am going back to the minister's own comments a few minutes ago and my experience with younger members of the medical profession, in particular women who have become doctors.

I agree with the minister that many younger physicians, indeed not just younger physicians, are open to alternative practice styles and alternative remuneration. We know that in Ontario nobody coerced the numbers of group practices and solo practices that are in capitation remuneration models. No one went to them and said, you have to do this. It was an option that was offered.

In my not expert view but my sort of layperson view, it was an option that was extremely expensive at the time for Ontario because they made the carrot too rich. They gave an incentive that was too high, so I think it needed some fine tuning. I am not sure that it constitutes moving too fast or breaking partnerships to offer options, particularly when there are so many younger physicians who do not want to practise 70-hour-a-week, volume-driven medicine, and capitation offers the option for that, or at least it offers an option, not the option.

There is no one right method. I agree with the minister on that. I am simply asking the minister, would the minister and the department more actively explore putting forward options in an open way, so they can be looked at and discussed rather than perhaps waiting so long for these alternatives to be available to some of the physicians, who I am sure might well welcome the chance to be a pilot project in a capitation model.

**Mr. McCrae:** Mr. Chairperson, I appreciate the honourable member's urgings and knowing that there is that kind of support there makes it easier for me to urge that discussions go forward in these areas. I will take his question as a strong inducement for me to encourage these kinds of things to happen. I appreciate what he said too about younger doctors. That has been my experience, that younger doctors seem more amenable to new remuneration ideas, and some others too. I can also appreciate, you know, if you happen to be a physician in a certain practice and it is built, it is an ongoing thing, I can understand maybe not wanting to change for the duration of one's career either.

So I think we can probably benefit from both systems for the time being, and it may be that some day we will look back and fee-for-service will be the exception rather than the rule. But I will take what the honourable member said very seriously and discuss it further with my department.

**Mr. Chomiak:** Mr. Chairperson, following this line of questioning, I wonder what active efforts the department is making to deal with what I think is a crisis of morale in the medical community in terms of—particularly amongst family physicians and general

practitioners. I wonder what specific steps are being taken to deal with that particular issue.

**Mr. McCrae:** I guess I have to ask the honourable member to put some point on this question. I know there are areas where there are morale issues. I know that and I do not deny that, but to say that it is a general crisis of morale when we are simply working together like never before with the medical association, and we are working with the members of the medical association that have accepted the direction of the agreement that we arrived at for a five-year period—I would ask the honourable member to be more specific about his crisis. It is his crisis. It is not mine. It is not the people's and it is not the doctors' until you can be more specific than that.

\* (1600)

**Mr. Chomiak:** Let me be more specific. In the constituency I represent there are several family doctors that have recently picked up and moved to the United States. It is rumoured that there are several others who are going to be picking up and moving to the United States. Several weeks ago I encountered a family physician in the parking lot of a building who told me of three or four other physicians that he knows that are contemplating moving to the United States. There is another doctor adviser to me, who is a lifetime Winnipegger, who told me over dinner that he would accept any offer to buy his particular practice despite the fact that he is a long-time Winnipegger, likes his practice and likes Winnipeg. He just does not feel that he is appreciated—that is the choice of words.

Finally, I was advised by a patient of Dr. Rifkin, the matter I raised in the House today, that it is his dissatisfaction with what is going on in Manitoba—I did not confirm that; I was told this on hearsay. I also tried to contact Dr. Rifkin myself prior to his departure but was unable to do so to confirm the reason as to why he was leaving. Maybe this is anecdotal, but my impression is there is a sense of morale problems, shall we say. This is not a political question, and it is not an attempt to debate the merits or the pluses or deficiencies of the MMA agreement. It is just a general question that I think it is incumbent upon me to ask based on what these people have told me both in social

and in working relationships with them. Maybe it is all anecdotal and maybe I am wrong, but that is not the impression that has been passed on to me.

**Mr. McCrae:** I can partly go along with some of the things the honourable member has said. In this line of questions he is singling out physicians.

If you are a nurse, working in our hospitals where changes are happening, there is a sense that, you know, I wonder if these things are going to affect me in some terrible way. If you happen to be the cleaner of a ward in a hospital that gets closed in these days of changes in the acute care sector, you are going to be worried about that, too. I appreciate the cleaner, too, and I appreciate the nurse, and I appreciate the doctor as well.

They are part of a team, all of them. The doctors, of course, are important members of the health team, and they are an essential part of the health team. How we treat them is important in the same way it is important how we treat everybody else. They are valued. Just saying it is not enough though. Something has to make them feel valued and appreciated.

If they want opportunities in Canada to reach the potential that they know that they have and that they trained for and studied and worked very hard to get to, your career does not end the day you start being a doctor. There are a lot of things you want to do to develop in yourself the potential that your learning has taught you that you have and you want to bring it out so compensation is an issue. The fee-for-service system has come kind of full circle.

Tommy Douglas, I knew him personally, and I have a lot of regard for him. He and I had a number of very interesting chats, a wonderful man. However, the health care system that he got going was based on that fee-for-service system and it has outlived its usefulness in a lot of places. I hope my honourable friends do not get too upset for saying that.

It is certainly not to fault Tommy Douglas or the drafters of medicare, but in those days in order to get that, you had to get the doctors into the tent. The way to get them into the tent was to show them that the

system of fee-for-service billing does not have to change.

Well, now you get the government paying the bills—back to what the member for Crescentwood (Mr. Sale) said—it can become a disincentive to the best operation of the health care system.

So what started out as something really good—it is interesting that a lot of other economic issues had their beginnings just around the time of the birth of medicare too. Those were the days when I guess we felt that we could do all these things. We could raise the money somehow. Even if we could not generate it, then we would tax for it or borrow for it, to get the money that we wanted. That is where we kind of get off the track, the two different philosophies on this.

The one philosophy says, well, just take it all from the rich or, you know, tax people some more or whatever. That is where we get into a divergence which everybody is very aware of, and I can respect people who have a different view than I on that point.

I happen to come down on the side of living within your means, which means we have to look at the fee-for-service system for a number of reasons. It does not work for some docs in the same way as it works for other doctors. In a market that is close to saturated in some ways, it just does not work very well at all.

If you are a new player, how do you break in? How do you get into a system where Dr. So-and-so and his or her partners in the clinic are getting all the medical business? I can see the reason for wanting to look at some changes. The members—I got their support for this. It is important for me to have that because I think that there are ways to improve this.

If you happened to be a doctor at the time of the birth of medicare, you are not as likely to want to be changed overnight. I hope honourable members can appreciate that too. Some will, but there will be a number that have done well enough by the fee-for-service system that they do not see any need to change. I am not wanting to run them out of the country by imposing change on them.

You cannot on the one hand argue that too many doctors are leaving and then on the other hand argue that we should not change. I know honourable members opposite are not doing that. They are pushing for change in this area, and I accept that, and I appreciate it because I think change is needed.

Dr. Wade tells me that of the physicians in the United States, 17 percent of them are family physicians. You know why they are actively recruiting Canadian doctors. We are at 50 percent. There is a very big difference there. I will not ask honourable members to put themselves, but put somebody they know in the position where you are doing not too badly or making a living in Canada and somebody comes along with a really juicy package. You are trying to raise a family or whatever it happens to be, and you have got commitments. I can see people being lured away by that.

But I also see some people coming back, and it is nice to see that. They go there, and they find out that malpractice insurance is a pretty big item, and maybe over the longer term there are some things about us that really lure us back to where we came from. It happened to me.

At the very base of it all, we are still human beings, and we are Canadians, and we value some things that go on in this country. We want to maybe come back and fight for them or come back and preserve a quality of life that we once enjoyed. I do not know how many come back, but when we hear statistics on how many leave, I wish they would tell us how many came back too, because I think that is probably relevant. Some do.

I do not know if I finished everything I was going to say, but I am very sensitive to these issues. I am more sensitive to them in areas where the undersupply is just screaming rather than just crying out. There are areas where we need to put priority attention.

With all due respect, we probably have—I do not know what percentage—more physicians practising in the city of Winnipeg today than 20 or 30 years ago, but the fee-for-service system built it to that kind of a level where now it is getting to be maybe not such a good-paying proposition.

\* (1610)

We will probably get agreement on the point that we have enough physicians. We just need them located in the right places, we need them practising in the right specialties and if we listen to the Centre for Health Policy Evaluation, which is probably a good idea most of the time if not all the time, we would be forced to address the issue of physician resource. Because even after the fee-for-service system some day is not a large part of the remuneration aspect of health care, doctors will still be driving our system to a certain extent, driving the costs in other areas, so it is going to be important that we have the right numbers in the right specialties and in the right places.

**Mr. Sale:** Mr. Chairperson, there are so many things in the minister's response that open up avenues, and I guess I want to ask one very concrete question. I suspect that the commission, well, not the commission, now the department actually has those data to which the minister referred, that is, how many doctors have returned from the States. I think that those are actually, in fact sometimes I have seen such data, so I suspect they exist about the people coming back. It would be interesting for all of us to know what that is.

I do know that there are numbers of family physicians who have said that it is not so much the malpractice suit or malpractice insurance level that is frustrating in the United States, it is the fact that you spend a very considerable portion of your time negotiating with insurance companies for appropriate coverage for your patients when you know they need care, they know they need care, but the payer in the situation is obviously facing an expenditure which they would rather not make.

There is a standing joke, I am sure that the minister is aware of, that when you ask a psychiatrist how long a patient will be in hospital, the answer is virtually always until the insurance date runs out. That is the situation that is in the States, so the minister is quite correct in saying that quite a few find that the greener pastures have turned brown after some experience.

I want to just put on the record though—for the sake of history that Tommy Douglas and Woodrow Lloyd

who was actually Premier—I think Woodrow Lloyd was a very critical portion of bringing in medicare in Saskatchewan. The compromise around fee-for-service was a compromise with the physicians. It was not in any sense something that the Saskatchewan founders wanted or welcomed. They saw it as a political necessary trade-off in the day and saw it as a flaw. In fact Douglas described this as a flaw at the heart of medicare, and I think if I am not mistaken, I am not as sure about this, I think Mr. Justice Hall made similar comments in his initial royal commission report.

(Mr. Edward Helwer, Acting Chairperson, in the Chair)

I think virtually everyone who took a kind of economic or system look at our system recognized that when you provide all of the infrastructure and guarantee the payment and then say to the main player, go on a volume basis and do your business, that we have essentially put at work a mechanism which only works when you have a shortage, and in the condition of the shortage of physicians it works by driving them too hard. It works by driving doctors to work at a level and at a number of hours per week that is damaging to them. So on an economic base, fee-for-service is sustainable and affordable when you have a shortage because the human limit is such that you can only practise that 70 or 80 hours a week and then you burn out. But when you have either enough or a surplus, fee-for-service is a ruinous method of remuneration, and I think Douglas and those who advised him and Lloyd understood that.

I understand what the minister was saying, but I just want to put on the record that I do not think the founders thought fee-for-service was desirable. They thought it was a compromise politically required at the time, but in the long run not sustainable.

\* (1620)

**Mr. McCrae:** Mr. Chairperson, there must be something wrong here today; we are just agreeing on too many things.

I accept the honourable member's version here because I was very young then—very, very young then.

I have a vague recollection of that debate, and I think the honourable member is right about that. Part of the Canadian history and legacy is compromises that get made sometimes. Dr. Wade tells me Cecil Sheps, a Manitoban, was the real planner behind that thing. I do not know anything about that. I would accept what the honourable member says about that as it having been seen by some of the early pioneers of medicare as a flaw. Yet it was felt by them and obviously others to be worth the risk because it did at least allow Canadians from coast to coast at every level of income, and so on, to be spared the catastrophes that can happen in a health situation. I accept that, but if it was a flaw then, it is a flaw now. I accept also that it is this generation of politicians that is going to have to do something about it. I just hope we will have some support when we do.

**Mr. Chomiak:** Earlier on in these debates the minister indicated information would be forwarded concerning the \$14 million or so expenditures. Have we received that information? During the early part of questioning, the minister indicated that data would be forwarded to him concerning the balance of expenditures that have been reallocated from the acute care sector to other forms of care in this year's estimates.

**Mr. McCrae:** A little while ago the honourable member for Kildonan (Mr. Chomiak) and I were talking about the reductions in hospitals to make dollars available for other things and I have, I think, a little more detail for him now. I told him that the urban hospital reduction would be 2 percent and that comes to about \$12.8 million. These are going to be a little bit round because, at the end of it all, I think we are going to be missing a couple hundred thousand dollars here, and I have not figured out exactly how it works. Either we are going to be missing or we are going to have \$200,000 too many, I am not sure which it is. In the rural hospitals, the reduction is 1.2 percent for \$2.1 million—that comes to \$14.9 million.

The redirection plan—this is for the whole year and it is projected, and at the end of the year we will have to see whether it came out that way or not, or whether we are underspent. We are more likely to be underspent than overspent though because of the balanced budget requirement. We are expecting that \$2 million would

be an increase for the personal care home sector. The capital issue that I referred to earlier will take up \$4.7 million. The community health aspect, which includes the nurse-managed care, would take up \$3 million.

Then there is the issue of waiting-list management, increases for dialysis, the trauma centre, child health initiatives and labour adjustment, should that be required, which there probably is reason to think that it is going to be required again. Another \$5 million for all of those things. Here is where I get mixed up because it only comes to \$14.7 million. That last one should have been \$5.2 million, I am advised, which will bring us to our \$14.9 million. These are perhaps a little better breakout of the numbers. Where you will find these things—I guess if you go, you will see an increase in the PCH area. I hope that bears fruit, and if it does not, then we will have to deal with it when you raise it.

**Mr. Chomiak:** The minister indicated \$4.7 million in capital. Can he outline where that capital is expended, which programs, which activities, which facilities?

**The Acting Chairperson (Mr. Helwer):** Would you like to speak into your mike, please.

**Mr. McCrae:** This number will appear in various lines and in various ways. It deals, to a large extent, with the costs related to capital, additions and expenditures in hospitals and in personal care. It amounts to \$4.7 million and a big part of that is interest rate adjustments. So that it is a kind of a catchall that will apply in various places throughout these Estimates relating to capital matters.

(Mr. Assistant Deputy Chairperson in the Chair)

**Mr. Chomiak:** The \$3 million remaining to community health that the minister referenced—I believe it is \$3 million—that would be the sum total of the nurse-managed part? Can the minister maybe delineate the expenditures under that \$3-million umbrella?

**Mr. McCrae:** Again, Mr. Chairperson, that \$3 million applies to a number of initiatives, some in the stages of development; it includes changes at the community

health centres and changes for the Youville idea, the nurse-managed care. So it includes all those things, and to be more detailed with it, the honourable member will have to give me a little more time to get that information for him.

**Mr. Chomiak:** I do appreciate that because if memory serves me correctly, for example, the nurse-managed centres, I thought, were an expenditure of \$4 million. I thought that was the announcement. Would that include—

**Mr. McCrae:** Sorry, Mr. Chairperson, I am just going by recollection too, but I thought the Youville one was \$1 million.

**Mr. Chomiak:** And then there are three others in addition that are supposed to be up and running.

**Mr. McCrae:** Then there are three others in addition. The development of the nurse resource centres is something that takes some time to do. So I do not know how much of this will be spent this year doing that. We know the Youville one is going to be up and running. The other ones, we will see how far along we can get with those, working with our partners.

**Mr. Chomiak:** Included in this is, of course, the half million dollars for the waiting list reduction program. I wonder if the minister might elaborate as to—because this is so fundamental to some of the issues in health care—how this project is functioning. What is the end result? What is the plan at the end of the road to deal with waiting lists as a result of the six-month trial period?

\* (1630)

**Mr. McCrae:** With respect to waiting lists, the honourable member asked for some discussion about it. We identified that we could make available this year \$500,000 to find ways to reduce the wait for people in three or four areas. The cardiac area, hips and knees, cancer, surgery, radiation and MRI services, which is magnetic resonance imaging.

What we needed to do was something fairly immediate for the purpose of finding ways to reduce

the lists on a short-term basis, thus giving the hospitals and specialists some time to get a better handle on. What is it about these waiting lists? What makes them, why do we have them, why do we put up with them, all of that sort of thing, and what are we going to do in the longer term future?

It is not altogether clear to anybody, it seems, whether those waiting lists are an accurate reflection on what is really happening out there. I hear from patients waiting for surgeries, the honourable member hears from them. The member for Crescentwood no doubt does too. Some of those people, it is suggested, I do not know if it is true or not, are on more than one list in some case, depending on the system managing those lists. Some people are on them because their doctors prescribe that where other doctors do not, which goes back to our discussion about the cardiac program. If we had people working together, it would be really a lot better—keep talking about it, and keep hoping and waiting, financing waiting list reductions, in the hopes that these protocols will improve.

I do not know if honourable members see all the things I do, but I saw a really interesting article on cardiac surgery and a study done that compared the city of Brandon with the city of Winnipeg. I see the honourable member for Crescentwood (Mr. Sale) nodding his head in the affirmative. So that says, what are the goal posts that we are using here, all of us, the yardstick for our discussion. I am just like anybody else. It is unacceptable to me that somebody who is frightened about their heart has to wait a long time for an operation. Should the doctor have said that they need to have an operation? Maybe so, likely, because they are the doctors and we are not, but are they operating with the same practice guidelines as other doctors who may be telling another patient, you do not need an operation, not for another four or five years. We will do all these other things in the meantime.

I do not think I am telling honourable members anything new but maybe putting something on the record here that makes sense to somebody who does not happen to be waiting for an operation. If your knee is sore or your hip is sore, it does not matter how much talking you or I can do, Mr. Chairperson; it does not make the hurt go away. It does not make their

impatience for getting something done about this. It does not make it go away. The only thing that will make it go away is the surgery that they have been promised.

I am very mindful of the way people approach these issues. I am very sensitive, too, to those issues for a number of reasons. One of them is that I get as many calls as anybody, probably more, on issues relating to health, hips and knees. A lot of people maybe jump to the conclusion that a knee replacement has to be done right now, and I am told knee replacement technology is relatively new. It is new and it brings a lot of relief to people. So they want it and they want it right now. I do not blame them, because their knee joints hurt. It does not make them feel any better to be pumping all kinds of medicine into them to reduce that hurt. It does not help their mobility.

I guess what I am trying to say is that we are sensitive to the issue, and hopefully that the shorter term injection of funds to assist in making operating rooms, staffs and time available so that we can shorten these lists somewhat in the short term will give us some time also to develop strategies to look at it in a longer term way. It does not give me any pleasure to be compared with other jurisdictions and found to be not doing so well in some areas. That does not give me any pleasure at all. Yet I do not know what the practice patterns in those other jurisdictions are either.

I am not just being pesky by asking for answers to all my questions, but I do need to justify pouring huge sums of money into something that may not be being run right. If it is run right, then we should be able to prioritize those people who are waiting patiently, and sometimes in pain, and sometimes in fear for their lives, on surgical waiting lists. Those are just a few comments if the honourable members can make any use of them.

**Mr. Sale:** Mr. Chairperson, one of the frustrations of the minister, I am sure, and of those of us who have been, for at least a decade in my case and maybe more like 15 years, involved in some ways in health reform and pushing for health reform—one of the frustrations is the tendency to feel that we have to reinvent wheels. I am very frustrated that in Manitoba we seem to feel the

need to develop practice standards for clinical disease entities and procedures, as though this had never been done before anywhere else in the world. These standards exist in HMOs in the States. They exist in other countries. They exist, at least in part, in other provinces.

I guess I am wanting to ask the minister, to what extent is his department exerting significant pressure towards the development of the most urgent practice protocols and practice standards? They might be the highest cost ones, or they might be the ones with the longest backlog, or whatever. I completely agree with the minister that every time that we pump a bit more money into the system, the goalposts move. I know that is very, very frustrating. The only way that we can manage a universal medicare that preserves access is to have agreement among all the players about what constitutes appropriate care. A critical component of that is, what are the practice standards towards which then appropriate care can be measured?

So we have this discussion. I do not mean that I have had this discussion with this minister, because I have not. We collectively have this discussion over and over again. My sense is that the medical profession is quite unwilling or at least it is very slow in being willing to develop such standards.

I just say again that we have given away a lot of our clout with that five-year agreement. I know the minister feels that you can get more flies with honey than with vinegar. To some extent you are right. But why are we taking so long to bring in from other jurisdictions, to push this process of protocols and standards in an aggressive way because it is one of the central keys to control costs and to make sure that access and equity are the twins on which we kind of assess the goodness or badness of our system? They are fundamental to this.

The minister, I think, agrees with this. What are we doing specifically to push development? Where is the timetable? When are we going to see some movement in this area? We will have this discussion again next year, and we will both agree. I am sure the government and the opposition will agree, but what we are concerned about and maybe what you are concerned

about too, Mr. Minister, is when—when is it going to happen?

