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of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS
(HANSARD)**

40 Elizabeth II

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

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WOWCHUK, Rosann	Swan River	ND

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 17, 1991

The House met at 8 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY—HEALTH

Mr. Deputy Chairman (Marcel Laurendeau): For this evening, this section of the Committee of Supply, meeting in Room 255, will resume consideration of the Estimates of the Department of Health.

When the committee last sat it had been considering item 1.(b) Executive Support: Salaries \$499,700, on page 83 of the Estimates book. Shall the item pass?

Ms. Judy Wasylycia-Lels (St. Johns): Mr. Deputy Chairperson, just on a few items, as follow up from this afternoon. On the question of deinsurance, the minister has indicated that he is following a policy of deinsuring those services which are not medically required or cosmetic. I am just wondering—we have talked about this briefly, but I am wondering if we could have a further discussion on how reversal of sterilization fits into that. When is the wish to have sterilization reversed and the desire to have a child considered nonmedical or cosmetic?

Hon. Donald Orchard (Minister of Health): The procedure of sterilization, be it vasectomy or be it tubal ligation, is an insured service. The reversal of it has been, and we have elected to deinsure it as an elective service which the individual so choosing would then have the responsibility for covering the cost of the operation.

Ms. Wasylycia-Lels: Earlier when we discussed this and raised the situation where family situations change, where people may have a change in their family, in other words through breakup or through death and they wish to rethink an earlier decision, is that still considered something that is within the criteria that the minister is applying to this service?

Mr. Orchard: Right now it is. My honourable friend the member for The Maples (Mr. Cheema) made the suggestion about changing family circumstances and I indicated I would attempt to vet his concerns and see whether they could be accommodated. To

date, I do not have any indication as to whether they can or cannot.

Ms. Wasylycia-Lels: I appreciate the minister's comments. That is certainly a change from when I first raised this issue in the House many, many weeks ago, but it seems that in trying to reopen this question and address it from the point of view of life circumstances, one ends up making a judgment call. Would it not be better off just to leave this as an insured service on the understanding and the knowledge that when people make those kinds of decisions, they are making it for a good reason based on their best judgment?

Mr. Orchard: That is why the sterilization procedures are covered under medicare.

Ms. Wasylycia-Lels: The minister still has not explained then why the reversal of sterilization will now not be covered under medicare.

Mr. Orchard: Because, Mr. Deputy Chairman, that is deemed a nonmedical service, and if for change in lifestyle other than the impact that the member for the Maples brought up Thursday of last week where, say, you had an accidental death of the spouse, I am willing to look at that circumstance to see whether the regulation can be crafted so as to reflect that. The other circumstances are lifestyle changes.

Ms. Wasylycia-Lels: Could the minister tell us what data he has or studies to indicate numbers of people who seek reversal of sterilization and what kind of numbers we are talking about, what kind of dollars we are talking about and under what circumstances people make that request?

Mr. Orchard: Mr. Deputy Chairman, when we get to the medical services line, I will attempt to have that kind of information available.

Ms. Wasylycia-Lels: I am wondering if the minister could give us a clarification on the question of deinsurance of varicose veins. Could he just fill me in again in terms of under what circumstances varicose vein removal would not be considered insured under medicare?

* (2005)

Mr. Orchard: Mr. Deputy Chairman, varicose veins—in many circumstances, the surgical treatment of varicose veins is not related to any specific medical condition, but is primarily for cosmetic purposes. Consequently, the surgical treatment of varicose veins will only be an insured benefit when it is determined by a physician that the procedure is medically required.

Ms. Wasylycia-Lels: Did the minister say in “most” circumstances varicose vein surgery is not medically required?

Mr. Orchard: The indication I give to my honourable friend is the same as I indicated to her Thursday last week, Tuesday last week, in “many” cases.