**Mr. McCrae:** I sense the honourable member's impatience in his question and I share it. I share it. I am trying to be very frank and honest with the honourable member. One of the reasons I am trying to be so very forthright about some of these things is I think that we have a better chance of resolving some of these problems by people like the honourable members and I working together instead of always at each other's throats. We are always going to be at each other's throats over one thing or another I know, but on some of these things I really agree with honourable members opposite.

\* (1640)

I share the impatience about the when are you going to have developed a consensus on this or that or the other. I am told that we have developed a consensus on tonsillectomies. Well, I guess you have to start somewhere. So we have done that. Now we are more likely to develop a consensus on hearts and on, well certainly hearts. I think we are closer on that now that we have what we talked about earlier with respect to Dr. Lindsay and the program at the tertiary consortium idea. That is not the only thing though. There is more to it, because we still have a volume situation that even if we have everybody agreeing, we are going to have X number of needs to fix in this province. With an aging population, that is going to happen, with hips, and cancer, unfortunately, is still with us and all of that sort of thing. I am told by some, and I have always to weigh whom I am getting my advice from, of course, that the MRI is clearly an expensive diagnostic tool, but it is clearly a very good one. I am told by the professionals too—I have heard stories about people that, if the MRI had been used instead of something else, something might have been caught just a little sooner and maybe the outcome would have been better. You have to listen to all of those things, and that is what I am trying to do.

I guess I will have to ask the member for Crescentwood to point out to me again why it is he feels that our arrangements with the MMA stand in the way of progress. If I am right, that agreement

notwithstanding, that we can look at the fee-for-service system and make changes to it, then we should be doing that in an effort to bring attention to the priority areas that need attention. I happen to think that fee-for-service could work against our waiting list problem; I think the fee-for-service maybe contributes to some extent to some of our waiting list problems in some areas.

I accept what the honourable member says, although I am not going to be specific because I do not have any allegations to make. But the honourable member senses it, and so do I, that there are times when, under the fee-for-service system, that method of payment can sometimes be seen to be driving the system in the same way that some can argue that in the Legal Aid system somebody will use a preliminary hearing maybe when they do not have to simply because there is money in it now.

It is not something I want to be very specific about because I do not have any specific allegations to make, but I think that these things go hand in hand: a review or a change to the fee-for-service system with respect to specific problems. If we had a tonsil program in Manitoba, we could have deliverables, or a block funding method. The remuneration could really have an impact on people's observance of practice standards and so on like that. If you are a salaried person, for example, you do not need to do so many gall bladders this week, do you? Especially if those gallbladders do not need attention anyway, then why give them the attention?

I am on dangerous ground as usual but it is just that I do not have any specific allegations, so I guess it is okay to speak in abstract like this.

**Mr. Sale:** Well, I would just, Mr. Chairperson, say to the minister, I am enjoying this exchange immensely because I think it is productive and constructive, and I think the minister, even though he said he was answering in generalities, answered his own question very eloquently and clearly, that the fee-for-service model does drive volume, and volume excesses are one of the problems that practice protocols are suppose to address. That is why I raised that question, and the minister, I think, has very well answered the question,

even though he may not have intended to answer it in that particular way.

**Mr. McCrae:** I did not answer very clearly the question about when. I do understand what the honourable member is saying. He is pressing governments, this one and governments everywhere, get on with this issue and deal with it. I accept that, and I will take that as support for forward motion in this area.

\* (1650)

**Mr. Sale:** The minister is right. That is what we are doing, is pressing. May I just put on the record, though, that practice protocols are not quotas and practice standards are not quotas. The content of standards and protocols are at the medical or socio-medical indications for something needing to be done. I think it would be very dangerous if the record suggested—it would be dangerous to the minister, as well as to the progress of reform, if the record of these Estimates suggested that we were thinking about quotas for numbers of procedures such as hips, or silent gallstones, or tonsils. The issue is the clinical requirements for those, and those clinical requirements will vary as practice evolves. They will vary from region to region, and they will vary over time as disease entities change. For the system to remain responsive, we have to keep evolving those things.

What I am specifically asking the minister, if he will undertake, is to table at some point in this session—and I know it cannot be tomorrow—a roster, a list, of specific protocols that are being proposed to be pursued with a time line, with some deliverables attached, rather than taking what I think is a pretty laissez faire approach to the physicians themselves doing this work without a time line and without hard expectations from the minister, that this is a critical priority for the government and for the maintenance of medicare.

If I can just say, in closing this particular comment, if we do have such a protocol on tonsils, I would urge the minister to announce it and then to do an initial—and here we will not argue with you spending some money to advertise, to help Manitobans understand why this is a sensible, effective, proactive process of setting up the

clinical guidelines for tonsils. Parents will understand and Manitobans will understand that we are moving in a constructive direction because we are going to have go down—tonsils will be one of the easier ones. There are going to be a lot more difficult ones in time to come.

**Mr. McCrae:** Some of the things the honourable member said toward the end of his comments I think we can be responsive to, but not tomorrow as the honourable member said.

We agree with what the honourable member says about information being public. In order for us to build the kind of understanding that we need out there, I think the honourable member's frustration is the same as mine in that area.

We need public support for the things we do and, in order to get that public support, we have to be very open and let people know what it is we are trying to achieve. He talked about a list of protocols being pursued and, indeed, we are planning with the College of Physicians and Surgeons and others, things like a plan and a time line and a budget for just what the honourable member is talking about, but I accept his whatever-you-call-it with respect to quotas.

I did not take from what anything they said, he and his colleague, as implying that they would impose quotas or that I should or anybody should on the number of procedures. That is not what our health system is supposed to be all about but, also, the comfort that they should get is that in the development of protocols we use the services of the College of Physicians and Surgeons and they have no interest in things like quotas, so you do not need to worry about that.

**Mr. Chomiak:** This has been a very useful afternoon and so I want to very carefully phrase this next question so as not to—and I put in that general introduction because, again, I do not want this question to be misconstrued but, if we look at the March 7th announcement to reduce waiting lists, what it effectively does is it—and by the way, I agree with it, so I just want to be understood, I agree with this process—effectively buys \$500,000 more services to

reduce waiting lists.

That is what this project reads to me and I am only reading from the press release. So, we buy an additional 58 hip and knee replacements, we increase the number of cardiac surgeries, we extend term positions at the Manitoba Cancer Foundation and we extend the operation of the MRI. Great.

We know that that will help. What am I missing? How will this \$500,000 project, what will it teach us to reduce waiting lists, because we know that if we buy more time in the operating room then, of course, the waiting list will presumably lessen. What else can we learn from this project?

**Mr. McCrae:** If I knew the answer, I would not need the project. What I am trying to do here is to take some pressure off while the professionals work together to examine their own practices, to ask themselves, is there something we could have done to have prevented the build-up of this waiting list in the first place? It is to challenge the people in the system to address this problem that has been allowed to develop—this announcement, combined with other announcements—notably, the February 27th, I think it was, budget that came from Minister of Finance Martin in Ottawa.

The same people who are running these surgical programs can see what is happening, too, across the country. They know that we are all going to be trying to be doing as much, or more, with fewer dollars in the future. They know that. It is not just me, and it is not folly to argue that it can be done because it can be done. That is where we sometimes get into a tousele, the honourable member and I, about—you cannot just have more all the time. It cannot be done that way.

Even in Health, where I would love to be able to say Health is exempt from the amount of dollars we can raise, but it is not. That is the bottom line cruncher that I think was very much part of our election and elections in other provinces on the health issue at least, and others. There is a limit to what we can make available everywhere. The people who run these programs know that too. We have given everybody, I think, with this infusion of capital, a chance to assist the patients for the

time that we are doing that, but also to re-examine the way they do their work.

I have just come back to the APM project, the one that really got criticized a lot. It is the people in the heart and the other programs that are going to spend some of the time that this gives them to look at how they run their programs. There is such a thing as restructuring to bring about quality management throughout the operation—it can be done. You cannot have it all ways. You cannot look at doing things better—well, you can—it happens in this province—and be criticized for it, and then make improvements and be criticized for taking too long to make them. There is always another angle. That is the way it is in the business that the honourable member and I are in.

\* (1700)

I hope that the time that is made available, while this backlog reduction effort is going on, will be used well because I do not think that we can just keep doing announcements like the one on March 7 all the time. We are not asking people to see this simply as, here is an infusion of money that will help in the short term. If it works well in the short term, then we will just keep it flowing in the long term. I do not think that is what was implied. I know it was not.

We are asking them to look very seriously at many aspects of the performance of this function. I know that improvements are possible. I have heard some less helpful people say we cannot squeeze any more out of this. I do not believe it. I have seen too much, I am sorry to say. I have heard too many stories, I am sorry to say, about things that go on in the system that tells me that, yes, there is room for more improvement. It took us years to build up a lot of inefficiency, and we did it. We did it very well. We built up lots of inefficiency, and now it is time for us to learn to build in efficiency again.

So it is a tall order. It is asking a lot. It is asking people to examine the way they do their own work. The honourable member does not like it if I or one of his constituents tells him what he is doing wrong. He is probably more responsive to his constituents than he is to me, but I do not like it when I am told that I could

be doing something better; and yet if we take that advice and start adjusting our way of doing things, we are probably doing more of a service than just saying no, I cannot do it any more, I cannot do any more than I am already doing.

I heard that one day at one of the debates. I heard it from a nurse clearly speaking there for the Manitoba Nurses' Union, and the comment was I cannot do anything more, cannot make any more changes. Well, I said, I am very sorry to hear that because a lot of your colleagues are quite prepared to roll up their sleeves and try to make changes and serve the patients of this province better. That response was not very much appreciated by the person who suggested there was no more room to move here or to reduce or to improve. I just cannot accept that.

It is a hard argument to make, but it is something that has to be said. In Manitoba, I have said it before, we outstrip the other provinces when it comes to our commitment. Now let us use those dollars well, more wisely and get a result. Get a reduced waiting list with the same number of dollars, if possible.

In the meantime, while we are still thinking the old way, we will put \$500,000 in and hopefully that will help in the short term, but I do not see that as the long-term solution just putting more and more money in. Cannot be anymore. Those days are over.

**Mr. Chomiak:** Just to return to the line of questioning we commenced on, a return to some of the committee details. Can the minister tell me who is the co-chair from the province on the Medical Services Council?

**Mr. McCrae:** It was Dr. Wade, and when he became deputy, it was felt appropriate to ask someone else, and Dr. Harold Wiens, a former president of College of Physicians and Surgeons, is now the government's representative as co-chair.

**Mr. Chomiak:** The Central Bed Registry system working committee, which is one of the list of the 110 that the minister presented us with last—[interjection] It depends on which list. I may have different lists than you.

**Mr. McCrae:** You depend on one list and a further 110.

**Mr. Chomiak:** Yes, just by way of clarification, the list the minister is looking at, I do not seem to have a copy of officially. I wonder if there is—

**Mr. McCrae:** What is the point here? I am sorry.

**Mr. Chomiak:** I am just wondering if the minister might want to table that.

**Mr. McCrae:** I would like to take some time to review whether I want to table it at this point. It must be getting late in the day, Mr. Chairperson, because I am usually—well, if you want me to take time to think about it, or I could think about it now, but it might put some dead space on the microphone if I think for very long here.

**Mr. Assistant Deputy Chairperson:** Is it the will of the committee to recess for five minutes? [agreed] We will recess and return and resume at ten minutes after five.

*The committee recessed at 5:05 p.m.*

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#### After Recess

*The committee resumed at 5:18 p.m.*

**Mr. Assistant Deputy Chairperson:** Will the committee please come back to order. We are in the Estimates of Committee of Supply and discussing the Estimates of Health under 1.(b)(1). Shall the item pass?

**Mr. McCrae:** Not that I would like to hold up the passage of Item 1.(b)(1) or anything like that, but the honourable member has asked for a copy of the document that I am looking at and, frankly, in the brief time that we have had to review the matter, I have not made a decision to date.

I usually tend towards making information available, so let me think on it overnight. We will be meeting

again tomorrow and then either I will give it to the honourable member or explain why, one or the other.

**Mr. Sale:** I am going to move the discussion, if I may, into some of the federal-provincial areas in regard to the minister's activities as a minister among his colleagues with other provinces.

I just want to start by sharing with the minister a table from a government system that he may be familiar with, or he may not, and I will not blame him if he is not because I know it is not a system that is shared widely within government, but I will just share that information. This just to preface this question, Mr. Chairperson, the FMS system of financial management in government is a system that is maintained by Statistics Canada. It is an on-line data system, and it is a system that provincial and the federal governments use when they are having what might be called in-house as opposed to out-house discussions. That is, it is the government's own system. It is done on a slightly different accounting basis to deal with some of the federal, provincial and local transfer questions.

\* (1720)

This data is available, though it is not generally circulated. It is available in the Department of Finance, and the minister may want to ask his colleague to share the appropriate information with him from the system. It is a relatively closely guarded system because governments use it in their own internal negotiations and discussions with each other. It generally also contains, although this copy does not contain, projections for the future. That, of course, makes it very sensitive from a policy perspective, especially around election time. However, I want to assure the minister that these are data that I have not developed; these are data that are internal to governments.

My own perspective is that they should be more widely shared, and I would commend the Finance department for sharing it with the Department of Economics at the university. They have made it available to them for research purposes. Ultimately, that is how I come to be in possession of it because I was a member of that department over the last several years. So I am not trying to use this information for

political purposes, and I am not proposing to release it publicly or anything like that. I just think that it is useful to be talking about apples and apples and not apples and oranges, so I will just preface that.

If the minister could look at Table 15(A), which I think I gave you, he will see that the provincial local expenditures on health by the 10 provinces, two territories and Canadian total are contained in this table. I have pencilled in the actual figures for the two provinces that were missing for '95-96 when this information was available. He will see in the top corner this was January 10, '95.

Of course, Manitoba's budget and Quebec's budget were not then public, so the information was not in those two lines and I pencilled in the two budgets. The figure for Quebec, I believe, is \$10.5 billion, although it may be slightly lower than that.

On the basis of those numbers the total spending adds up for medicare to about \$45.5 billion. The minister will see that this has been essentially flat for four years now. For all intents and purposes it has been flat.

These numbers are the basis on which I have expressed, during the election campaign and prior to the election campaign in a variety of settings, my concern that while I take the minister's point that the pot of money is not endless—and I certainly agree with that—nevertheless, we have had stable to declining funding in actual dollars, that is, in nominal dollars, not in dollars dealing with inflation, nor in dollars dealing with growth in the economy.

We have been absolutely flat in Canada as a whole for four years, and the increases in the previous two years, '90, '91, the pattern is that, whatever the increases of the '80s were, it is pretty clear that the brakes have been put on and there is no pattern of rapid expenditure, out of control, spiralling expenditures.

I would ask then the minister drop down for whatever these are on the left-hand side, to percent of GDP, that is, percent of gross domestic product, and he will see here that Manitoba is now back—and certainly check these numbers and have staff check these numbers. My calculation is that Manitoba is now back

to where it was in 1989-90 as a fraction of GDP. Canada is roughly the same situation but slightly higher than it was in 1989-90 as a whole.

First, could I just invite the minister to comment on these numbers as to whether, in his view, this is new or whether this is as he knew it to be? Could you just respond? If this is unfair in terms of just having seen them, then I will say, take it as notice.

**Mr. McCrae:** I do not think the honourable member is being unfair. I think I know where he wants to take me here. I heard what he said about the spiralling costs, and it is never an always one way or the other situation. I think that in years previous to the last two or three across the country and certainly in Manitoba there was a spiralling cost situation in effect.

I am not sure which column to look at, having looked at this for the first time. When you look at just percent changes in spending—I am looking at Canada here for the years '89, '90, '91; those are large increases. I would call those spiralling.

Even though Manitoba and others—I mean, look at Alberta's numbers—my goodness—and Prince Edward Island and some of the others. There have been clearly some efforts made to do something about that, in other words, go in the reverse for a while to make up for those years when it appeared that things were spiralling.

I do not deny that in those years there were costs that were spiralling, costs that the health system could only respond to. I recognize that. Pharmaceutical costs, for example, and the changes in technology have just resulted in terrible cost increases.

I think though where the honourable member might be leading me—and I do not think he is trying to trick me—is to say that as a percentage of GDP, things have not really got so far out of line. He may be coming to that. Let us remember that the cost of servicing debt as a percentage of GDP is unacceptably high in my view. Others will argue differently on that point.

I am not a very good person to debate economic numbers and things with anyway, but interest costs as

a percentage of GDP, I have heard it argued, are not all that bad in this country and in this province.

In fact, in Manitoba I think the Leader of the Opposition (Mr. Doer) in the Leaders' debate made a reference to this at that point that interest costs in Manitoba, I think at around 11 percent or so, were not such a big deal when compared to elsewhere.

That is where the philosophical rubber hits the road because there are some of us who would argue that, well, why does it need to be 11 percent and why could it not be 2 percent or 0 percent and, hopefully, after 30 years that is where it is going to be—at 0 percent.

So my comments are that these tables seem to reflect a fairly significant priority amongst Canadians, in my view, for health care. The question of how bad has it got, are we only now responding to circumstances that are really bad? Well, we are responding year in and year out as governments to the need to juggle, if you like, the number of dollars we can bring in with the number of dollars we can spend.

I welcome this discussion. I could probably learn something from the honourable member because he is more used to having this kind of a discussion. So maybe I should quit and listen for him to tell me some more things, and then maybe I can be in a better position.

But if he is trying to lead to the point where he is going to say that the percentage of GDP—which he already did say—is no different from what it was in 1989-90 according to what he has pencilled in there, which I take him at his word is correct at 6.8 percent, well, we are in precisely the same position, are we not? But I say that too much of our GDP goes into debt payments, and if we could ratchet that down, I have heard it said we could either spend more on health or we could cut taxes, you know, all kinds of things. We would have more flexibility.

\* (1730)

It goes back to a very basic sort of argument that people like I make. In your household budget or your business budget, if you are not carrying a whole lot of

debt, then you can have a better quality of life with the dollars that you are able to raise each and every year. That may be a difference of philosophy or approach too, which I respect.

I just happen to think that the more debt-free we are as a country, the better we can say that farther into the future can we guarantee services for our people in our country. As long as we are saddled with debt, that is a bit of a drag, especially a drag of what we can do, especially when harder times come along when we really need the money badly to keep our programs going, yet in those hard years we are putting away hundreds of millions for debt repayment.

I know why we got into it. I know we are there. I cannot wish it away, but I would like to ratchet that down. And thinking about this country, I say that, with all our resources and the people we have and the assets we have, we should be able to operate with a balanced budget every year, saving the need to borrow money or to operate on something other than a balanced budget for those kinds of circumstances that will be reflected in our balanced budget legislation, i.e., things like war or very, very unusual drops in revenue or disasters. Those types of things.

You can always argue for that. You can argue for a mortgage on your house or to borrow money for your car, and I guess we borrow money to build hospitals, and we borrow money to build hydro dams and things like that. Then hopefully we can show that there is a way for us to pay those things back because you never know when we might have to borrow again.

The trouble with the 80s, I remember arguing this with my friend and colleague and opposite number in Brandon East (Mr. Leonard Evans) who likes to argue that. I caught him in mid-sentence one day, and he stopped himself in his tracks because he was arguing that in bad times we should be able to borrow money to make sure we can provide what we need to provide. But then when times get better—and he stopped right there and then because times were getting better, and we were still borrowing big-time right here in Manitoba.

I should find that Hansard quotation because it was interesting. He stopped dead in his tracks and sort of

got off the topic because we were in better times, and we should not have still been borrowing all that money.

Now I have given you a sense of my thinking. I would welcome a little further discussion because I feel I can get educated a little bit on these types of topics.

**Mr. Sale:** I wanted to say that I have participated in Estimates debate as staff in the past. I find this a very helpful debate, and I appreciate the candour of the minister and the way the staff is working at the issues. I think this is the way we ought to do Estimates. We can be as partisan as we want in the House in Question Period, and we will, as the minister has said, disagree on some fundamental issues, but I find it very helpful to have this kind of exchange, and I would like to see it continue. So it is a very constructive process.

I do not see myself—but I would certainly say for the record, I am not a trained economist. I have some background in it, but I do not pretend to be an expert in this area.

I do not think the minister has anymore to learn from me than I have from the minister. So let us not make this any kind of up-and-down thing, but a mutual exchange.

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

I take the minister's point about the need to manage deficits in times when we need to pay for services that we cannot afford at that particular moment. That, of course, will be one of our very great concerns about the draft balanced budget legislation that is being introduced because it is not cyclical, it is every year. That will be one of the deep concerns we will express.

I just draw the minister's attention to the alternative model that Saskatchewan has put forward. I think it is a very important debate, and I am looking forward to it. I hope it is a useful debate for everybody in Manitoba and for both sides of the House.

I would say that historically the Douglas government ran 16 consecutive surpluses in Saskatchewan, and I think no one was more fiscally conservative than Tommy Douglas. He was a prairie—[interjection]

Pardon. Well, it could be Allan Blakeney. We all remember, Mr. Chairperson, who dug Saskatchewan into its economic problems, and I hasten to add, it was not Allan Blakeney nor was it Tommy Douglas.

So I think it is important, again, in a nonpartisan way, to put on the record that we were in the 1980s on track to a balanced budget and according to the Provincial Auditor there was a balanced budget the year we lost government.

So the notion of a Keynesian approach, which is exactly what the honourable member for Brandon East was referring to, and I suspect he would not be loathe to say this, there is nothing wrong with a Keynesian approach, and governments have traditionally been very good at running the deficit side of Keynes' models but rather less effective at running the surplus side because it is always tempting to spend the money you have but then when you get into a bad time to realize that you have to borrow.

(Mr. Assistant Deputy Chairperson in the Chair)

I have no problem with the idea of needing fiscal discipline. I would just say personally, that is the way my wife and I have always worked. We have always lived under our income so that we had the flexibility to deal with situations that arise and they do arise.

So I am leading the minister towards the GDP question, and I do want to get on the record that spending on medicare in Canada, not on health, because I think this misleads—well, not misleads—this distorts the debate. Medicare is the only thing that governments have control over. They do not have control over the number of aspirins people buy or the number of times they use home health remedies or make other purchases. The only thing we control is our public sector expenditures, and Canada has a record second to none in the world in controlling the public side of its health care expenditures.

If you look through the '80s and into the '90s you will see that we have accommodated a rapidly aging population, new disease entities, fiercely higher technology, skyrocketing drug costs, and we have done that for less than 1 percent of GDP. If you go back to

the beginning of the '80s—and this chart does not do that. I apologize to the minister. I had another chart which I obviously left in my office which does go back further and it shows that the line for medicare in Canada and in Manitoba is virtually a flat line.

There has been no escalation over that period of time in terms of GDP. Certainly, there have been nominal increases in costs. The real dollars spent have grown, of course, because there has been inflation. There has been growth in the economy. But as a fraction of our economy, both nationally and provincially, there has been virtually no change. I think staff would confirm that for the minister.

I guess what I am wondering is—in the spirit of the discussion we are having, I do not want to keep talking when the minister needs to share something. I know that that can be done, but I do not particularly want to do it—if the minister would be willing to suggest some sort of target level that he thinks would be something that we ought to strive to sustain, in terms of our health care expenditures as a proportion of our overall income as a province, in the light of the fact that we have a rapidly aging population?

We are sitting up against a health care system that is utterly out of control in the United States. There is great pressure from that. We are sitting in a rapidly escalating technology cost environment, and we are sitting in a rapidly escalating drug-cost environment. I am not suggesting we can afford to match that, but does the minister, or does the department, have in mind a band or a rough idea of what we ought to be spending in terms of GDP to maintain our health care system?

**Mr. McCrae:** Mr. Chairperson, I want to get an understanding from the honourable member, because he is the one who produced this for us today. I do not claim to understand everything about how these figures are arrived at. One could, I am sure, raise all kinds of questions about this; this is not something I agree with or what, so I look at the numbers the member put in front of me at their face value for the purposes of the discussion. Whether I, ultimately, can show that they are somehow wrong somewhere, I do not think really matters very much.

\* (1740)

Things like due transfers from Ottawa form part of Manitoba's GDP; I do not know things like that. That is the kind of discussion I would be interested in knowing—interested in seeing the honourable member get into a discussion with our Minister of Finance about those kinds of things. I do not pretend to know all that.

The thing that I think is the most important thing that I have to address is the direct question the member asked, which I am going to get to.

**Mr. Sale:** If the minister would allow me, I just would say that, yes, in the 6.8 percent figure, for example, either at the beginning or the end of this period, the transfer from the federal government of monies to Manitoba to spend in that area are included in that, because the 6.8 is the measure of our total spending, which of course includes whatever we get from Ottawa coming into our general revenues and you then disburse it through the various appropriations.

The GDP, the gross domestic product, of Manitoba is contained in here in another chart. I am just assuming the minister can have access to whatever he needs out of this rather than my photocopying it for him. I would be happy to do that, but it maybe is not appropriate for me to do that. So these numbers do reflect the federal participation in Manitoba's economy.

**Mr. Assistant Deputy Chairperson:** Just for the benefit of the committee and Hansard, may I ask if it would be in order to table that submission for the committee, just for the record.

**Mr. Sale:** Mr. Chairperson, I have no trouble since it is the government's data. I will just caution the committee that this is an on-line data system, so January 10 is the date it was printed and so there will be a more recent—and the numbers change precisely because it is an on-line system. I have no problem making a copy and bringing it tomorrow to Estimates if we are up. This is my only copy. I could just tell the minister that it is a standard reference in Finance that they use. I wish it were more broadly used because it is useful.

**Mr. Assistant Deputy Chairperson:** If the member would wish to just submit the page that you are making reference to for the benefit of the record.

**Mr. Sale:** Mr. Chairperson, that is the page, and I am certainly glad to have it submitted. I do not know what the words are. What do I have to say?

**Mr. McCrae:** Table it.

**Mr. Sale:** Table it.

**An Honourable Member:** It is for Hansard, because you see we are making reference to it.

**Mr. McCrae:** Hansard can then make sure that they get the numbers right that we are referring to and stuff like that.

**Mr. Sale:** Mr. Chairperson, do I have to just simply move to table it or what do I do? Okay, for the record I will table the information contained in Table 15(A) for the benefit of accuracy in Hansard.

**Mr. Assistant Deputy Chairperson:** I thank the honourable member for Crescentwood (Mr. Sale).

**Mr. McCrae:** I would just like to maybe carry on and deal a little bit with what the member was talking about because he still asked a question which I think I want to answer because I think the question is relevant, and I think my answer is relevant too, even though it may not fit the question the way it was put.

I mentioned Tommy Douglas first here today. I do not want to overstate my sense of hero worship here and stuff like that. Do not get me wrong. My job in Ottawa was that of a Hansard reporter as some people may know. It was my job to write down in shorthand and reproduce everything that was said there. Mr. Douglas was clearly the very best orator in the House of Commons during the years that he and I were both there. That is a pretty positive thing to say about the fellow.

But he also, in his final speech to the House when he had made his plans to retire from politics known, made the point that his story was the story of a man who had

been a preacher, a printer and a politician—what he called the descent of man. That is what Tommy Douglas said.

But the honourable member said that he put in 16 consecutive surpluses. I think that is really good. That is the way it should be, and I think that is the way we are trying to get it back to. What about all the other governments of that time? I think you probably could find that happening everywhere.

My theory, and it is mine alone here—maybe not—I feel that the spend-and-tax era in Canada started perhaps near the end of Lester Pearson's term in office in Ottawa, and the leadership for this idea that we can have it all and we can have it all right now came from that point onwards.

I lay a lot of blame at the feet of the Trudeau administration with particular emphasis on the years '72-74 when David Lewis was holding the balance of power in the House of Commons. David Lewis was a New Democrat. We are still reeling in trying to recover from decisions made in those days.

It was not that many years later that somebody could see the error of their ways, i.e., Pierre Elliott Trudeau, and he began ratcheting back the kinds of transfers that were then in vogue in this country. The land was not strong enough for Pierre Trudeau and that kind of thinking, certainly not over the long term.

But I say, Tommy Douglas probably was not the only one running a whole bunch of surpluses year after year. I think other governments were too. Certainly D.L. Campbell, rest his soul, was of that particular variety of politician as well.

I do not even want to take issue with the suggestion that in the '80s we were on track for a balanced budget. Now we can sort of finagle over that year's budget. I have my version of it. But I think we were going in the proper direction around that time. We started to smarten up generally as a population, even if you happen to be a New Democrat.

The only thing with having said that is we then came along in 1988 and started to carry on that tradition of

bringing us back to a balanced budget, and we have been on course ever since.

We have achieved it, we allege, this year, but over the wails and the screams of the New Democrats who wanted us to spend, spend, spend and especially their one-time partners the Liberals here in this very Chamber. We were keeping a running total of what the two parties were asking us to spend. Actually I think the Liberals were ahead of the NDP in those times.

If they were on track for a balanced budget, if they did in government what they said they would do when they were in opposition, it would not have happened. So maybe that is partisan politics and the way it works. I just wanted to address those comments.

I say also in answer to the honourable member's question, what ought we to be spending as a percentage of our GDP. The document the honourable member tabled says it was 6.8 percent in 1989 and 6.8 percent in 1995. He says federal transfers are part of the GDP. We have been able to keep it at 6.8 percent even in light of some seriously shrinking federal revenues. The honourable member is nodding. Hopefully, maybe we could be given some credit for that, because we have replaced the dollars that the feds have not sent us. That is good, bad or not. Maybe it is not that good though because the answer to the honourable member's question is, what do we need, not what ought we to be spending, should it be 6.8 percent or 7 or 6.5 percent—what do we need.

\* (1750)

I know the honourable member for Crescentwood (Mr. Sale) supports a needs-based approach, although he does bring this question in. It is a very interesting one, and one that should be pursued versus the needs-driven approach that I am trying to put across. Ever since The Action Plan in 1992 came out, in the spring of '92, I believe that is the direction we have been trying to go in and it is a hard sell.

Reform, change, is a hard thing to get through, but I think that if the member's question had been, what should we be spending on health, as opposed to health care—and I noted he said health care, maybe it was a

slip I do not know—what percentage, I do not think we can measure results by percentage or even by dollars. I think we have to look at improving outcomes.

I am saying if we stayed at 6.8 percent of GDP every year, if we are doing the right job, we should be spending ourselves out of business in the sense that we should be getting better and better outcomes so that 6.8 percent in future years could be used to finance even higher technology and maybe even an expansion of the services that we can ensure.

I do not know also, with the numbers that have been presented, how many dollars of these—does this count dollars that are spent on keeping our water pure and the environmental issues that go with health? Is this money spent on genetic research which would keep people from being born with a predisposition towards diabetes or whatever it happens to be? Those kinds of questions are really important too.

So the honourable member's question is a huge question and my answer, I think, is a fairly huge one too because we need to look at what do we need, not what do we want. I know we all fall into the trap of arguing sometimes for what we want as opposed to what we need, but if we look to the true needs-based system, would 6.8 percent be the right number? Would it be too high or too low? I honestly do not know. It would be nice if we had a better system that we could spend 6.8 percent on because, boy oh boy, would we ever get some wonderful, wonderful results to talk about.

There was one other thing that I wanted to add. I am not trying to talk down the clock here, I am just trying to give you a full answer. When you ask the question, I bring in the comparisons with the other countries like I guess it is around 14 percent in the United States. Do they have a better system than we do? Absolutely not. No way in the world do they have a better system. Do Japan and the other countries that spend less have a better system than ours? I do not know. I suspect maybe they do. I suspect they have a system of health that is better than ours in that it must be the diet of the people in Japan or Sweden or France, wherever it is, they spend less than we do on health care and still get better results.

It is time for us to stop saying, well, because we have so many CAT scans we can make you live longer because I do not suppose they have so many more CAT scans. Maybe they do, maybe it is the wrong example. But you know what I am getting at, that fewer health care type services do not give your population a longer lifespan. If we could find a way to help communities in their development, if we could find a way to get the moms to be looking after themselves from the date of conception onward, we would have a whole generation of healthier people. Those all have to be worked into my answer, too.

**Mr. Sale:** Mr. Chairperson, thank you to the minister for that answer. I think it is a very thoughtful answer and I think in the main it is one I would agree with.

The reason I was putting it on the record is that the Prime Minister of Canada was musing. He actually more than mused. He said very bluntly and then reinforced it in subsequent remarks that Canada should ratchet down its spending on health care by at least one full percentage point of GDP. He said that on Morningside in an interview with Peter Gzowski that we should ratchet down our spending by at least 1 percent.

I wondered whether the minister shared those views that there was some kind of target because the minister will see that we have moved our percentage spending down here, and I will anticipate staff's response in pointing out that the apparent reduction here is not a reduction in health care spending, but the fact that we went through a deep recession.

So when you calculate any percentage, there is a numerator and denominator. In this case, the denominator was changing radically because of the recession. The numerator did not change much at all. So when you see a pattern of GDP shift up and down, that is what you see from 1980 about to about '95. You see the pattern of growth and decline in percentage of GDP, not tracking health expenditures predominantly but tracking GDP growth and decline with the economic cycle. So I am very glad to hear the minister say that he does not have a target level and that we are not headed for some kind of British, for example, level

of spending on public health which is well down in the 5 percent region.

On the other hand, the minister will perhaps know from OECD data that countries like Sweden, France, Germany, Belgium, The Netherlands generally spend somewhere between 8.5 and 9.5 percent of GDP in total on health care, but their public sector coverage is higher than ours.

That is, in Canada historically we covered about 76 percent of our total health expenditures from the public sector. In the United States it is well under 50 percent from the public sector. Sweden, Germany, those countries, covered more like 84, 85 percent.

Now the thing that troubles me, and we will probably close on this question, is that the recent Health Canada data—and here we are speaking about national not provincial data although there is provincial breakout of these data—shows that Canada has shrunk from a high of 77 percent of all health care expenditures covered by the public sector to between 70 and 71 percent in the most recent period.

This is why those of us who are on the left of the spectrum, or the social democratic side of the spectrum, are so concerned about the overall spending patterns. We see a steady erosion in the coverage of health care as in the public sector, and we see that is leading, and I think inexorably, to a two-tiered health system.

I am very happy with this debate this afternoon because I think it is very productive. My question, and we cannot get to it today, but we will get to it another day, is how do we achieve those many objectives which you have of appropriate cost containment, appropriate reform, but maintain public confidence so that we do not move into the two-tiered system from whence I think there is no return. I really think once we get into it, it is very hard to come back out.

I am sure the minister does not intend us to go there, but when we move from 77 percent coverage to just over 70 percent in less than a decade, that is a very big move. It does not sound like a lot, but in systemic terms that is a very big change.

So perhaps when we resume, and I guess this will be up tomorrow again, I hope the minister could make some comments in terms of Manitoba's coverage and the degree to which we are seeing the same kind of erosion in total health expenditures, what strategies might be productive to bring that to a halt?

**Mr. Assistant Deputy Chairperson:** The hour now being six o'clock, committee rise.

### EXECUTIVE COUNCIL

**Mr. Chairperson (Marcel Laurendeau):** Will the Committee of Supply please come to order. This section of the Committee of Supply will be dealing with the Estimates for Executive Council. We are on item 1.(b), but by leave the committee had agreed to consider the Estimates for Executive Council as a whole, as I recall.

**Mr. Gary Doer (Leader of the Opposition):** Last June 24 in this Chamber—and I want to start asking some questions about the participation of the Premier in the Winnipeg Jets—the Premier tabled a statement in this House dealing with the Burns committee. I do not know whether he has read it recently. He does summarize the position of the NDP in that statement on page 8 of the document.

Sometimes I think that he has changed not only his own position on Burns but also tried to change his position that he said was our position on the issue of the hockey situation because he did state that the Leader of the Opposition would not build an arena without substantial funding from the private sector and no new tax dollars should be put into the arena was his quote. Then he went on to quote the Leader of the Second Opposition. He also went on to talk about: I could not in good conscience expect Manitobans to fund an \$111 million facility and, of course, at that point the Premier departed from the proposal to deal with the June 30 deadline.

Of course, I was asked by the Premier to go to one meeting and I did attend it, and yesterday I was rather disappointed that the Minister of Finance (Mr. Stefanson) would then say that the Leader of the Opposition refused to participate in the process. Can

the Premier indicate how many meetings he invited us to attend after that one meeting in June and how many did we refuse to attend?

**Hon. Gary Filmon (Premier):** Mr. Chair, I do not have any information on that.

**Mr. Doer:** Mr. Chairman, I would assume that any time the Leader of the Opposition is invited to a meeting with the Premier, the Premier would approve it. The Premier, the minister—I do not recall. I checked with our appointment staff. The one time I was asked to attend—all the occasions I was asked to attend meetings on Meech Lake I attended. All the occasions I was asked to attend meetings on the Constitution at Charlottetown I attended. All the occasions I was asked to attend meetings on saving the base I attended. All the meetings I was asked to deal with on the Portage base I attended. All the meetings I was asked to attend as a member of this Legislature first, a Manitoban first. I was asked to attend on dealing with Shilo; I attended.

I would like to ask the Premier—our records indicate that the Premier only invited us to the one meeting on June 27 and after that he never invited us to any meetings. Will the Premier please check his records because his Minister of Finance was publicly saying yesterday, we refuse to participate in meetings with the government. How can that be true if you are not invited?

**Mr. Filmon:** I will check our records, Mr. Chairman.

**Mr. Doer:** Mr. Chairman, I think it is safe to say that the government invited us to one meeting and it did not invite us to other meetings after that. That is their prerogative; I respect that. But I think it is unfair and inaccurate to have a defence for questions in this Chamber that the Leader of the Opposition or the member from Concordia refused to attend meetings of the government. If I had been invited to a meeting and refused to go, I think that is fair comment.

If we have only been invited to one meeting and attended it, then I think it is a very unfair statement. I would ask the Premier—I was very disappointed in the answer of the Minister of Finance (Mr. Stefanson)

yesterday. It is one thing to have a disagreement, and I expect we will have disagreements in this Chamber. It is another thing to create a straw man, if you will; you refuse to go to meetings when you were not invited.

The Premier did not invite us to any other meetings from June 27 date on. That is his right; that is his prerogative. That is his democratic mandate. But do not say that we did not attend meetings if we were not invited. I would ask the Premier, is he aware of any meetings that I did not personally attend on the Jets?

I happen to believe I am a team player when I am asked to join in on things. We may disagree on matters. I did not agree with everything the Premier agreed to on Charlottetown, and the Premier knows that. I tried to be a Manitoban first. I did not agree with everything we were doing on some of the base closures. I did not agree with everything we were doing on Meech Lake, but I tried always to be, as an individual, a team player.

I was invited to one meeting by the Premier. I did attend and there were no other meetings after that. I would just like the Premier to set that straight on the record. I think that is an important point of integrity, certainly for myself, because I never refused to go to one meeting.

\* (1440)

**Mr. Filmon:** Mr. Chairman, I would just say that the Leader of the Opposition chose to play pure politics with this issue. He grandstanded all over the place. He criticized, dumped all over everything that this government did with respect to the efforts to maintain NHL hockey in Manitoba. I am sure that it would have served no particular purpose to have him at any meetings because of the negative and destructive nature, and the highly political nature of his comments.

I would gladly say that he was not included in any of the meetings after the first meeting, at which he left the meeting and certainly did not want to be a part of any joint solution, but only wanted to be a part of destroying any climate for maintaining NHL hockey in Manitoba.

**Mr. Doer:** I would ask the Premier to check back on June 24 when he stood in this House. He quoted our position on the NHL situation. He quoted his own position of \$111 million as unconscionable. It is a position that he took at the meeting with Mr. Jim Burns on the Monday. It is the same position I took.

We both equally challenged Mr. Burns on one of the assumptions that we could put it in a fund that would not show any losses or depreciation. We both cited hydro dams that have to be in a sinking fund or some other way to be calculated. So we did not even buy his assumption about how we could pay for it.

I supported the Premier on June 24, publicly. I thought that he was right. His conscience was right, \$111 million was too much. At that point I agreed with the Premier.

We have had disagreements since then on the site. I just want to put that on the record. I was not invited to any meeting; therefore, I did not refuse to go to any meeting. To say otherwise is—unless the Premier invited us to a meeting, and I have gone through it with both the people working in our office, I have gone through it with everybody, just to make sure yesterday that the Minister of Finance—just in case I was invited to something I was not aware of, we went through the whole appointment schedule and all the phone messages, et cetera, and there were not any on this issue. I just want that on the record.

The December agreement, the operating-loss agreement which was signed by the Premier and the former mayor, William Norrie, was, of course, a matter of some debate last year when we finally received from the Auditor information that the government knew in the fall of 1991, based on I, T and T projections—the Premier knew and cabinet knew that the losses would be \$43.5 million in the length of the agreement. The government chose, subsequent to their statement on June 24, to renegotiate or extend that agreement or amend certain deadlines in that agreement.

Can the Premier table today, insofar as we are a party to the agreement in that we pay the losses, insofar as we are a party in the agreement because we are an 18-percent owner of the hockey team—can the Premier

today table in the House and make available to the public the addendum agreement to that operating-loss agreement and have that made public?

**Mr. Filmon:** I wonder if I could ask the Leader of the Opposition what addendum agreement he is referring to and what changes he is referring to.

**Mr. Doer:** Prior to June 30—the deadline for purposes of exercising certain options was June 30. The government reported to the House, subsequent to that, that certain provisions had been amended. Mr. Shenkarow and the Premier were in communication with each other. The agreement then changed the date from June 30 to May 1. It also changed the ability of the public—one of the scenarios being put forward in the sports media was that the public sector, i.e., the province and the city, should buy the team and then use that as an asset, something which the Premier rejected. That was amended in the agreement as well. So the date was amended, and certain conditions were amended, and we had never received a copy of that. Would the Premier table—obviously the agreement was amended, and can the Premier table that today in the House as an 18-percent shareholder in a privately owned hockey team?