Ms. Wasylycia-Lels: I mean I am not an expert on this area, but I just happened—and I am sure the minister saw this as well, an article in the latest Medical Post, which has a quite shocking article in terms of varicose veins and some very graphic pictures of the serious nature of varicose veins. I would be happy to share this with the minister, and clearly in terms of this article, varicose vein removal is usually associated with—is usually based on medical grounds. It is usually medically required.

Mr. Orchard: Mr. Deputy Chairman, as I have indicated to my honourable friend, should that case be made, it is still an insured service. I might remind my honourable friend, The Medical Post is a newspaper for physicians, written for physicians by physicians.

Ms. Wasylycia-Lels: Mr. Deputy Chairperson, I am wondering if it would not—is the minister not just looking at adding more cost to the system if he goes down this path of deinsuring certain services, but then putting in place certain qualifiers that require a certain amount of paperwork and a certain amount of scrutiny in order to make judgments and decisions? It would seem to me going this route cannot be achieving any savings for our health care system.

Mr. Orchard: Mr. Deputy Chairman, am I hearing from my honourable friend the New Democratic Party Health critic that she wants to provide surgical services for which there is no demonstrated medical need and have the taxpayers of Manitoba and Canada pay for that? Is that a change in position for the New Democrats?

Ms. Wasylycia-Lels: Mr. Deputy Chairperson, I think the onus is on the minister to demonstrate what

medical evidence he has to suggest that such services as reversal of sterilization and removal of varicose veins, as well as psychoanalysis, and we can go on with the list—the onus is on the minister to provide the medical basis for showing that these are not medically required services, and he so far to date has not given us a shred of medical evidence to give us the basis for making those kinds of decisions.

Mr. Orchard: Mr. Deputy Chairman, I suppose my honourable friend, if this were five or six years ago, would make the same case on tonsillectomies. She would be defending the system which removed tonsils from the youth of Manitoba at higher than the rate in Saskatchewan and Ontario because that would be deinsuring, or whatever terminology she would put around it.

My honourable friend, in terms of varicose veins, I have read the policy. It is the onus on the service deliverer—the physician—to demonstrate that the removal of varicose veins is not a cosmetic procedure, but in fact a medically required procedure.

I do not think that is too great a task to ask of the physician to assure that what the physician does is a medically necessary treatment, with medical outcome improved health status.

* (2010)

Surely my honourable friend is not saying that we ought to be in the process of providing revenue generation procedures with no medical need, because I am not coming from there. That is why the tonsillectomy issue comes immediately to mind.

My honourable friend is saying that children in Manitoba should still have their tonsils taken out surgically when there was obviously limited medical need for some of those procedures, because miraculously, when the fact was pointed out the procedure rate went down. Is my honourable friend wanting the taxpayers of Manitoba, on behalf of the New Democratic Party, to pay for nonmedical, surgical procedures, because that is what we are deinsuring?

If my honourable friend wants to reinstate them, fine; we disagree on policy. I believe our policy will be the one that Manitobans will agree to. The cosmetic payment schedule that the NDP want to protect, I would be glad to argue that on any platform, public or otherwise, with my honourable friend, since that now appears to be the New

Democratic Party policy that they will have cosmetic surgery procedures paid for by the taxpayers of Manitoba.

Ms. Wasylycia-Leis: Interesting how the minister likes to twist things around to suit his point of view and his argument. I think he actually does not help his argument when he refers to the question of the removal of tonsils. The minister, the government, did not proceed to deinsure tonsil surgery, removal of tonsils, from medicare. The minister and the government found ways to ensure that the removal of tonsils was not done on a frivolous basis, just as that kind of thinking and that kind of action is done in other areas and is needed for other areas, such as the question of the high rate of cesareans in our population and whether or not that has been used on a far too extensive basis because of the fee schedule. So there are ways to deal with those kinds of situations.

The question we are dealing with here is the wisdom of deinsuring a service, which does lead us then into a direction of a two-tiered system of judgment calls, of people having access based on their income, and so on and so forth.

I guess we do not need to pursue this any further, except to leave on the record that we do not believe that deinsuring a service that appears to have been done to date and the minister has provided no evidence to the contrary for medically required reasons.