**Mr. Filmon:** What in fact happened was that a group called Manitoba Entertainment Complex Inc. exercised the option that was contained in the agreement, which could be assigned by the province and the city government. They exercised that option on behalf of the city and the province, and that is what took place. If there is any paperwork surrounding that, I will look into it, Mr. Chairperson. That is all that happened.

**Mr. Doer:** Well, one assumes that the date change would require an amended agreement, the date change of June 30 pursuant to the December 1991 operating-loss agreement. One assumes that there is paperwork either in the form of some kind of contract or language, and given the fact the province is an 18 percent shareholder could the public not see that document, and could the Premier not table that in the House? I understand the documents are tabled at the NHL, and I think it is appropriate the documents be tabled here in the Legislature—as I say, 18 percent shareholders in this team.

**Mr. Filmon:** Mr. Chair, I believe that there was an exchange of letters. I do not think the original agreement was amended, I believe there was an exchange of letters, so I will look into that and assuming that there is no commercial confidentiality, I will be happy to table it.

**Mr. Doer:** Who in the government service was involved in the negotiations and the discussions dealing pursuant to the June 30 deadline and the new deadline of May 1, or the reported deadline of May 1? Who was the staff involved on behalf of the provincial taxpayers in these negotiations?

**Mr. Filmon:** My recollection, Mr. Chair, but I can verify it, is that it would have been Michael Bessey and Julian Benson.

**Mr. Doer:** How often were they briefing the Premier on the state of play and affairs of the hockey team, the Jets hockey team?

**Mr. Filmon:** I am not sure I understand. There may have been months and months on end in which nothing pertaining to the agreement or to the operation of the Jets was required in which I would get no briefings. It is simply on an as-required basis.

**Mr. Doer:** After the NHL signed the players agreement, which contained (a) no salary cap and (b) no revenue-sharing agreement—there were words that they would look at revenue sharing perhaps down the road; I remember Mr. Bettman's press conference—was there an analysis prepared to the government insofar as Mr. Mauro and Mr. Burns both recommended that the deal would be razor thin, Mr. Mauro at \$30 million investment, Mr. Burns at \$111 million investment? Both stated to the Premier that the deal would be razor thin unless a revenue sharing or salary cap would be in place.

Was there an assessment of that to the Premier further to the NHL players agreement, the negotiations of which we put a lot of stock in? A lot of people talked after June 30 that this would be the pivotal play to save the team in Winnipeg. Obviously, both of those conditions—salary cap and revenue sharing—were not resolved, certainly not to my satisfaction and, I do not

think to the Premier's satisfaction. Was there an analysis prepared for cabinet and the Premier pursuant to those negotiations?

\* (1450)

**Mr. Filmon:** Mr. Chairperson, circumstances were such that nobody really could definitively say what the new collective bargaining agreement would produce in the long term. Therefore, we requested and, in the company of the representatives of the interim steering committee, received a briefing from Mr. Shenkarow, who had been at the table for the entire negotiations, as to how he felt that the collective bargaining agreement would impact on salaries and what his perception was as to the possible magnitude of revenue sharing that might occur. The result of that was that he indicated that he felt that there would be some considerable dampening effect on the growth of salaries.

Ultimately, the level that was plugged in for the MEC analysis of \$26 million of annual salaries was based on his perception of what this would do to salary growth. That is for the 1997-98 hockey season, when they would be in a new arena. That was the base level that they were choosing to construct all of their cost estimates on. That was based on his perception and it compares to a current salary budget of about \$20 million for the team. They were assuming that in two more seasons it would increase by about 30 percent and they felt that was a reasonable expectation.

I believe that the salaries have doubled every three years for the past six years, so it would indicate a dampening effect of the increase in salaries, and that is how they arrived at their projection. My recollection is that Mr. Shenkarow suggested that he felt that the amount of revenue sharing that would ultimately be arrived at, by virtue of the discussions that had been held, would be somewhere around \$4 million annually. These are all, I might say, Canadian dollars, both the salary packages I am talking about and the revenue sharing.

To give the Leader of the Opposition some comparative idea, the estimate that Mr. Bettman provided us with in late April or early May when he came here on a Saturday, was that he thought that \$2

million U.S., which would be about \$2.8 million Canadian, was more likely the kind of level of financial support that could be expected by small market franchises. All of these, of course, were "guesstimates" and are "guesstimates," based on listening to people who have experience with the operations of the team.

**Mr. Doer:** Has the government received a written briefing from the Department of Industry, Trade and Tourism, the I, T and T department, through Mr. Bessey and through the Treasury Board to the cabinet, on the short-term projected losses and the medium-term projected losses? If one recalls, when we finally received from the Auditor last year the documentation that I, T and T had indeed had a loss provision that in its macro number is going to be remarkably accurate, it was overestimating the losses for a couple of years but underestimated for another couple of years, and the macro number is going to be pretty close to being accurate and they prepared that in October of 1991, as I recall. Have I, T and T and the person who was responsible for providing those numbers initially to cabinet prepared those other numbers to the government, and can the Premier share those with us today?

**Mr. Filmon:** I do not have any further numbers to share. I do not know of any other briefing notes that were prepared. The only thing I can say is that, in terms of the continued review of it, we were satisfied that the worst case scenario that was represented in those numbers that the Leader of the Opposition quoted extensively throughout the province, and I might say he deliberately obfuscated the numbers by suggesting that we, the provincial government, were responsible for \$43 million when in fact we were responsible for half of that. As time has demonstrated, the last two years are unlikely to be picked up by the province because the trigger date of decision was this spring and we would either be out of the agreement or would be into development of an arena and so on.

These are all things that I say to him have, I think, probably distorted and misrepresented a lot of the issues, but that is his prerogative. If you are looking at the global issue, our share of \$21.5 million, had the agreement run full term, would still have been the likely target, in my judgment.

**Mr. Doer:** The Premier may recall that when the initial agreement was signed by both him and Mayor Norrie the numbers that were released by both him and Norrie at that time were that the losses were probably up to about \$5 million on the life of the agreement, and that was, quote, a small price to keep the team here. They already had a document in October of 1991 prior to the press conference that said that the losses would be \$43 million.

Perhaps it would not have been an issue in the public if we had received the numbers and information that the Premier had. If everybody in the House and in the public had received the information prior to the Auditor having to go and ferret those numbers out from the department that were made available to the cabinet and to the Treasury Board, perhaps there would not have been such public concern about those numbers.

Mr. Benson and Mr. Bessey were briefing the Premier on this issue. Our sources say or tell us that in the end of March and April the MEC group became increasingly concerned that the proposal could not go forward as it was constituted, and I would like to ask the Premier when he was first advised by Mr. Benson and Mr. Bessey, who were part of this set of these negotiations—Mr. Bessey is the government's representative, I think, on the interim management group. When was the Premier first advised of this?

**Mr. Filmon:** Firstly, I point out that the numbers to which the member insists on referring were worst case scenario numbers. When he says that I said that \$5 million was the most likely target, it turned out to be \$9 million, so that is not far from what we were projecting.

The second thing is that Mr. Bessey is the representative on the interim steering committee. The interim steering committee had absolutely nothing to do with any of those deliberations that MEC was pursuing. So Mr. Bessey, as a member of the interim steering committee, would not be plugged in on any discussions.

I do not know who the member is referring to that advises him that MEC had different numbers by the end of March, because Mr. Loewen, who is the head of MEC, has absolutely denied that publicly. So, if he is

calling Mr. Loewen a liar, then he had better state his source, because nobody publicly from MEC has stated that they had different numbers at the end of March or early April.

**Mr. Doer:** The NHL met with some of the MEC representatives on April 13.

**Mr. Filmon:** That is not the end of March.

\* (1500)

**Mr. Doer:** I said March and early April. The NHL met with—[interjection] Well, if you think in anybody in Winnipeg believes that you did not know until April 26, you can go ahead and keep telling people that. Just when was the Premier briefed further to the NHL meeting of April 13 with the MEC?

**Mr. Filmon:** I will put on the record that I did not know those numbers before the end of the election campaign on April 25. As an honourable member, the member is either required to accept my answer or provide any evidence to the contrary, and I demand that he do that or withdraw his allegations.

**Mr. Doer:** Mr. Chairperson, the Premier did not answer the question. I asked the Premier whether he was briefed after the April 13 meeting that took place. The Premier indicated that Mr. Bessey and Mr. Benson were involved in the discussions. We saw Mr. Bessey and Mr. Benson in the Premier's office many mornings, Mr. Chairperson.

### Point of Order

**Mr. Filmon:** On a point of order, I did not say that Mr. Bessey and Mr. Benson were involved in the discussions on April 13. I said that they were our contact persons with MEC. I have no knowledge that they were involved in any April 13 meeting. I ask him now either to withdraw his allegation that I knew prior to the election date of a changed scenario or changed numbers or to withdraw the statement.

**Mr. Chairperson:** Order, please. The honourable First Minister did not have a point of order. It was a dispute over the facts.

\* \* \*

**Mr. Doer:** Mr. Chairman, did Mr. Benson and Mr. Bessey meet with the Premier between the dates of April 13 and April 25?

**Mr. Filmon:** I am certain that I would have had contact with them during that period of time, but at no time did we debate, talk about or did they provide me with new information or new numbers with respect to any changed MEC business plan.

**Mr. Doer:** Mr. Chair, we saw Mr. Benson and Mr. Bessey coming out of the Premier's office on quite a regular basis during that period of time. Is the Premier saying that they did not have any knowledge between April 13 and April 25 of the deteriorating situation as it related to the hockey team and the ownership and the May 1 deadline? They had no knowledge of what was going on, or they had knowledge and did not brief the Premier?

**Mr. Filmon:** I am saying, Mr. Chairperson, that I had no knowledge. It was not provided to me by anybody, whether it be Mr. Bessey, Mr. Benson or anybody from MEC who would have knowledge of this. The fact of the matter is, if you listen to Mr. Loewen, who is the president of MEC, he tells you very clearly that they did not have that information until after the election campaign. So why would you make that allegation if you have no evidence to substantiate it?

**Mr. Doer:** So the Premier is saying that the two individuals, two very high-priced public employees, who were assigned by him to deal with this very, very, important file and portfolio, had no knowledge between the dates of April 13 and April 25 of the deteriorating situation with the proposal to deal with the Winnipeg Jets hockey team and the May 1 deadline?

**Mr. Filmon:** Mr. Chairman, of course they would not have any knowledge when Mr. Loewen says that knowledge was not available. He said so publicly.

**Mr. Doer:** Is the Premier saying that on April 21 when he participated in a public debate and said that he would limit his contribution to the hockey team, the only thing he would put on the table would be \$10

million, that is his limit, he would cancel the operating-loss agreement, he had no knowledge of the deteriorating situation of the finances of the Winnipeg hockey team when he made that public commitment to all the people of Manitoba? Is that what he is trying to say?

**Mr. Filmon:** That is absolutely what I am saying. In fact, if you listen to Mr. Loewen, he says that only a matter of days before the public announcement of concerns was made they became aware and were asked to take a look at how salaries had changed from the time of the collective bargaining agreement signing until that present time, and only then did they realize that their projection of \$26 million was inadequate.

**Mr. Doer:** Did the Premier not say in this House that \$111 million was unconscionable as a contribution from the public sector on June 24, 1994?

**Mr. Filmon:** Mr. Chairman, I said before that given the lack of commitment by the private sector, I did say that. When the private sector faced us with a new proposal in which they would come up with \$111 million, that put in a different perspective the request that they were making for the public sector to build and own the arena for future generations' enjoyment and use over a long period of time. That is the new proposal on which our new response was made.

**Mr. Doer:** Did the Premier not say on the CBC debate in March, the Taxpayers Association debate in April, and again on the CJOB debate on April 21—on all three occasions the Premier said, my limit is \$10 million, full stop. The Premier did not say if the private sector comes up with something else, blah, blah, blah—my limit is \$10 million, that is our commitment, that is our government's commitment.

On three separate occasions the Premier gave his word, which was consistent with the word he gave in the Legislature on the \$111 million in his conscience. In terms of the \$111 million, did the Premier not say, without equivocation, on all three occasions—and I have the tapes for the Premier if he wants to hear them—the \$10 million is the limit?

**Mr. Filmon:** Yes, Mr. Chairman.

**Mr. Doer:** I would like to ask the Premier why he broke his word after the election on the amount of money that would go to a new facility. Where did he receive a mandate to go from a \$10-million commitment before the election to a significant amount of money after the election campaign? He made that commitment. He was making it in rural Manitoba where they were concerned about the operating-loss agreement; he was making it all across the province, \$10 million is the limit. What mandate does the Premier receive?

He has got a mandate for \$10 million. If he was writing a cheque today on behalf of the people of Manitoba for \$10 million at a site we did not even agree with, I would have absolutely no difficulty. He does indeed have a majority and a mandate to proceed with that. What I am concerned about is making a specific promise with no equivocation in the election campaign, three times in a public arena and multiple times across 57 constituencies, and then proceeding in a different direction. What mandate does he have to break his own word?

**Mr. Filmon:** Mr. Chairman, as I have indicated countless times to the Leader of the Opposition, the private sector faced us with a new proposal in which they would come up with considerably more money to not only purchase the hockey team and repay its debts but in fact to set up an endowment fund that would see them fund future losses. They suggested that in order to do that the public sector would need to build and own the arena, and we in response to that changed proposal made our commitments.

**Mr. Doer:** The Premier has stated that he was not advised between the dates of April 13 and April 25. He has also advised us that he was committed only to \$10 million during that campaign. Has the Premier discussed the fact that he was not advised with the senior staff responsible in light of the fact that this forced him later on to break his word to the public in terms of what he could commit or not commit. Has the Premier discussed this fact with Mr. Benson and Mr. Bessey in terms of their—the people I know believe that the Premier should have known if he did not know. Has he discussed this lack of information, because it undermines the integrity of his own word? If there was

information available between April 13 and the CJOB debate of April 21, what kind of discussions has he had with those two senior staff who were responsible for this file?

\* (1510)

**Mr. Filmon:** Mr. Chairperson, Mr. Loewen, the president of MEC, has indicated that information was not available on April 21.

**Mr. Doer:** I know Mr. Loewen must work with this government. They are getting a \$111 million facility built by the Premier, contrary to his own word. Obviously, they have to have a co-operative working relationship between the two of them. The private sector is not raising 50 percent of the money, when you look at the shares that government holds. They are not raising the money for the capital asset that they promised in their so-called plan in December of 1994. They are not raising the amount of money for purposes of what they stated publicly prior to the election campaign. I am not privy to the discussions that go on between MEC and the provincial government. I am not privy to the fact that the process that takes place for a proposal to go from \$10 million of provincial money to \$37 million. I am not privy to the kind of discussions that have gone on.

I just believe that the Premier should have known, and he should have known well before giving his word, or if he did not know before he gave his word he should have kept his word. Does the Premier not think that this situation has put his integrity and his promise in a very awkward position? People everywhere we listen to are saying, even the people that are in favour of the proposal with the Jets are saying, how can he say \$10 million in the campaign? How can they go to my doorstep and say it is only going to be \$10 million in the election campaign and then two to three weeks later change it by four times? Does this not bother the Premier in terms of the process that went on with MEC, and does he not think he only had one option to keep his word on this proposal?

**Mr. Filmon:** Mr. Chairperson, if the alternatives were to see the Jets pull out of Winnipeg and go elsewhere or look at a new alternative that would involve a

changed position by the provincial government, given that seeing the Jets pull out and go elsewhere would lose a revenue stream of \$6 million annually to the provincial Treasury, and the loss of an additional \$10 million on the potential construction of a new facility, I felt that I was obliged to look at the new circumstances and make a decision in light of it.

**Mr. Doer:** Then why was the Premier's promise not, I will do whatever it takes to keep the team here, because those circumstances were the same on April 1, on March 1, on February 1? The same alleged benefits were the same well ahead. Why did the Premier not then say, we will do whatever it takes to keep the team here, instead of saying our contribution will be limited to \$10 million, and if they cannot do it with \$10 million then the MEC will have to proceed accordingly. He did not promise that he would do anything possible to keep the team here; he promised \$10 million. So why was the promise not we will do whatever it takes, which would have given the Premier the mandate to proceed accordingly?

**Mr. Filmon:** Because at the time, based on what information we had, \$10 million was all that appeared necessary.

**Mr. Doer:** Mr. Chairperson, that comes back to my original point then. Why were you not informed? Why did your officials not inform you that \$10 million was not enough when you were out there making this promise day in and day out, street in and street out, farm in and farm out, community in community out? Why were you not informed by the private sector and your government representatives, two of the highest priced help in government, with close working relationships to the Premier, people that have worked with the Premier before he was in government and now are working in very, very senior positions in government. Why were you not informed?

**Mr. Filmon:** The Leader of the Opposition is obviously not listening or else he does not want to hear. That information was not available.

**Mr. Doer:** The Premier is saying to us today that he only was advised of this information on April 26, four days before the deadline. Is that what he is saying?

**Mr. Filmon:** Mr. Chairman, I think it was even later than that. I think it was the 27th or 28th, from my recollection, because on the 26th I know I was tied up all day long doing interviews from 6:40 a.m. on Canada A.M. I spent the entire day going through that, so the earliest I could have been informed would have been the 27th or 28th. I am trying to recall what I did on the 27th, but my recollection is it was several days past the election campaign that we got a briefing ultimately from MEC's people about what they saw was a changed projection for their salary component, which was a key part of the operational costs of the team.

**Mr. Doer:** So the staff of the Premier's Office, who are meeting with the Premier throughout the pre-election period, the election period and the post-election period, knew nothing of the deteriorating financial plan of MEC and advised the Premier of nothing about the deteriorating situation of the MEC plan in terms of financing this proposal until after the election date and a couple of days before May 1.

**Mr. Filmon:** The Opposition Leader is deliberately missing the point again, and that is that it was not my staff that knew nothing, it was MEC itself that knew nothing. That was what Mr. Loewen has said publicly. [interjection]

May I just say one more thing? The member from Transcona keeps saying, Bettman says otherwise. Mr. Bettman, the president of the NHL, said that the terms and conditions for transference of the lease were what was conveyed on the 13th of April to MEC, not projections on salaries. If the member for Transcona has any information on that I invite him to lay it on the table, because I have never seen Mr. Bettman make that comment.

**Mr. Doer:** So the government is saying that they did not know. The Premier is saying he did not know. He establishes the loop in June, and then he is out of the loop that he establishes. He has senior staff that are not aware of what is going on, a major public issue. [interjection] I did not miss it. No, no, we did not miss it. We have not missed anything. We know your promise on \$111 million. We know your promise on \$10 million, and when you knew and who informed you. We obviously will agree—well, we will continue

to ask questions, and that is our responsibility in the democratic process.

Does the Premier have any confidence at all in this so-called risk-taking group of MEC? When they left the province and the people of Manitoba three days, two days, depending on what scenario the Premier goes through to deal with a multimillion dollar decision, a multimillion asset, and the Premier's own word that had been put at risk, does the Premier have any faith at all that this is the group now that he is handing over another \$111-million facility to? Is this the kind of confidence that we can have in the business acumen of this group of so-called risk takers?

**Mr. Filmon:** Mr. Chairperson, the member knows full well that the money that was being raised by MEC has now been substantially increased by the participation of other people in the process, the public at large, Mr. Asper, Mr. Cohen, and others who have upped substantially. I think they are somewhere close to \$70 million that they have now raised and are on course to raise \$111 million. Obviously, my confidence has been based on the additional influence and fundraising capability of other people to make this a much more secure package than what was originally proposed.

**Mr. Doer:** So the answer to the question is the Premier does have confidence with this group that left the public—well, did not become aware of the so-called deteriorating situation until a couple of days after the election and a couple of days before the deadline.

\* (1520)

I know the Premier has confidence in the MEC group as constituted and feels that they should be entrusted with a \$111-million facility that we are going to build, the taxpayers are going to build. The Premier has confidence with the way in which they have dealt with the last 12 months of their affairs and the kind of roller coaster of emotions that the public has been put through, the kind of knowledge that the Premier had and the word that he was able to give to the public. Who holds these people accountable for not knowing about what went on early enough, so that we would know who holds them accountable? Why are we just handing over another \$111 million in public investment

to people that I do not think have performed in terms of dealing in the public in a very, very appropriate way?

The public has been kept out of the loop, out of the loop, and now it is their money that is going to save the loop. We are dealing with a group that allegedly, or is reported by the Premier to have only informed him and his staff after the election date and just before the May 1 date, does that warrant public confidence?

**Mr. Filmon:** Mr. Chair, as we have said many times publicly, the construction of an arena is a long-term asset. The construction of an entertainment complex is a long-term asset for the enjoyment of the people of Manitoba, for putting on of rock concerts, of performances by philharmonic orchestras, all sorts of things that cannot be done in the current arena because of its acoustics, because of all of those kinds of things. This is a facility that will be there for the long-term enjoyment and benefit of the people of this province. That is why the public sector is making this investment.

**Mr. Doer:** Mr. Chairperson, the Premier knows that the philharmonic orchestra and the concerts and all these other proposals were there on July 1, August 1, September 1, November 1, February 1, last year. If it was his intent to spend \$37 million or more than his \$10-million commitment for all these other things, why did not he say so in the election campaign? If that was the reason for moving from \$10 million to \$37 million, why did not the public know about it well in advance, so they could be involved, they could be fully informed, they could get accurate information?

All the conditions which the Premier has described have not changed from his June 24 statement in this Chamber, which I have a copy of. I will send a copy back to the Premier. I am sure he has read it, about his conscience and the \$111 million. Why throw back the other concerts, et cetera? That has not changed.

I asked the question of the Premier about his confidence in a group of people who promised to raise private money to build an arena, failed to do so, failed to keep us informed, failed to analyze the situation, failed to make it public before the election, failed to make it public until just before the May 1 deadline. Are these the kind of people you are going to hand over

a \$111-million facility to? What public confidence should we have?

**Mr. Filmon:** Mr. Chairperson, the Leader of the Opposition (Mr. Doer), it would not matter what my response to him was, he would not be satisfied. He deliberately took a position opposed to any support for the Winnipeg Jets, any support for a public facility. He would not commit \$10 million. He would not commit a nickel. He was opposed to anything, and he made great politics over it throughout the province from the length and breadth.

He used slogans about if cows had hockey sticks that they would get more money. He used it everywhere. He had great fun. It probably won him seats in places like Dauphin and Swan River and all those places that he made a huge issue of this, the Interlake and other things. It is a political issue that he has milked to the hilt, Mr. Chairman. There is nothing that I could tell him that would satisfy him that we are doing the right thing.

We believe this is the kind of public-private partnership that normally would be supported by New Democrats, that they talk about, in which there is a role for the public to do something like creating a facility as we did in the Centennial Concert Hall, as we did in the Museum of Man and Nature, as we did in the Manitoba Theatre Centre and all these kinds of things in the past—the existing Winnipeg Arena, the former auditorium. All of those things have been built by public-sector funds in the past.

They are the kinds of things that New Democrats normally would support, but in this case, he sees great opportunity for political hay, and that is what he is doing with it.

There is nothing I could say that would give him any assurances about what we are doing, and I say to him that I believe what we are doing is the right decision. He has the right to take whatever he can out of it and milk it for his political benefit, but there is nothing I could say that would convince him otherwise.

**Mr. Doer:** Mr. Chairperson, the Premier also promised to cancel the operating-loss agreement that

contains two or three elements. One is the losses being covered, and the second component is the 18 percent share of the team.

I am wondering why the Premier now, and he confirmed in the House on Monday, is maintaining public ownership in the private part of the team through the maintenance of the 18 percent share.

Again, when we heard that there was a so-called massive amount of money to go into the new facility, in fact 100 percent public money to go into the new facility. The Premier indicated that we will build the arena and they will take care of the hockey team. Well, the public, it seems to me, have 36 percent in that hockey team. Given the fact that the Shenkarow group of owners has six parts to it, and they reportedly are going to have between 20 percent and 22 percent share in the hockey team, so each partner would have perhaps one-eighth or a little more, a little less, not of the whole team—the MEC group is going to have a number of shareholders, will this now mean that the Province of Manitoba is the largest single shareholder in the private risk-taking part of the hockey team, along with the city?

**Mr. Filmon:** No, Mr. Chairman, we would not be part of the risk-taking aspect. We hold those shares so that should there be a disposition of the assets or should the assets increase in value in the future, we would be able to collect money on those shares, but we bear no responsibility for the losses.

I might just say for the record, Mr. Chairman, I have received a letter. After we made our commitment to the provision of public money to build the arena that says as follows—it is dated May 17, 1995.

Dear Gary:

The people of Saskatchewan are known as the greatest fans in Canada and, as such, support you and all Manitobans in your bid to save the Jets. As your neighbours, we share your pride in western Canada and wish you the best of luck in the coming hours. We know the importance of having professional sports teams in western Canada. We look forward to attending many more Jets games in Winnipeg.

Good luck. Hope to see you at the Grey Cup in November.

Yours sincerely,  
Roy Romanow, Premier.

There are people who look at things differently, even New Democrats.

\* (1530)

I repeat that this is cheap politics by the New Democrats and particularly the Leader of the New Democrats who speaks out of all sides of his mouth when he says privately to people that he would do anything to save the Jets and he would have saved them when it appeared as though the deal was collapsed. Now, of course, he finds all reasons to oppose anything that is done by this government for his own cheap politics.

**Mr. Chairperson:** The honourable member for Inkster.

**Mr. Kevin Lamoureux (Inkster):** It is okay. Mr. Chairperson, I believe the Premier was going to table a letter.

**Mr. Doer:** I think everybody is happy to keep the Jets in Winnipeg. The question is, at how much public money and what did the Premier's word indicate?

I find it rather ironic that the Premier is finding comfort with the Premier of Saskatchewan's letter about keeping Jets in our community. I think it was two days ago he was taking shots at the Premier of Saskatchewan about the trade agreement. I guess he takes a cheap shot at him two days ago and now he uses him in comfort on breaking his own promise in the election campaign.

Is the 18 percent share that we now hold the largest single shareholder now in the hockey team along with the City of Winnipeg? There are two consortiums apparently—the Spirit of Manitoba group and the Shenkarow group of six original investors—and then the public sector. In the public sector there are two individual shareholders of 18 percent. Are we now the

largest single shareholder in this agreement?

**Mr. Filmon:** Mr. Chair, firstly I did not take a cheap shot at the Premier of Saskatchewan. He will tell you that philosophically he has concerns about—in fact even during the Charlottetown Accord discussions he had concerns about entrenching a commitment to the removal of interprovincial trade barriers as part of the Constitution. He always has maintained that as a New Democrat he felt there was a need to have public—I believe that both the New Democrats in British Columbia and the New Democrats in Saskatchewan believe that the use of public procurement for economic development purposes is a legitimate public purpose to which New Democrats subscribe.

I just point out to him when he was knocking us about leaving holes in the interprovincial trade barrier agreement that he was going against New Democrats in other provinces in Canada who wanted those holes left there. That is not a knock. I accept Mr. Romanow's philosophical differences and I still get along with him because I believe that he is an honourable person.

Mr. Chairperson, with respect to the holdings, under the new equity holding arrangements we would have 9 percent, the city would have 9 percent, each of the current owners would have just a touch over 5 percent, which collectively runs something in the range of 21 or 22 percent, and then approximately 60 percent would be there from the collective investments of all of the other shareholders represented by the Spirit of Manitoba group. That is the way it works and that is how the equity interests would be.

I repeat that we would not have responsibility for the losses. The losses would be further supplemented by the endowment fund that is being set up.

**Mr. Doer:** Can the Premier indicate to us how much money the province is getting by moving from 18 percent equity to 9 percent equity in the so-called equity share agreement?

**Mr. Filmon:** I take all that back, Mr. Chair. I do not have all of this at my fingertips and I do not have all the numbers. All of the shares are being diluted by the additional money that is being put in, and obviously

part of the impact of the dilution is that we are not responsible for losses as part of this process. What remains is an equity that would be repaid to us if the team were subsequently sold or if in fact it begins to make money and somebody wants to acquire our shares. If it does make money, I might say, we do get returns on the equity that we hold and somebody may then choose to buy our shares.

**Mr. Doer:** I just want to ask the Premier because when I asked the Premier I believe on Monday on the team he indicated that the province would be maintaining the 18 percent share. I respect the fact that he maybe wants to reconsider what he answered just a moment ago, but it is a pretty big issue about whether we have gone from an 18 percent share to a 9 percent share.

So I want to ask the Premier, he indicated in the House that it was 18 percent we were maintaining. Can the Premier please advise us, with his staff here today, what the proposed equity share agreement is? Surely it would be 18 percent or we would get some financial return in recognition of shrinking our equity from 18 to 9 percent.

**Mr. Filmon:** Since all of this is tied up in discussions that are currently ongoing I cannot give any firm and final information on this. I believe that the information I gave in the House on Monday is accurate, and I do not have anything further on it. I was confusing our share as being half of 18, but in fact it is 18 and 18, us and the city. But that would still leave the Spirit of Manitoba MEC group with 42 percent which is larger than our share.

**Mr. Doer:** I agree that the Spirit of Manitoba consortium that the Premier indicated, a number of separate investors, would have a larger global amount of shares in the team. That means that the Shenkarow group and the Moffat sector group would be in the 24 percent range then as indicated by the Premier, maybe down to 20. It has been reported between 20, 22 and 24 percent.

But, if Mr. Richardson has a share in the Spirit of Manitoba, if the investors have a share, if Mr. Gray has a share, et cetera, they are all going to have a smaller

piece than 18 percent. This is what I am trying to get at. The 18 percent share that the province now holds and the city is holding is in fact the largest single shareholder.

There are three consortiums. There is the public group, there is the existing shareholders or partners, and there is the new Spirit. It seems to me that we are going to be the largest single shareholder. Even Mr. Richardson is not going to have as much equity or share in this team as Mr. Filmon is going to have. I am just asking.

\* (1540)

**Mr. Filmon:** The member will have to bear with me as to detail. Our share equates to essentially the \$9 million that our 18 percent would have been worth. The whole equity capital structure is now being expanded. So Mr. Gray at \$10 million would have a greater share in it than we would as a provincial government because his \$10 million is higher than our \$9 million in the bigger capitalization.

That is the way this works with the capital for the purchase of the team now being put in at an additional \$48 million over and above the current ownership distribution which would have been \$9 million city share, \$9 million provincial share, \$32 million imputed value of the shares of the Shenkarow group of which not all of them are being purchased. They are being left with a 22 percent equity. So they are being paid \$32 million for a portion of their equity and then the remaining equity is being put in by the new sector. So it does work out that we end up having 9 percent of the new share structure approximately.

**Mr. Doer:** Well, that means that Mr. Shenkarow's shares have appreciated and our shares have remained static since the time that the operating-loss agreement has been put in place. The one thing we do agree with the Premier on, and I have always agreed with, is the one thing that has happened since '91, notwithstanding the losses, is there has been an appreciation of the asset. We have 18 percent of the asset.

If the Premier is now saying that part of the agreement is to shrink the asset the provincial

government has from \$18 million to \$9 million, has he not shrunk our equity in this team? I would ask the Premier (a) did this go to cabinet, (b) did we get anything for that?

**Mr. Filmon:** In fact, the manner in which this is done is based on a new value to the team because the team is now worth \$90 million Canadian.

**Mr. Doer:** Mr. Chairman, if the team is worth \$90 Canadian, then our 18 percent would be about \$16.2 million—I am just going off the top of my head—about \$16.2, \$16.3 to \$16.4 million as opposed to where the previous evaluation was at \$9 million.

If the Premier then has taken the 18 percent share of \$50 million—because it was \$32 million with the Shenkarow group and \$18 million for the city and province, which worked out to 18 percent each out of a 100 percent group.

The Premier is now saying that we have gone from an 18 percent share of \$50 million to a 9 percent share of \$90 million. Have we not lost \$7.5 million in this transaction? I am just doing the arithmetic on the top of my head. I know the government would have Treasury Board submissions, et cetera, and it would be much more precise.

**Mr. Filmon:** I do not have the information. The figures are confusing, so there is no sense in my going over it until we have all the information.

**Mr. Doer:** Mr. Chairman, they are not confusing for me in the sense that 18 percent of \$50 million is better for the province to have than 9 percent of \$90 million. I guess my question to the Premier is, did this proposal go to cabinet this Wednesday, complete with Treasury Board submission, as required under The Financial Administration Act of the province?

**Mr. Filmon:** The answer is no, because there has been no agreement to this point in time. That is what all of the discussions and negotiations are taking place among the various interested parties.

**Mr. Doer:** Will this go to cabinet before a public announcement of the so-called agreement?

**Mr. Filmon:** When we have a proposal that needs approval of cabinet, it will go to cabinet.

**Mr. Doer:** So there will be no public announcement of the so-called proposal until at least after next Wednesday when the next cabinet meeting is.

**Mr. Filmon:** I remind the Leader of the Opposition that cabinet can meet at the call of the Chair.

**Mr. Doer:** That I am not surprised to hear.

I guess my question is, who is negotiating the equity share of the provincial government on our behalf? Who is representing us? I say this in all seriousness. I am quite worried about what I hear being negotiated. Maybe I am wrong, but who is representing us at a table? I mean who is representing our 18 percent at the table? Who is our representative at that table? The Premier is not. The Minister of Finance probably is not. I do not know. Is it a cabinet minister? Is it Mr. Benson and Mr. Bessey? Who is at the table on our behalf?

**Mr. Filmon:** Mr. Chair, I just want to, so that the Leader of the Opposition understands, so that he does not try and make something out of this that is not there, our only imputed contribution, which has already been written off in terms of provincial government involvement, is the \$9 million because we paid zero for our shares in the Jets. We paid zero. We have covered \$9 million of losses, so if you want to imply that is our investment you can do so, but that has already been paid out as losses.

If we want to take shares that have a greater value, we have to take responsibility for losses. We are saying we do not intend to take responsibility for future losses. We do, of course, want to retain some mechanism that allows us perhaps to be able to recover something should there be a sale of the team or should the team make profits. That is what we have to do. That is what we are currently attempting to ensure we have on behalf of the people of Manitoba.

I do not want him to run out of here saying that somehow we have given away something such as the responsibility to accept more losses, which he would be

even more critical of, or that we would have given away something that we paid money for which we have not done either. These are not things that now all of a sudden he is going to clutch to his bosom and make some big deal over, because the fact of the matter is, (a) we did not put out any money for those shares; and (b) we do not want to have liability for future losses. That is what we want to ensure happens as a result of the negotiation of any agreement.

If we can also put the taxpayer in a position to possibly recoup something on the shares that we still hold, we will want to do that as well. You cannot have it both ways. You cannot say that you are going to get something for it and have an equity portion of it unless you are prepared to pick up losses. That is something that we have to, obviously, put into the mix.

**Mr. Doer:** This is not just a floating figment of my imagination about the 18 percent. As I recall it is documented in the Auditor's report. It is a specific 18 percent equity share in exchange for covering the losses. It is not a floating share based on how much losses we paid for out of a \$50-million asset. It is a specific, I would say, one of the positive parts of the operating-loss agreement in '91. I have said that before publicly.

I come back to the question, who is negotiating this issue on our behalf at this point?

**Mr. Filmon:** I have indicated that the people who continue to represent us in any discussions on this issue are Mr. Bessey and Mr. Benson.

**Mr. Doer:** Mr. Bessey is at all these discussions, all these lawyers that are involved, et cetera. Mr. Bessey and Mr. Benson are at those negotiations on our behalf?

\* (1550)

**Mr. Filmon:** No, Mr. Chairman. Much of the negotiations and discussions have to do with arrangements and agreements between the various private sector individuals. We have certain considerations that we want to ensure happen. That includes, as I say, assurances that we are not going to

be responsible for future losses, No. 1; and No. 2, the possibility that if things go well in the future after the era of projected losses that there is some recompense for investments that have been made previously that we would benefit along with others who have made investments.

**Mr. Doer:** Mr. Chairman, we have had some disagreements with negotiated agreements with Mr. Bessey in the past. In fact, even opposite members' former colleagues have expressed some concern about the Repap agreement and its so-called binding nature.

Who is legal counsel for the government dealing with this agreement?

**Mr. Filmon:** The legal counsel of record for the interim steering committee that has looked after our interests with respect to the city-province dissipation in the agreement of 1991 and the holding of the shares in trust and so on was and is Ross Yarnell, Q.C.

**Mr. Doer:** The interim steering committee consists of the Shenkarow owners and the province and the city, or is it the interim group that reports just to the city and the province that this individual is the lawyer of record that the Premier indicated is reporting to? Is the legal counsel for the province reporting as well along with Mr. Benson and Mr. Bessey in terms of the legalities that are going on right now with this set of negotiations?

**Mr. Filmon:** Mr. Yarnell, as I say, is employed by the interim steering committee, which was chaired by Mr. Mauro which now is chaired by Mr. Crewson, and continues to look after the city and province's interests in terms of their ownership interest and their responsibilities for the 1991 agreement.

**Mr. Doer:** The Premier answered that this individual is reporting to Mr. Crewson and the group. Is he reporting who is providing legal counsel to the government on the negotiations and the wording? We hear stories it is reported that the lawyers are in rooms and lawyers are in rooms and lawyers are in rooms—I am sure that gives the public a lot of comfort. We have some esteemed members of the bar here today, of course. Who is the legal counsel for the government of

Manitoba? Is it the same lawyer who is the legal counsel for the interim steering committee?

The Premier will know that I was quite critical about some of the—and I am not going to revisit Repap, but we had our disagreements in the past, especially after we got our copy of the agreement purported to be negotiated by Mr. Bessey in the past. So I would like to know who the legal counsel is here. So Mr. Bessey and Mr. Benson are negotiating the share, and somebody else is making sure the paperwork is done properly. I just want to know who that is.

**Mr. Filmon:** I know that the Leader of the Opposition will continue to be critical of us no matter what agreements we enter into, so I will just suggest to him that the legal counsel that we have had on this issue and has been consulted on aspects that impact on us in certain manners has been Mr. Yarnell. There may well be other counsel involved when it gets to points of consideration that impact on the provincial government's areas of responsibility.

**Mr. Doer:** Can the Premier indicate whether the provincial government has taken any position to the federal Department of Revenue dealing with the charitable status of Mr. Asper's group and Mr. Shenkarow's group and all the private risk takers that are involved in this program?

Have they supported the proposal to create a charity for Mr. Shenkarow's group, and have they supported the concept of making Mr. Asper's group or Mr. Loewen's group a charity with Revenue Canada? They have taken positions before on these matters.

**Mr. Filmon:** We have not supported them.

**Mr. Doer:** Has the Minister of Finance (Mr. Stefanson) written a letter to the Department of Revenue, which they have done in the past on other tax matters that affect the provincial Treasury, advising them that you are opposed to this proposal?

**Mr. Filmon:** We have not seen any proposal.

**Mr. Doer:** The federal Department of Revenue indicated this week publicly that the matter may come

before them. Is the government going to write a letter to them? The government takes positions on other taxation matters, other mobility matters. It takes a strong position, say, on cigarette tax issues that affect our revenues. This will affect our revenue. Will we be taking a similar strong stand in writing to the federal Department of Revenue, or will the government put this in writing to the federal Department of Revenue?

**Mr. Filmon:** I repeat, we have indicated that we do not support a proposal for some sort of tax-free status. On the other hand, we acknowledge that under existing laws that limited partnerships have certain tax treatment entitlements. Obviously, that is something that pre-exists, that in fact applies to the existing Jets ownership.

**Mr. Doer:** Has there been any written communication between the Department of Finance, who is also the lead minister assigned to this file, moving from him, from I, T and T to obviously finances, since the file has moved with him? Has there been any written communication on tax matters that the Premier can share with us today in the House on this issue?

**Mr. Filmon:** I know of no correspondence, Mr. Chairman.

**Mr. Doer:** I am almost finished my questions on the Jets.

Can the government table today, in light of the fact that they are going to be 100 percent of the shareholders of the—or 100 percent of the providers of the building. It has been reported that the new private ownership which includes the public sector will be leasing the facility for a dollar a year. Can the Premier report today on what the revenue projections are for that asset that we are building?

\* (1600)

**Mr. Chairperson:** Could I ask the honourable Leader of the Opposition to repeat that question, please.

**Mr. Doer:** It has been reported that the public sector will spend \$111 million on the new arena facility. It has been reported that the new risk takers will be able

to rent that facility for a fairly modest price for a long period of time.

I would like to ask the Premier, are we going to get our investment back in terms of rental and other conditions of that arena that we are paying for through concessions and parking and other revenue items? What is the budget for that arena and can the Premier table that today in the House in terms of projected revenues from that arena that is projected to be built for the '97 year?

**Mr. Filmon:** As I have indicated publicly, our payback comes from the operations of the hockey team in that arena which would amount to some \$6 million per year of tax revenues to the Manitoba taxpayer.

**Mr. Doer:** Can the Premier table today the budget revenue for that facility? Is it \$1 a year as reported or do we give away the concessions to the team, do we give away the parking to the team, do we give away all the other components of that potential revenue to offset our investment in that building, from that team? Is everything just given to the so-called risk takers on the other side?

**Mr. Filmon:** Mr. Chairman, as I indicated, the payback to the provincial taxpayer is firstly \$10 million of revenue from the construction of the facility in which we get direct tax income of \$10 million and \$6 million a year of direct taxation revenues from the operation of the Jets hockey team in that facility.

**Mr. Doer:** Can the Premier table today a budget for that facility that we are building. We are spending at least 33 percent of the amount of money. There is a revenue shortfall of some \$17 million from the federal government. How is this revenue shortfall going to be picked up with the existing answer from the Premier?

**Mr. Filmon:** Firstly, we continue to discuss with the federal government various possibilities for additional commitment on their part to the construction of that arena facility, and we continue to believe that they ought to come to the table with additional funding because of the fact that they receive the biggest benefit, some \$20 million of direct tax revenue from construction and \$12 million a year from operations of

the hockey team in that facility in Manitoba. We believe that they ought to come forth with additional contributions and we will continue to pursue that.

**Mr. Doer:** Can the Premier indicate whether the Pan Am Games Committee that also has reported to government and cabinet as one of the partners, have they approved the facility reallocation of money, and have they expressed any opinion about the impact of the capital changes to the arena on the Pan Am Games and security at the Pan Am Games?

**Mr. Filmon:** I believe that both the chairman and the president of the Pan Am Games society have indicated that they believed that \$5 million was doable in terms of a contribution from the funding to the Pan Am Games.

**Mr. Doer:** I believe the chairman is Mr. Riley and I also believe that Mr. Riley is part of the MEC group. I just want to make sure—and Mr. MacKenzie and Ms. Huck are one level, answering to Mr. Riley who is the overall chair. Have I got that right just in terms of who is doing what? So Mr. Riley, who is also part of the MEC, has agreed to this proposal, and Mr. McKenzie has also agreed to this proposal. Has the Pan Am board committee, the full board committee, been apprised of this and have they concurred with this by a board motion?

**Mr. Filmon:** These two individuals speak for the Pan Am society so I do not know what process they would have gone through in order to examine that issue.

**Mr. Doer:** We will await other advice about these proposals from people who are involved. We will have to deal with that. Can the Premier table today all the wording dealing with the length of stay that the team will stay in the city of Winnipeg?

As the Premier probably knows, the New Jersey franchise has a lease with the Meadowlands Arena which of course the owner is now contemplating buying himself just by paying the rental costs, and the team is now potentially going to Memphis. It is one thing to have a lease, it is another thing to have an agreement from the owners to stay here for the period of time that the Premier promised in the House.

Can the Premier table today the iron-clad wording that he has committed to the people of Manitoba on this duration which goes way beyond the lease period?

**Mr. Filmon:** Although it is not put in legal language at this point, Mr. Chairman, because nothing is put in legal language at this point, the principle that has been accepted is that the franchise would be pledged as collateral for the lease so that if for any reason, that is a catastrophic situation that exceeded all of the losses and used up all of the endowment fund, we would have the franchise as collateral for the lease.

The proceeds, obviously, from the sale of that franchise would be utilized to cover costs that might accrue to the owners of the arena who would be left without a major tenant.

**Mr. Doer:** You have a \$90 million asset, a certain percentage of which we already own. You have a \$111 million facility. Is there not already a shortfall? Even if we get beyond the two-year endowment fund, is there not already a shortfall on the asset versus the cost?

**Mr. Filmon:** Firstly, if you say that we get \$10 million of return for the construction of the arena and \$6 million a year of tax revenues from the operation of the team, we would have within the first two years \$22 million in hand from the construction of that facility in the operation for two years. So that would exceed the shortfall right there.

**Mr. Doer:** Again, we are not privy to the negotiations but we have been told by some people that have been around that they would want to make sure that if in four or five years from now, after the year 2000—we get a little suspicious about election dates, and why should we not—that the team would have the ability to relocate.

There is not wording that says you shall stay in Winnipeg for 20 years which was, of course, the ironclad agreement that the Premier gave us when we were discussing Mr. Pocklington's shopping around of the Oilers with the Northlands Coliseum, a facility which was already paid for. They were just talking renovations and concessions, a commitment the Premier made in '93 here in this Chamber.

**Mr. Filmon:** Mr. Chairman, we always talked about having the franchise as security against the lease, so if catastrophic circumstances occurred that required the action to be taken, that we would then have the choice of either picking up the ongoing losses ourselves or selling the franchise and recouping any investment that we had in the facility.

**Mr. Doer:** If the nightmare scenario developed and the losses continued dramatically because of salary escalations and the inability to have a salary cap and a revenue-sharing agreement and if a few years beyond the endowment fund this team was losing massive amounts of money, what wording do you have from the NHL?

\* (1610)

The asset is only an asset if you have co-operation from the NHL. So do you also have negotiations with the NHL, because they can do almost anything with the franchise under their by-laws? Do you have a subsequent agreement if the club team is collateral for the \$111 million of public spending?

Do you have a collateral agreement or another agreement with the NHL about how that will be a useful collateral, as opposed to something that is just dictated by people that would potentially render this collateral useless?

**Mr. Filmon:** First and foremost, the NHL's preference is to keep the team in the city in which it is. Secondly, the concept of setting up an endowment fund is on the basis of disaster scenario projections of losses, not on the basis of reasonable projections of losses but worst-case-scenario projections of losses. Under those circumstances, the concept is that the endowment fund would be able to cover at least something in the range of seven years or more of losses on a worst-case-scenario basis.

Most people believe that that worst-case scenario is not going to be achieved, and so they would be looking—and the other possibility is that—and it certainly has been talked about—they would continue to raise money to replenish the endowment fund as another means of operation.

**Mr. Doer:** Can the Premier indicate how much money is going into the endowment fund? There is obviously an amount of money to deal with the operating-loss agreement signed December of '91 to deal with the up to \$15 million a year for the next two years to '97 in the old facility. Can the Premier indicate beyond \$30 million how much more is in that fund in terms of the proposal?

(Mr. Mike Radcliffe, Acting Chairperson, in the Chair)

**Mr. Filmon:** Approximately \$60 million of the total would go to the endowment fund initially.

**Mr. Doer:** So there is approximately \$60 million going into the endowment fund, and it will not be effective, I hope, August 15, 1995, because that will mean we cover another three months of losses from the May 1 date, and the year-end date of the Jets, I believe, is June 1 or June 30.

It would potentially have the taxpayers of Manitoba carry up money, so does the endowment fund click in May 1, 1995, or August 15 in terms of our liability? Is it appropriate to assume that we will lose \$30 million in the first two years of that endowment fund and be left with \$30 million after that?

**Mr. Filmon:** It would be effective the closing date of the transaction. It could be July 31, it could be June 30; it could be, at the latest, August 15.

**Mr. Doer:** Well, the Minister of Finance and the Premier promised to cancel the operating-loss agreement effective May 1, 1995, so that promise now is broken. The taxpayers of Manitoba are now picking up losses of the hockey team past May 1, 1995, into whatever the transaction date which, by the letter we tabled today, appears to be August 15, 1995.

**Mr. Filmon:** As we have always indicated, based on a sale transaction, that can be done. I mean, if the sale does not go through, for instance, we are still on the hook, so we cannot unilaterally. That was always known; based on a transaction date, it is over. From everybody's perspective, we want to get the transaction date done as quickly as possible.

**Mr. Doer:** Of course, we knew that. We were surprised that the Minister of Finance would say we were unilaterally cancelling the operating-loss agreement May 1, '95, when in fact the agreement went to '97. I do not want to continue on the point; the point being the operating loss is in existence today. It was not cancelled May 1, contrary to the Minister of Finance's word. Obviously, our share of the losses are still subject to the taxpayers further to the '91 agreement signed by the Premier and the former Mayor Norrie.

The \$30 million then will be outstanding for the new facility in terms of operating losses. That does not leave very much money per year. I know that the government has given fairly generous, very generous conditions to the private owners with obviously giving them concessions and parking and the building, et cetera. Can the Premier table today a budget for those first five years, from '97 to year 2002, on the losses or surpluses of the hockey team?

I am particularly worried—I know the last budget, we assumed the Jets would be in the playoffs the last couple of years. Besides our political disagreement, I think all of us enjoyed going to the games, the play-off games particularly.

I am a little worried about where this thing is going in the NHL if you look at who is in the final four. I may be close to winning a nonprofit pool we have with friends, just on hockey pools in terms of players. But look at Detroit and Chicago and New Jersey and Philadelphia are the final four. There is not one Canadian team. The final eight had only one Canadian team in Vancouver.

\* (1620)

I know it is an atypical year, but it just appears to me, watching what happened with Philadelphia and Lindros and all this money that is being generated, every time I hear next year the salaries are going to be flattened out or depressed, I see another marginal defenceman signing for \$2 million or \$3 million.

There was a news report today that Lindros is up for auction for \$3 million, et cetera. I guess, I am really

worried about the situation, so does the Premier have a budget for the next five years, from '97 to year 2002, that he could share with members of this House?

**Mr. Filmon:** Mr. Chairman, it is not our budget, it is MEC's or the Spirit of Manitoba's budget and in fact it is why this whole thing has been restructured because the \$26 million that was originally projected they revisited after getting their payroll reassessed by two different individuals.

The current management of the Calgary Flames and the former management of the Buffalo Sabres gave them those kinds of projections, and they did anticipate worsening situations, just as the Leader of the Opposition has put forward. That is the basis on which all of the new information has been projected and the basis on which they are making their decisions. So when those budgets are available we will certainly have them.

I might also say that in the next two years in the existing arena things could be dramatically better based on just simply more ticket sales. The season tickets, for instance, for this past year were less than 6,500. Given the outpouring of support that was part and parcel of the Save the Jets campaign they have very strong expectations that they will get considerably more season tickets sold for these next two years, particularly if, as an incentive, they allow those who have season tickets in the old arena to have priority on season tickets in the new arena in the new facility.

There are many reasons to believe that the projected, say, \$30 million losses over the next two years could be considerably less than that. Those are all things that we will be looking at when we have those projections and we have a closer idea, and we will obviously have that before closing takes place on all of these things before closure takes place on August 15.

**Mr. Doer:** I have only got a few more questions on this. One, are the ticket price projections based on the Mauro and Burns numbers at this point in terms of ticket prices for the consumers?

**Mr. Filmon:** I believe that they are still going with those assumptions.

**Mr. Doer:** Is there any plan to relocate the casino from the Fort Garry Hotel to the new arena complex?

**Mr. Filmon:** I will be very forthright with the Leader of the Opposition and say that we are currently in a situation in which the Hotel Fort Garry has given indication to the Lotteries Corporation that they no longer want the casino to remain there, so the Lotteries Corporation at the end of their lease, which is up I believe about 1999, will be looking for a new location. If they are able to make any negotiated agreement with them, it would just be on the basis of them paying rent and leasehold improvements as they normally would at any other location.

I believe that it is fair to say that the Lotteries Corporation sees many merits in locating in a facility like the Manitoba Entertainment Complex because they would have access for their customers to parking and food and beverage establishments that would be open basically throughout the course of a week; secondly, they would have access to tens of thousands of people who would go throughout the course of any month to events in the facility. On the other hand it would be a benefit to the operations of the Entertainment Complex because those people would use the food and beverage facilities and the parking facilities and provide a revenue stream for them. So, certainly, without having any discussions at this point, we are leaving that matter open for discussion between the Lotteries Corporation and the Entertainment Complex people.

**Mr. Doer:** The casino relocation, the proposal to put the arena, the MEC site at The Forks does start to create a bit of a changing economic magnet in terms of urban planning in the city of Winnipeg moving further east. Does the government have any studies of the impact of what it will do to the retail business in downtown Winnipeg, the downtown Winnipeg being in the Bay-Eaton's area, and what impact it will have on both the hospitality and retail sectors in those areas of the city?

**Mr. Filmon:** Firstly, I want to emphasize that no decision has been made with respect to the possible location of the casino over there. So that is not something that we have looked into. Secondly, those changing patterns would be ones that the city

would be responsible for analysing and reviewing, and the locus of economic activity of all sorts has shifted and changed within the downtown area by virtue of every single decision that has been made along the way over the last couple of decades.

Location of the Convention Centre shifted the locus, the development of Broadway as a commercial entity has shifted the locus, the creation of the Trizec complex and the Richardson Building shifted action. Then the redevelopment of north Portage shifted action, and ultimately the creation of the Toronto-Dominion tower shifted action, and so did the Forks.

It is all in the downtown area and quite frankly there would be increased activity, particularly for restaurants, beverage establishments and all of those things within the whole downtown area as a result of having that entertainment complex facility. Whether it is in the Portage Avenue east site or whether it is at the Convention Centre site it would have impact throughout the downtown area.

**Mr. Doer:** I have a number of questions. I would like to move off the hockey team and move on to federal-provincial relations, but I will defer to the member for Inkster for a few moments.

**Mr. Lamoureux:** Mr. Chairperson, actually very briefly because I think that the whole issue of the Jets and the arena has been well discussed, and I appreciate the remarks put on the record from both the New Democratic Leader and the Premier.

I guess, ultimately, the other day I asked in Question Period, with respect to the question of the endowment fund and we did have some concerns that what happens if the endowment fund does expire. Our primary concern, of course, and I believe the Premier shares it, and I guess I seek what I asked the Minister of Finance (Mr. Stefanson) is some sort of reassurance that if in fact the endowment fund does expire, that the public at no point in time in the future would in fact be held to any ongoing operational costs that could in fact occur if in fact the endowment—and it was really interesting listening to the provinces share in the whole question of equity and so forth.

\* (1630)

I was of the previous opinion that the 18 percent and that 18 percent, much like any given corporation, if there is profit to be had you get that 18 percent of the profit, if there is a loss to be had, you pay the 18 percent. I am getting a better understanding through the Minister of Finance in earlier discussions this afternoon that in fact we will not get any benefits in terms of profit or losses. I guess I would seek that assurance from the Premier ultimately that the public, the taxpayer, will not in any way have to meet any sort of obligation for operational losses in the future.

**Mr. Filmon:** Firstly, I can assure the member for Inkster (Mr. Lamoureux) that we will not be responsible for ongoing losses under any scenario that we are negotiating or discussing. Secondly, should there be profits from the joint operations of the arena and team in future—and as much as we have been talking disastrous scenarios here for the last while, I can tell you that both Mr. Bettman and the league believe that things will continue to improve for them, and that by the year 2000, there may be some very real possibilities of net revenues coming from the operations of the team and arena facility.

They see that by virtue of, firstly, some expansion revenues that they are definitely planning on; and secondly, for additional television contracts on a worldwide basis. They actually see television in Europe of NHL hockey and greater television coverage in North America.

The concept is that any net returns would be split between the public and private sector in this whole scenario, given the equal contributions that are being made to the (a) construction of the facility and (b) purchase and endowment fund of the team.

**Mr. Lamoureux:** Mr. Chairperson, the majority of my questions are with respect to intergovernmental relations, but before we enter into that with the Leader of the New Democratic Party (Mr. Doer), I did want to do a bit of a follow-up with the question that I posed earlier today with respect to the gambling committee that the Premier and the government had established.

We were very strong advocates for having this independent gambling committee, if you will. We appreciated and applauded the government at the time in terms of making the appointment, of having this gambling committee, but one of the primary reasons why we wanted to have a gambling committee, that being independent, was because we felt that through the years that we have not seen any real form of public debate, whether it was inside the Chamber, in standing committee or wherever else it might be allowed to occur. We were always of the opinion that a public gambling committee would allow for members of the public to be able to vet their concerns.

I used to be the Lotteries critic for our party, and I can recall numerous stories of the problems that were being created, in particular, in rural Manitoba and the emphasis 95 percent of the time was on the VLT machines. We were quite happy to see that the committee on gambling was established, but we had anticipated that there was going to be widespread public—or at least the opportunity—for widespread public input and to the same degree which we saw in terms of the school division boundaries and other committees that have been out there and have sought public input.

I was somewhat disturbed when it was brought to my attention last Tuesday that in order for the oral presentations, to make oral presentations, the deadline was coming today, and I had no idea. I had missed the little article, I guess, that was put into the Free Press, and right offhand I was quite relieved to see that deadline has been extended. It goes to show that if we do take some action inside the Chamber that we can get some results for it, so we were glad to see that it was extended.

This afternoon what I was looking for from the Premier was to try to make available what I believe and the Liberal Party believes is very important data. We know that Manitoba Lotteries does have or should have this sort of information virtually at their fingertips. We are trying to assist the public and interest groups that might be out there, in terms of helping present before the gambling committee, that we would want to encourage the release of information that could be valuable for their participation.

That is the reason why I felt that it was important that we get the community-by-community breakdown of the VLT revenues. The Premier has indicated in the past that this is something which he has no problem in releasing. It would be beneficial to have that prior to things such as the annual reports. The last time, as a standing committee, it was almost two years ago when we had last met to discuss the annual report.

I believe that was the '92-93. The '93-94 report has actually be tabled, but most importantly the '94-95, I believe, by legislation is not due for another four months. Again I am sure that there has been a lot of work that has been put into the '94-95 report. In fact the Premier was wanting to see that report pushed up and made available—it does not have to be in the glossy book and so forth, but the content is important—again to do what he can to ensure that this sort of information is made available prior to the public hearings taking place, once again because we believe in the party that it would be beneficial to have this information at hand. I believe ultimately that this will assist the board and government and even opposition critics to be able to better address the issue.

I am hoping to get a response from the Premier in terms of some sort of a better idea than what was alluded to during Question Period in terms of does he really feel that it is possible to get this very important information before the public prior to the public meetings?

**Mr. Filmon:** Firstly, I want to say that we definitely do attempt to respond to the legitimate concerns expressed by members of the opposition, and in particular the member for Inkster has raised an appropriate issue when it appeared that there would not be sufficient opportunity for people to respond in public hearings to the Desjardins commission.

I will state publicly as I have in the past that it is our desire to have the commission do as thorough and as open a review as possible unfettered by government restrictions. So we have not in any way restricted the Desjardins commission from either holding public hearings or limiting their scope of their study. We have tried to run the fine line between being seen to be thorough and complete in reviewing this situation so

that the recommendations to government are meaningful, and, on the other hand, from being seen to direct every move of the commission. It should be independent in our view and that is I know the view that was expressed by the Liberal Party when they urged this kind of review.

So we have to be able to be credible on both sides to (1) leave as much room for the commission to maintain its independence but (2) to respond to legitimate concerns being expressed. I think that is what we attempted to do in urging that the committee do extend the time line for people to respond and for people to come before the committee.

There is another aspect to the question.

**An Honourable Member:** The annual report.

\* (1640)

**Mr. Filmon:** Oh, the annual report, I do not know what we could do to speed up the 1994-95 annual report. These things have a time line that involves auditors, that involves all sorts of people in the preparation of those numbers. But I do know that utilizing previous years' reports, they are currently working very diligently to get the information out of the breakdown by community of Lotteries revenues, and that will be done as quickly as we can.

**Mr. Lamoureux:** Mr. Chairperson, I know that under the VLT agreement with the different municipalities, no doubt the government must have some sort of an idea because a certain percentage of the VLT revenues that are collected from those communities is in fact returned to the communities. I am wondering if the Premier can indicate, if he does not have from the current fiscal year, if there is a previous fiscal year community-by-community breakdowns of VLT revenues.

**Mr. Filmon:** Mr. Chairman, that is the easy part because it is done on a formula basis which is a base amount per community or municipality, plus a per capita payment. As has been pointed out by many people, there are some communities that have no VLTs but still get the money, because they are within a

catchment area of a municipality and they get so much per capita. So that is part of the perceived inequity, and so what is paid out I believe is readily available, but what is taken in per community is not necessarily readily available.

I might just say in addition to that we are limited so that where there are three or fewer outlets in a community, we are not going to be able to make that public because that would be commercial information that would enable people to identify almost how much goes into each particular outlet and something that under The Freedom of Information Act we are limited to do.

**Mr. Lamoureux:** It does put some limitations in terms of what was going to be the following question I was going to ask in terms of if you in fact have payouts, those payouts should give us some sort of an indication in terms of what is actually going in and was coming through government revenues because again it is based on some of a formula. I am wondering, the Premier makes reference that this is more so the exception, like you are talking the odd two or three catchment areas, if you like. Does the Premier then, I take it those have access and the 95 percent let us say of the catchment areas in which there would not be too much of a problem in terms of letting the Chamber know where the payout is going?

**Mr. Filmon:** What they are working on, as I understand it, is a proposal that basically gives the information for all municipalities, all municipal jurisdictions except those in which there are three or fewer outlets with VLTs, and those will then be lumped together as one line, say "all others." I think they amount to less than 20 percent of the total, so you basically will be able to get it for all areas other than that whole grouping that involves three or fewer outlets in a municipality.

**Mr. Lamoureux:** Can the Premier indicate when we would be able to get access to that sort of information?

**Mr. Filmon:** I must admit that I urged them to hurry up and get the information as soon as we were preparing for the opening of the Legislature because I knew that this would be a question on the agenda of

members of the opposition, and I was surprised actually that it took until today to be asked. The sooner the better, as far as I am concerned.

**Mr. Lamoureux:** Well, I can assure the Premier it is not because of me. If I had two or three questions a day, I can assure you I probably would have asked it sometime within the first couple of days.

**Mr. Doer:** Five questions.

**Mr. Lamoureux:** Of those five, two have been on the gambling.

Because I do want to move on to Intergovernmental Relations, I would conclude my remarks with respect to the gambling issue by indicating I appreciate the concerns the Premier expresses in terms of the independence of this particular committee. I will respect that, yes, when you do appoint an independent committee you have to respect the fact that it is independent, but a government does give directions to these independent committees when you do appoint them, and one of the things that we had felt was very important, of course, was that public input. In filling the independent committee, providing that ample opportunity for public input into gambling policies and issues, hopefully we will see the government providing forums for that public input, because we do believe very firmly that there is a lot to be learned by consulting with the public on this particular issue and again emphasize that it is important that whatever information that we can provide—and I have made reference to a couple of pieces of information that we should strive to get before the public meetings get under way. I believe that will enhance the levels of discussions that would take place and add to the presentations being made before the committee.

(Mr. Chairperson in the Chair)

**Mr. Doer:** I agree with everything he has said and I will not repeat it—on gambling and the public process. [interjection] Far be it from me to talk about any decisions the Speaker makes.

We have already asked questions on the interprovincial trade, traded words across the bow, as

they say. I want to start with agriculture, the massive change in agriculture which not for partisan reasons I want to raise, but was contrary to the red book which said that there would be a long-term transition in agriculture.

I have already stated I thought there was no regional equity to the reduction and investment in the Crow rate and the massive withdrawal of the Crow rate investments over the next short period of time. Changes in pooling and other reductions in farm subsidy programs, I think, will have a definite impact on the bottom line of Manitoba producers, on Saskatchewan producers and on the quality of life and standard of living in not only at the farm gate but also in all of our communities because agriculture is a major industry, almost represents 10 percent of our economy.

I would like to ask the Premier, has there been any co-ordinated effort between the western Canadian provinces in dealing with this federal government withdrawal of support on the Crow rate? We all agree it is not fair; it is not equitable, when we compare the Quebec dairy situation, the Ontario dairy situation. Is there a transition strategy with the federal government that the government can table dealing not only with the Crow rate loss but other transportation options, such as the Port of Churchill, which I think is very vital for the future of many producers.

**Mr. Filmon:** In terms of detailed proposals that are going back and forth and being discussed, I would urge the member for Concordia to raise that with the Minister of Agriculture (Mr. Enns). I can tell him in general terms that I was intending to be raising this issue on the agenda of the Western Premiers' Conference, which Premier Romanow had to cancel unfortunately because of his election campaign, probably fortunately for him. But this in fact was the topic in which I was to be the lead speaker on transportation issues, principally Churchill and The Western Grain Transportation Act changes.

\* (1650)

It was our hope that we could get some common western position on the issue. I am not sure how altruistic our partners would be in this whole battle.

Certainly there will be general agreement that they will want to push the federal government for as much money as possible in the transition payments.

On the other hand, in terms of the splitting up of the pie, I am not sure that they would recognize what is very, very apparent and that is Manitoba's claim to far more of the transition funding. A legitimate claim in my judgment, because Manitoba farmers will see a 300-percent increase in their costs of transportation, with the pooling removed at the same time as the WGTA support compared to Saskatchewan farmers getting an increase of 100 percent and Alberta farmers 50 percent, there will be clearly a huge additional burden on the Manitoba producer in terms of the additional cost of transportation.

So we will have to do our very best to try and convince Mr. Goodale of our greater needs and our greater, I believe, entitlement to transitional support. It remains to be seen whether we can get a common position out of the West that will see others willing to give up some of their share of the transition money in order to help Manitoba farmers.

These are all matters that we hope to discuss but very recently, of course, as the member probably knows, Mr. Goodale has put on the table instead of a two-stage approach in which we would have the WGTA removal and then the loss of pooling a little later down, he is now wanting to go at it very quickly and do the whole thing at once.

We, of course, are making many proposals to him, not the least of which is that part of the answer to addressing the severe impact on Manitoba producers would be to give them preferred access to grain shipped to the U.S. using Emerson as a port of export and therefore allowing Manitoba farmers to get preferential treatment in shipments to the U.S., a greater share of the shipments to the U.S., because that would be their least-cost approach in all likelihood.

Secondarily, a greater utilization of the Port of Churchill is also a least-cost approach to Manitoba farmers and farmers within that catchment area close to the Manitoba border in northeastern Saskatchewan. All these we would hope to get a little bit of support from,

at least Saskatchewan if not other western provinces, on the issue.

**Mr. Doer:** First of all, I agree that Manitoba farmers will be the hardest hit by the changes both in Crow or the WGTA and pooling, and we believe that the reality of the reduction should be equalled with the reality of the transition. We also believe that the transition is taking place a way too quickly. It is disproportionate to eastern Canada or central Canada. It is disproportionate to the rapidity of which producers can adapt. It is disproportionate to any kind of value-added strategy. It is disproportionate to any other strategy on transportation and so notwithstanding any other factor, we are with the government on this. Any support we can provide to that effort and utilizing the Port of Churchill and other means of transition, we would support.

I note that when the former federal government was involved in some of the deficiencies in grain support payments, I think we all participated in an all-party way. I just believe that we are united in this House, and I think we should stay united in this House on our producers. I really worry about it. A lot of farmers sitting around a kitchen table at the end of this crop year, once they deal with the crop and all the realities of getting the crop in and out of the ground, all of which has started a couple of weeks late, that a lot of producers are going to be facing a pretty serious challenge for the '96 year. Even durum wheat has moved down slightly in the markets, even though canola maintains a very, very positive state.

I have read comments of the Minister of Agriculture (Mr. Enns). Sometimes these kinds of self-reliance statements, you know, we are okay, we have always survived, we can do it, Manitobans can do it, we are the greatest in the world, all of which I believe and sometimes it is, you know, darned the federal government, they do not understand, they do not understand and they are not being fair.

Is there somewhere in between there any transition strategy, or is there any strategy the government, (1) to stop the massive changes from being combined; (2) the massive changes in the next two crop years, (3) the lack of any other proposals for a long-term, value-added

strategy? Is there any strategy, is there anything we can say, yeah, okay, we agree to, the Premier took a little shot at our ag credit because we would not sign a document in March which said that we applaud the federal government from withdrawing from this program because over the long haul the price of land will go up. We did not sign the document because we did not agree with that sentence. We do not believe we can be critical of a federal government on the one hand and sign that document on the other. But beyond that and statements were made in Question Period prior to the election, is there anything now that we can work with together, a transition strategy we can work on together in this House?

**Mr. Filmon:** The continued efforts towards diversification of the agricultural sector of our economy are going to be very important as a response to the removal of WGTA. I do not think there is any doubt that the payment itself did distort decisions that farmers made as to what crops they grew. Now there are going to have to be far more market-oriented, they are going to have to look for far more value-added and diversified crop alternatives. We of course announced during the election campaign the financing system that would see farmers get some preferred financing through MACC to make investments in valued-added and diversified farming decisions.

Of course we will try to continue to convince the federal government to go slow on the transition to provide additional funding and to recognize the differential impacts that their decisions are going to have on producers in this province versus Saskatchewan and Alberta. The Minister of Agriculture (Mr. Enns), I know, will be visiting with Mr. Goodale, and in fact I think he is going to be part of a committee that meets next week to look at this issue, and he will strongly argue on behalf of Manitoba producers for (a) more transition funding and (b) more time between the various stages of this change that is going to take place. The impact is large. The impact is dramatic. I know that the Minister of Agriculture will fight on behalf of Manitoba farmers very strongly.

**Mr. Doer:** Has the provincial government received any definitive word on the Port of Churchill report? Of course, we know that there are members of the federal

caucus now, government caucus, in Ontario that are opposed to the report dealing with the Port of Churchill. We know that Manitoba supports the Port of Churchill report, including the federal lead minister, the Honourable Mr. Axworthy. Obviously, I know that the federal government would be sensitive to elections in Manitoba and Ontario. Is there any word on when they will announce their position on the report that is before the federal government on the Port of Churchill and the investments that must be made that were signed by Saskatchewan, Manitoba and the federal government and the private groups?

\* (1700)

**Mr. Filmon:** I am informed, Mr. Chair, that we are still waiting for an official response from the federal government, that we have endorsed the Gateway North Report and that the federal government did initiate some unilateral consultations with communities throughout the Port of Churchill catchment area region. It did not include us as a provincial government in those discussions. We have to assume it was probably because of our election campaign or the impending decision on an election campaign. We certainly endorsed that report and support the establishment of the Gateway Marketing Agency that it referred to, but we have not had any response from the federal government, and we will pressure them on that.

**Mr. Doer:** I wish the government well on this endeavour. I know that the members participated in a community event with the federal government. The Minister of Northern Affairs and Native Affairs (Mr. Praznik) and the member for Rupertsland (Mr. Robinson) attended the Ottawa meetings. I know they were happy about some meetings and disappointed they did not get a meeting with Doug Young. So we wish the government well, and obviously we are all committed to Churchill in this Legislature. The Golden Boy faces north, and it is something I think we should all remember.

I just want to move quickly along the agenda just to get an update on these items. We have already made most of our statements about what we think about them, but just dealing with the federal budget, does the government now have a full analysis of how many jobs

have been lost directly through the budget, the direct public service and indirectly through military decisions and other decisions of the federal government?

**Mr. Filmon:** The Air Command, somewhere between 2,200 and 2,500. It is a little difficult to get definitive figures because the federal government admits that all of its departments have not made their final decisions as to how they will meet their fiscal targets.

**Mr. Doer:** When we reviewed the military decisions, civilian decisions at Shilo versus Bagotville and Cold Lake, when we looked at some of the decisions on the relocation of the Air Command, it was our perception that there were a disproportionate number of jobs lost here in Manitoba. Relocation, first of all, is not a cut. We are against that proposal. Do we have an analysis? I know that the agricultural analysis is that it is regional inequity between Ontario and Quebec. Is there a regional analysis now that the dust has cleared? We can discuss this after the election campaign as opposed to in the more charged atmosphere in a campaign or prior to a campaign?

**Mr. Filmon:** As I have said publicly, we believe that we were harder hit than any other province in the country and that when you did all of the analysis, some regions benefited by shifts, but in our case, everything was a loss. There was no interprovince shifts.

Even in Alberta, in places where they were being cut, they were also adding in other places within that province. The Prime Minister made the comment to me that Ralph Klein did not criticize him when he cut CFB Calgary out, and that was because he was getting more in Edmonton at the same time, but in our case, everything was a loss, including the transference out of Air Command.

Not only did we this time suffer proportionately the worst cuts in defence jobs in the country, but if you combine it with the last three or four years and therefore add to it things like Portage la Prairie, the Shilo cuts, CFB Winnipeg cuts with PPCLI and so on, if you took the continuum of three or four years that this province has been—and obviously that includes decisions by the predecessor administration which we

are also critical of—we have certainly suffered the worst cuts in defence employment in the country.

**Mr. Doer:** We participated with the government on the committee that was struck by the minister, in fact in an emergency debate proposed by the member for Sturgeon Creek (Mr. McAlpine). I suggested that we all get together on this—I think it was my lead question last December dealing with the parliamentary report recommending the relocation of the Air Command, which I think is, again, contrary to our vision of Canada, where everything is located in the Ottawa-Hull area of the country. The committee met a few times together and met once with the federal government.

I notice the Minister of Industry, Trade and Tourism (Mr. Downey) does not seem to have a lot of briefing books on his desk. It looks like he is reading Alberta Report more than anything else, but I am sure that is not true, so I withdraw that statement—[interjection] Nothing, except that there is work to be done. [interjection] There is work to be done. I guess that is my point.

Will the Premier order his Deputy Premier (Mr. Downey) to reconstitute that all-party committee so we can get back working on behalf of Shilo, on behalf of the long-term prospects of Portage la Prairie and to follow through on our commitment to the people of Winnipeg to fight, go and meet directly with Collette on the decision and lack of merit for the relocation of that base from Winnipeg to the Ottawa-Hull area? I do not care if he does not want to meet with us. I think we should still go down there and demand a meeting, and I say, after the election, now that the rhetoric may be a little bit lowered, except from the Deputy Premier, that it is time to get on working on behalf of those people.

**Mr. Filmon:** Mr. Chair, the Department of Industry, Trade and Tourism continues to work diligently on that file. It would appear as though there is no possibility of changing the federal government's mind, and what we now have to do is identify opportunities to try and maximize the use of the facilities. There are obviously plans and proposals being developed by the department to try and do something productive with the assets and facilities that will be left behind.

**Mr. Doer:** Will the committee meet and go over that with the private sector that is part of the committee? Business, labour, government are all part of that; all parties are part of that committee. Will we have a chance to follow up on this issue? I offer that again to the Premier and Deputy Premier.

**Mr. Filmon:** I would just encourage the Leader of the Opposition to continue to press the federal government, as we will. We will invite the private sector to do that, whether it is Mr. Axworthy, whether it is Mr. Harvard, whether it is Mr. Collette, any of those people. We will need all the support we can get, all the help we can get in pressuring those people to deal fairly with Manitoba and the use of the facilities that they are abandoning here.

\* (1710)

**Mr. Doer:** I am disappointed the government will not be reviewing this decision, because we have never received the facts under which this decision was made, and I find that regrettable. Of course, the CF-18 was another example where merit played no part.

As I say, if there is anything we can do, we remain committed to the jobs where Manitobans are first. We remain committed to that economic base that we need, and we are very concerned about the longer term decisions and how it affects the aerospace industry here in Manitoba in terms of procurement policy and other decisions that will be made.

We are also worried about the 17th Wing. We are told that usually commanders like Wings at their disposal, and that is a lot of people, as well, here in the province.

I want to ask a new question to the government. The government is projected to lose \$85 million next year in health and post-secondary education. Could the Premier advise us on the status of the Minister of Finance's (Mr. Stefanson) pledge to meet with Paul Martin and get that money reinstated before the '96-97 fiscal year?

**Mr. Filmon:** I am afraid the member would have to ask the Minister of Finance that.

**Mr. Doer:** Again, we are opposed to the reductions, both philosophically and financially, and we have made those points before in the House. We have made those points on disentanglement and on the reduction, on the streamlining, time and time again.

I would point out that we remain opposed to the federal government's change in the way in which they are going to have health care and post-secondary education combined in one lump payment with the reductions per year of massive amounts of money, and we do not include equalization which are transfers of monies from Ontario, British Columbia and Alberta to Manitoba, Saskatchewan and the other Atlantic provinces and Quebec. We call those equalizations. We do not call those medicare, and we do not support this program. I just want to put it on the record again. We have discussed this in the past and I remain opposed to it.

I would like to ask the Premier, on the status of negotiations with the federal government on the national child care program, again a promise that was made if the economy grew by 3 percent, we were to have a national child care program in Canada. Can the Premier advise us of the status of that proposal?

**Mr. Filmon:** My impression is that the federal government has backed totally away from its commitment to the national daycare plan, that there is nothing in their Estimates for this year for that plan despite the relative buoyancy of the economy.

**Mr. Doer:** Mr. Chairperson, I want to touch on another item when the Premier mentioned estimates. Under the Western Diversification we are getting kind of two stories on what is in the estimates and what is potentially in the estimates on the ski hill proposal, Asessippi ski hill development. On the one hand, we are hearing federal government representatives saying there is no money in this proposal from the federal government to build the ski hill at Asessippi, and we are hearing from other government representatives outside of the city that there is money to build the ski hill subject to the environmental hearings.

Can the Premier advise us on the status? Is there money in the federal budget, if the environmental

assessment is approved, for that proposal that was agreed to by Mr. Mayer and subsequently by Mr. Axworthy or are we just seeing a situation where people just want the proposal to go away through an environmental process?

**Mr. Filmon:** We do not know if there is money in the federal budget for the proposal, but we do know there are letters on file from the federal government to the proponents that they would adhere to the commitment that was made to fund the ski hill subject to the receipt of a favourable decision by the Clean Environment Commission.

**Mr. Doer:** Can the Premier table those letters? Can we get a copy of those letters because out in the public debate there is a great deal of confusion about the willingness to participate by the federal government, and we get asked to raise it here and I think we should know what is going on.

I know the government has been fairly straightforward on the proposal. I know the environmental assessment is reviewing the material. This is an issue that was raised at the Taxpayers Association to all three of us. I would say that we probably provided the mushiest answers in that forum, but I think I said that to the person who asked us, I think we were all dancing around the issue a bit about what is there and what is not there, what we stand for.

I have to say, I want to review the file myself just to make sure. I hate to give answers like that sometimes to questions, but one also must be consistent with what one said back at the community. You do not want to say one thing in Russell and another thing in Winnipeg.

Having said that, I think there are a lot of things being said in Russell that are not being said in Winnipeg and a lot of things in Winnipeg that are not said in Russell. I want to know what the deal is just so I know what is being said, and I would ask the Premier if he could provide those letters. I will move on to another question.

**Mr. Filmon:** If I can obtain them, I will. The letters, as I understand, were sent to the proponents, so they are their correspondence with the federal government.

If I can obtain them, I will provide them for the Leader of the Opposition.

**Mr. Doer:** In this decisive decision making we have on this issue, I noted the Minister of Finance said, if their money is not in, our money is not in. After you, Alphonse, and the feds are going. If their money is in, our money must be in. I just want to know what the letters say, if we can see that, because it is federal, provincial and private money. It is a tripartite proposal.

I want to move along. The GST harmonization proposals or the various proposals on the GST, now I know we were going to abolish the GST. I know that that was promised in Brandon. [interjection] Yes, I have the Prime Minister on tape, not that he cannot get away with it, obviously. I know that Sheila Copps said she would resign if it is not abolished by the next election. Having said that, could the Premier advise us, are we abolishing the GST or are we just abolishing medicare with the reduction in payments to the province?

**Mr. Filmon:** Mr. Chairman, I have always been in favour of abolishing the GST, but it is not within my power to do it. My understanding is that the federal government has backed away from the commitment entirely, even to the extent that it was not raised by Mr. Martin at his most recent meeting with his provincial counterpart Ministers of Finance. This may fall into the realm of unsubstantiated information, but the word from the federal officials was that they were awaiting the results of the provincial elections that were anticipated this spring in Canada and that, given favourable results that they interpreted as being the election of Liberal governments in three provinces, Ontario, Manitoba and Saskatchewan, they then felt that they could proceed with their harmonization proposal, which was their way of fulfilling their election commitment. Obviously that is not likely to happen now, so it will be interesting to see what they now do as a response to their election promise of removal or replacement of the GST.

\* (1720)

**Mr. Doer:** We have to worry about Ontario. Well, we all have different opinions about what is going to

happen there, because I have heard—our unsubstantiated information dealt with Ontario and its size and its complete volume of transactions and, along with Atlantic Canada being the sort of liberal wedge on this GST, but that is unsubstantiated, and I would never bring unsubstantiated stuff to this Chamber, as the Premier knows full well. So the GST is just another promise in Brandon, at the University of Brandon, that is floating in the wind.

I want to ask a question on the process of moving from the Department of Indian Affairs to self-government here in Manitoba. Can the Premier advise, is this a matter that is dealt with routinely in cabinet? Are we full participants in this process? Just give us an update of how that is proceeding in the province. Not a long—just the status of how we are dealing with what the federal government has promised.

**Mr. Filmon:** The federal government is absolutely cutting out the provincial government from any part in the process, and the AMC appears to be in full agreement with this. We are not involved in any way.

**Mr. Doer:** Is the Minister of Northern Affairs and Native Affairs and Energy and Mines the lead minister on this matter for the province?

**Mr. Filmon:** He would be if there were any role to play, yes.

**Mr. Doer:** We will hold him accountable for any disagreements we may well have, of course, consistent with his oath of office here in Manitoba.

I want to ask a further question. I have stated before on this issue, and I want as much as possible—I mean, when we look at the disagreement between Diane Marleau and the chiefs themselves on whether health is a treaty right. I believe that health is a Canadian right and medicare is a Canadian responsibility.

I just hope that this process works, because the past I do not think has represented us very well, and if we can be part of the solution as opposed to being in the bleachers or not being anywhere at all on this, I just encourage the First Minister to—if there is any way of reconciling the disagreement that may exist, I would

encourage very strongly the First Minister to find a way to put this back on the rails.

I just really believe that this is an important process. I think it is important to Manitoba. If he looks at the demographic projections for the next 20 years, we have all looked at those, and there is a pretty strong—it is like, we can deal with it now or we can deal with it later, and the later is much more serious than the now. The Premier has often used the term—not often, I have heard him use this term once, so I do not want to exaggerate—he has used the term, the best time to plant a tree is 20 years ago; the second-best time to do it is now.

I would suggest that this is the same kind of comparison. I would like to deal with it now. We should have dealt with it 20 years ago. We should have dealt with it 125 years ago. I just encourage the Premier very strongly to get this thing moving.

I want to ask the Premier just a couple of brief questions on interprovincial issues. Can the Premier advise us of the status of the Langenburg proposal in Saskatchewan and whether in fact we are going to have a full federal-provincial environmental assessment of that project and its downstream effect on Manitobans?

**Mr. Filmon:** During the course of my visit out to western Manitoba to view the extreme flooding that was taking place along that Saskatchewan border—that was, I believe, the 27th of April—I said to the local officials, the municipal leaders there, that I had been informed of the concerns during my visit there and we had flown over the specific areas. It was pointed out to me by the Minister of Rural Development (Mr. Derkach), who is the member for the area, entire areas of road were washed out, culverts ripped out, bridges damaged by massive flows of water that were the result of the drainage changes that had taken place already in the area.

Of course, that is only a small part of a bigger proposal for the Langenburg area. What I committed to was that we would express our concerns to the Saskatchewan officials, and we have indeed been doing that through the senior officials of the Department of Natural Resources and Department of Environment. We do believe that there is plenty of reason to believe

that there could be very, very significant downstream negative effects to Manitoba, and we are working very hard to convince Saskatchewan that the proposal as it exists ought not to be proceeded with, but it will of course have an impact as an interprovincial disagreement that could be escalated to a substantial proportion if we cannot get agreement from Saskatchewan. So we would prefer to try and negotiate the issue to as much as possible eliminate negative downstream effects for us before we go threatening any other things.

We do ultimately hold in reserve the possibility that the federal government be asked to come in through a federal environmental assessment process trying to help us to fight the negative impacts of what we see in the proposal.

So at this point we are trying to do it through senior administration in our Environment and Resources departments, but if that fails then we will do everything that we can to fight the proposal, at least the negative aspects of the proposal, and use whatever tools which are at our disposal.

**Mr. Doer:** I totally believe that any—you have heard me say this before—the cross-border transfer of water that affects downstream, impacts downstream other provinces, I have the same belief about the Langenburg proposal with the existing Saskatchewan government as I had with Rafferty-Alameda with the previous government, so I have not changed my position.

I also have the same position on Shoal Lake drinking water, and I would just like the Premier to advise us on that situation. I know that there was some thought last fall that the gold commodity prices were going up. Now the gold prices have gone down, and now they seem to be going up a touch more. I know that Consolidated is ready to go.

\* (1730)

Can the Premier just advise us on that Shoal Lake watershed. I know he has a good working relationship with Premier Rae.

**An Honourable Member:** For how much longer?

**Mr. Doer:** Well, I have had only one prediction with the Deputy Premier (Mr. Downey) about Saskatchewan. I spend more time in Saskatchewan.

I would like to ask the Premier about the status of the Shoal Lake situation.

(Mr. David Newman, Acting Chairperson, in the Chair)

**Mr. Filmon:** As the member knows, it was on the agenda of my very first meeting with Premier Rae after his election, and it continued to be on the agenda through many bilateral meetings that we had. He put the process off to one that was chaired by, I believe it was Minister Wildman who was the Minister responsible for Native Affairs in his province.

We have been urging the acceptance of our watershed management plan, which has not happened. The watershed management plan, of course, is our long-term solution to that issue. It would make it very, very difficult for them to proceed with the gold mine under the watershed management plan.

Premier Rae and his people were reluctant to accept that solution which was our preferred solution, and of course in fairness, this has been dealt with not just as an issue between the governments of Manitoba and the governments of Ontario but rather a tripartite issue with the First Nations' involvement. Depending on our assessment of the threat, we could also bring the federal government in to use its authority on the matter. We have always suggested that if we are not satisfied that our interests are being protected, we would go to the federal government to try and ensure that that was addressed.

We will do all things possible to eliminate the threat to Winnipeg's water supply, but at this point the government of Ontario does take the position that they are the ultimate authority in terms of licensing of any potential gold mine.

**Mr. Lamoureux:** Mr. Chairperson, I believe that over the next few years potentially this could be one of the greatest challenges, federal-provincial relations, and in terms of myself, in trying to filter through the political

rhetoric that might at times come to the Chamber. You know, in listening to the questions and answers with respect to federal-provincial relations—and we talked about the Crow rate and how bad the federal government is.

We talked about job losses and how bad the federal government is, the transfer payments and again how bad the federal government is, national daycare plan and how bad the federal government is, Indian Affairs and how bad the federal government is, and then of course the GST and how bad the federal government is again, and for me—[interjection]

There is no doubt a common enemy for the official opposition and the government, and I guess in time I will learn to get a better appreciation of why it might be in their best interests to ensure that the federal government and the politics of the issues are there before all of those different issues. But suffice to say, the issues that have been talked about are in fact very important issues.

Mr. Acting Chairperson, as I have indicated, over the next while I intend on speaking out on issues that Ottawa makes decisions on that have a significant impact on the province of Manitoba, all of those issues which were briefly touched upon this afternoon, or some of those issues which were briefly talked about this afternoon.

I share some of the concerns with respect, for example, on the Crow rate. We will acknowledge there is that transition fund, a fairly significant size of a transition fund that is being made available. The Premier quite correctly points out that the province of Manitoba is in the worst situation in terms of additional costs as a result of the Crow rate disappearing, and there is a valid argument to put forward and to be made to ensure that Manitoba gets a bigger share of that pie.

(Mr. Chairperson in the Chair)

I would anticipate that all members of this Chamber are going to do what they can to ensure that the transition fund reflects in terms of which area of the regions are mostly affected in the size of funds that are needed in order to assist in that transition.

It was interesting in terms of the job losses. The Premier made reference in terms of we were the worst defence cuts in the country. He made reference to, while in Calgary he met with the Prime Minister, and the Prime Minister said, well, you know, we closed down the base in Calgary, and I did not hear Ralph Klein complaining about it. The Premier said, well, but he shifted the base over to Edmonton. I posed the question from across the floor to the Premier, was there a net gain or was there a net loss? I believe there was a net loss to the province of Alberta in terms of defence jobs.

When we take a look at what has happened across the country, I guess we would ask the question: Is the government and the New Democrats of the opinion that we should be increasing the size of the Canadian Forces or do we believe that we can reduce the size of the Canadian Forces? I would expect, in particular, from the New Democratic side that there is an acknowledgement that the world situation has changed quite dramatically and we have to look in terms of the way in which our military can best serve us given the scarce resources that are out there.

The Premier makes reference to jobs, 2,200 to 2,500 jobs. You know, I believe this is over a period of time that the federal government is talking about—and it would be interesting to hear in terms of how many of those jobs actually turn out to be lost. My best guess is that it will not come anywhere near close to the 2,500, but, Mr. Chairperson, I would anticipate that time will prevail and we will be able to find out just what sort of an impact it will have.

We talked in terms of transfer payments. Yes, health care, education are very important to us. We have to ensure that the federal government continues to play a very significant role in these two areas of expenditure and something which we are committed to doing.

It was really interesting the comments, and I guess when we sit down and we want to talk about intergovernmental discussions that take place between the Premier, other Premiers, the Premier and the Prime Minister there was one comment with respect to the GST. I guess I anticipate future discussions that we have with respect to the Executive Council will be

more of the what is the government doing in terms of trying to co-operate with the federal government.

I give you a specific example. The Premier and the Leader of the New Democratic Party were quite content in saying, well, the federal government made a commitment that they were going to abolish the GST. Everyone knows, all Canadians know that the GST was in fact dealt with in the red book. What does the red book say about the GST? A Liberal government will replace the GST with a system that generates the equivalent revenues, is fair to consumers and to small business, minimizes the disruption to small business and promotes federal, provincial and fiscal co-operation and harmonization.

\* (1740)

I am sure the Premier actually has a copy of the red book, and if in fact he does not have a copy of the red book I am sure we can provide him a copy, and it expands upon that. I guess maybe in the spirit of co-operation I would ask the Premier—because it is not only a question of the GST, there are a number of different issues that I want to very briefly comment on—what does he feel is in the public's best interest in the province of Manitoba in terms of trying to resolve the GST problem that is actually out there?

The federal government was looking at alternatives. One of them was in fact some form of harmonization. It was believed in terms of duplication of services—I have often heard ministers and in particular the former Minister of Finance talk about how much duplication is out there and that we have to start working together as governments—and I am wondering if we can put some of the political differences to the side and discuss the issue at hand, and is it reasonable for us to be looking at the possibility of some form of a harmonization of, for example the GST, the PST, or is that something which this government has ruled out completely.

It is very easy for us to—I do not need to forewarn the Premier. I am sure he is well aware of it, that I think the onus of responsibility is going to be on all political parties across the country if in fact we want to deal with this issue. It will be interesting to see how different political parties in different regions of the country do ultimately come to grips.

I hope and I trust that in fact the federal government will materialize on its commitment to replace the GST. The question is, what is it going to replace it with? If we put up roadblocks and say we do not want to co-operate with you, then if the Prime Minister wants to materialize on his commitment, we might not necessarily get the best form of a taxation, or we might have been able to have done better, had there been provincial co-operation. That is why I would ask the Premier in terms of what role, or what is this government prepared to do in terms of trying to address the issue of replacing the GST?

**Mr. Filmon:** Mr. Chairman, far be it for me to give political advice to the member for Inkster (Mr. Lamoureux), but the reason that he is sitting there with only three members in the House is because he insisted on staying in lock step with his federal Liberal colleagues. Continuing to support and defend everything they do in this House is not designed to get him any more support. I think the public of Manitoba have spoken very strongly that they do not want him to be here as an apologist for his federal counterparts. They want him to represent his people here in Manitoba, but I do not want to give him any political advice.

Mr. Chair, I would also say to him, just to give you a sense of what other provincial Liberal parties are saying, none of them are adopting this kissy face, huggy bear approach to the federal government. They are taking an independent position. I have got the clippings of the response of ministers and premiers from the four Liberal governments in Atlantic Canada, for instance, to the federal budget of Mr. Martin. Mr. Allan Maher, the New Brunswick Finance minister, his reaction was: Ottawa's plans to reduce transfer payments to the provinces could translate into deep spending restraint at the provincial level in the coming years, New Brunswick Finance minister Allan Maher said last night.

He goes on to tell all of the damaging effects of the federal Liberal government on his provincial administration.

The government of Nova Scotia, quote: This budget seems to achieve what the feds want, but we have to

say it has been more significant in terms of transfer cuts than we thought, Premier John Savage said. The cut to transfers will take an estimated \$230 million from the province's bottom line during the next three years.

Quote: If there was ever a classic case of mixed feelings, it was our reaction to this budget, said Finance minister Bernie Boudreau.

Same thing from P.E.I., same thing from Newfoundland. You should be at least honest enough to be able to acknowledge the negative impacts of federal decisions that are made on our province and its people, I would suggest to the member for Inkster (Mr. Lamoureux).

I would also suggest to him, when he says that he does not believe that the reduction of between 2,200 and 2,500 staff by the federal government in Manitoba is going to materialize, then their projected savings and their move to reduce the deficit will not be realized either, because that is the basis on which they have projected that deficit reduction, so they are not going to meet their targets if they do not meet those reductions of 2,200 to 2,500.

With respect to the GST, I will tell him that we have provided a clear alternative to Minister Martin, and that is that we will disentangle, and we will achieve all of those things that the former Minister of Finance talked about and that the current Minister of Finance in Manitoba are talking about, and that is to get the federal government and the provincial government away from stepping on each other's toes, to save bureaucracy, to save expense for all of our taxpayers, our collective taxpayers, and that is to turn over—our proposal is to turn over the sales tax revenues and jurisdiction for sales tax in our province to the feds, and they in turn turn over collection of income taxes to us.

The transfers, as I recall, are approximately equal, and we would end up getting similar revenues and so would the feds for the transfer. We would eliminate overlap and duplication by getting both of us out of the sales tax and both of us out of the income tax field. That is a proposal, I might say, that gained the support of more than half the provinces when it was put forward on the table. It is viable and it is a sensible

proposal, and it would save our collective taxpayers money, but we have not seen the federal government approve of that.

**Mr. Lamoureux:** Mr. Chairperson, only because of time I will forgo this continual discussion with respect to the GST. I appreciate the advice that the Premier offers, and I can assure the Premier that there are times in which I will disagree with my federal counterparts, as I know that the Premier himself has disagreed on certain areas.

One of those areas in which there was disagreement was a very important issue to the Province of Manitoba, that was being the immigration aspect to the budget, and I have had opportunity to discuss concerns that I have had.

We do not feel that it was appropriate to charge a \$975 fee. This is in fact something in which I believe a majority of individuals, at least that are acquainted with me, are familiar with. As opposed to trying to focus a provincial election on the provincial Liberals supporting, it knowing full well that the support was not there, what I felt was more important was to ensure the constituent that I represented was aware what was important in terms of for the province of Manitoba was the bilateral immigration agreement. The bilateral immigration agreement has wonderful potential if the Premier in this government were to take it more seriously. We have had at least one province that has had a bilateral immigration agreement for years now, that being the Province of Quebec.

I have had numerous discussions at all different levels with respect to this bilateral agreement. I heard representation over on Juno, which was the Philippine centre, from civil servants from the Minister of Culture, Heritage and Citizenship. I was a bit disturbed, to be quite honest with you, when it was indicated to the group of people there that, look, what we want to be able to do is to get our fair share of immigrants to the Province of Manitoba. I had asked the question: what do you believe is the fair share? The response was we should be entitled to in and around 3.7 percent in order to get our fair share.

\* (1750)

I made reference to this in my opening remarks, and I really do believe that that is the wrong way to be approaching any sort of negotiations with Ottawa with respect to the number of immigrants coming to the province of Manitoba. What Manitoba should be doing is saying how many immigrants, what sort of classifications and so forth, can we absorb in any given year? That is in fact our starting point. That is where we should be going to Ottawa, not that we want 3.7 percent of whatever Ottawa determines that it wants, because as we saw eight months ago I believe it was, when the federal government had a reduction in the number of immigrants coming to Canada, had we been given that 3.7 percent, we still would have received a reduction. Would that have been in Manitoba's best interest? I would ultimately argue no, that would not have been in Manitoba's best interest. What is in Manitoba's best interest is to get a better understanding in terms of what it is that Manitoba can absorb in the different types of classifications.

We have benefited tremendously because of the family reunification program. If it were not for the family reunification program or reuniting families, if you will, Manitoba would be worse off in terms of the number of immigrants coming to the province.

These are the types of things that we should be articulating and talking about, not only when the Minister of Culture, Heritage and Citizenship (Mr. Gilleshammer) meets with the Minister of Immigration, but I believe it has to be a higher priority of this government. We have waited; there is a memorandum of understanding. I believe there was supposed to be something in place by March 1. It is the province that has to play the lead role on this issue.

The government, from what I understand, is quite prepared to sit down and negotiate a bilateral agreement. Other provinces, and particularly the Province of Quebec, was quite aggressive in terms of achieving that bilateral agreement. I would like to see the Province of Manitoba more aggressive on trying to achieve a bilateral agreement. My question to the Premier is: When he meets with the Prime Minister, what does the Premier believe we should be arguing for? Should we be arguing for 3.7 percent of the total number of immigrants coming to Canada, or should we

be arguing for what we believe the number of immigrants that Manitoba can sustain in any given year? If he believes in the latter, what does the Premier believe is in Manitoba's best interest in terms of numbers and types of classifications?

**Mr. Filmon:** Firstly, Mr. Chairperson, that number is not what is stopping an immigration agreement from being signed. What is stopping it is the federal government, and for the member to say that somehow we should be the lead agency on this—nothing can happen unless the federal government, which currently has constitutional authority over immigration, is willing to give up part of their authority to a province. If they stonewall us and say no, there is nothing we can do. They have not said anything other than they continue to talk, and they will not sign an agreement. There is no magic in the 3.7 figure other than a target that you can aim for.

What is known is that 15 years ago in the early '80s we used to get 3 percent of the immigrants coming to Canada coming to this province. That we have now slipped down to between 1 percent and 1.5 percent is my recollection. So we clearly have lots of room to grow, and if we could get an agreement, we could start growing again. That is what our objective is. That is one of the reasons why we want to have this kind of agreement. Another reason is, of course, so that we can better match the skills of the immigrants to the skill shortages of our province, that we can perhaps get a greater share of entrepreneurial immigrants and others that are coming to our office, for instance, in Hong Kong, our representative in Hong Kong and other places, but simply cannot be given authority through the very, very slow and complex federal system, that we could help in the process.

Clearly, we want to do everything. I would like to know if the member would be willing to write a letter to the federal government urging them to deal with Manitoba expeditiously to try and achieve an agreement, because that is what we need. We need his support, not his criticism.

**Mr. Lamoureux:** Mr. Chairperson, can the Premier indicate what correspondence he has requesting agreement, or better yet, does the Province of Manitoba

currently have a proposal? If they do have a proposal, what is it that they are actually requesting from the federal government in terms of numbers?

**Mr. Filmon:** We are requesting an agreement, and we have an entire proposal that has been worked on for four years now. I mean, it goes back to dealing with the Mulroney government, with the Campbell government.

The member may recall that it was one of the issues in the one meeting that I had here with Prime Minister Campbell in her visit as Prime Minister to Manitoba. I raised that particular issue as one of the foremost issues, and it has carried on.

So there has been plenty of staff work done by senior staff. The question is when the federal government is going to be willing to enter into such an agreement.

**Mr. Lamoureux:** The Premier indicates that he has a proposal. Would the Premier be prepared to share that proposal with all members? If the Premier is sincere in wanting for me to lobby and other members, no doubt, to lobby, I am sure he would be prepared to at least provide us the information that he is using in order to get this immigration bilateral agreement accomplished.

**Mr. Filmon:** We signed a memorandum of understanding with the federal government that was the basis of our proposal six months ago, and as is the case in federal-provincial correspondence and agreements, both parties have to agree to make it public. Our understanding is the federal government did not want to make it public.

**Mr. Lamoureux:** Would I take it, then, Mr. Chairperson, that the Premier is quite content to allow it to go public at this point in time? If the federal government says yes, the Premier would have absolutely no objection to it? I am pleased that the Premier has given the authorization, and one of the things I will do is take advantage of that offer and see

if, in fact, I can get some additional information on it. Again, I am very cognizant of the time.

What I will do is go through a lot of the things that were discussed this afternoon and possibly try to get some additional feedback, and quite possibly wait for concurrence and if time allows in concurrence possibly to continue this line of questioning in terms of the federal-provincial relations. Thank you very much for the opportunity to speak.

**Mr. Chairperson:** Is the committee ready to pass the items?

1.(b) Management and Administration (1) Salaries and Employee Benefits \$1,853,700—pass; (2) Other Expenditures \$420,300—pass.

1.(c) Intergovernmental Relations Secretariat (1) Salaries and Employee Benefits \$332,100—pass (2) Other Expenditures \$66,000—pass.

1.(d) Government Hospitality \$10,000—pass.

1.(e) International Development Program \$450,000—pass.

1.(a) Premier and President of the Council's Salary \$33,300—pass.

Resolution 2.1 RESOLVED that there be granted to Her Majesty as sum not exceeding \$3,165,400, for the Executive Council, General Administration, for the fiscal year ending the 31st day of March 1996.

The hour being 6 p.m., committee rise. Call in the Speaker.

#### IN SESSION

**Mr. Deputy Speaker:** Order, please. The hour now being 6 p.m., this House now stands adjourned until 10 a.m. tomorrow (Friday).

# LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, June 1, 1995

## CONTENTS

### ROUTINE PROCEEDINGS

#### Ministerial Statements

##### Forest Fires—Northern Manitoba

Driedger	409
Struthers	409

#### Tabling of Reports

##### Estimates, Fitness and Sports Directorate

Ernst	410
-------	-----

##### Estimates, Addictions Foundation of Manitoba

McCrae	410
--------	-----

#### Oral Questions

##### Winnipeg Arena

Doer; Filmon	410
Sale; Stefanson; Mihychuk	413

##### Physician Resources

Chomiak; McCrae; C. Evans	412
---------------------------	-----

##### VLT Revenues

Lamoureux; Filmon	416
-------------------	-----

##### Criminal Harassment

McGifford; Vodrey	416
-------------------	-----

##### Public Housing

Cerilli; Reimer	417
-----------------	-----

##### Forest Fires

Jennissen; Driedger	418
---------------------	-----

##### Gaming Commission

Ashton; Stefanson	419
-------------------	-----

##### VLT Revenues

Ashton; Stefanson	419
-------------------	-----

##### Shellmouth Dam

Struthers; Driedger	419
---------------------	-----

### Nonpolitical Statements

##### Great Canadian Geography Challenge

Derkach	420
---------	-----

##### International Space Camp

Derkach	421
---------	-----

##### Seniors Month

Reimer	421
--------	-----

##### Osvita Foundation Award

Chomiak	421
---------	-----

##### Raise the Flag Day

Ashton	422
--------	-----

### ORDERS OF THE DAY

#### Committee of Supply

##### Rural Development

423

##### Health

458

##### Executive Council

488