If I could perhaps, unless the minister wanted to respond to any of that, I wanted to go on to a new question.

Mr. Orchard: Mr. Deputy Chairman, when my honourable friend mentions judgment calls, whose judgment call is she referring to? What we are doing with varicose veins is putting the onus on the surgeon to remove those varicose veins and charge the medicare system only when it is medically required. When it is a cosmetic procedure we are saying we are not going to pay for that process.

Now, the tonsillectomy was wide open. There were no checks, balances or otherwise until we pointed out the statistic that you are performing them above the averages in other provinces. That came down.

* (2015)

My honourable friend would say, basis her article in *The Medical Post* for the physicians of Canada, that all varicose veins are removed for medical

reasons. I suggest to my honourable friend that is not factual. All are paid for right now, whether they are medical or cosmetic. We are saying simply we will pay for the medical requirements, but not the cosmetic. The onus is on the practitioner to assure us that those procedures are done in his professional judgment, trained judgment for medical reasons, not cosmetic. I do not think that is an imposition on the system of two-tiered or otherwise. It is simply assuring that the taxpayers pay for medically required service delivery amidst burgeoning demands on a limited funded health care system, something that I think makes good public policy. My honourable friend, obviously on behalf of the New Democrats, does not agree. I respect that. That is what this House is about.

Ms. Wasylycia-Leis: Well, good public policy is based on proper evaluation and scientific evidence and to date the minister refuses to give us the data for these decisions.

The only way his position can even be considered half seriously is if he would tell us the number of people who have varicose veins removed for cosmetic reasons. I referred to that article because it reinforced my belief, and I am no expert in this area, that people do not go to the extent of operations to have varicose veins removed very often just because it looks nice. I think usually people go through that kind of surgery because it is medically required and causing pain and other complications. So with the absence of any data, we are having a hard time understanding the basis for these decisions.

Mr. Orchard: I will repeat for my honourable friend again, that in the instances where they are for relief of pain or other medical reasons, they will be paid for under the health plan. I do not think my honourable friend says that is wrong.

Mr. Gulzar Cheema (The Maples): Mr. Deputy Chairperson, I think the minister has, on Thursday and Friday and this afternoon, said a few things on the record in the question period and I would like him to clarify those things.

First of all, the issue of psychoanalysis which has not been resolved yet. I think that needs to be clarified because as the minister knows, and I know, and the member for St. Johns (Ms. Wasylycia-Leis) knows, there was never a separate part and everybody admits it. There was not a separate part under the billing system. It was a part of the

psychotherapy and some physicians are billing from that point of view. So psychoanalysis by definition is intensive psychotherapy. By the minister's argument, that is not the right approach or it is the long psychotherapy—when you are doing it for a long time it may not have a real outcome and those statements have been put on the record.

I do not think some of them—they are not valid statements and I am sure in the question period when you are in the heat of exchange you put things which are not correct. I would like the minister to clarify and correct the record that psychoanalysis is a part of psychotherapy.

Mr. Orchard: Mr. Deputy Chairman, I suppose we could rehash this issue time and time again. I do not know what more clarification I can provide to my honourable friend, but again this evening we contacted a psychiatrist who provides information and my honourable friend is correct. Psychoanalysis is billed as psychotherapy but it is, in most cases, a distinct process from psychotherapy, hence identifiable, and it brings to question the treatment regime that some psychoanalysis billing that process only, or nearly exclusively, under psychotherapy and the value that has in the context of a constrained system of funding the mental health system.

Now, what we are doing, Mr. Deputy Chairman, is working with both the psychiatric association and the MMA. At one time, in terms of discussions we had, although we do not have anything in writing because that is not the way we operate, with those professional groups there was consensus around the issue that some service delivery regimes were not necessarily the best use of scarce resources.

It is those areas that we are attempting to come to grips with because, as my honourable friend has indicated, psychoanalysis is not an insured service. It is a part of a regime that has been billed under psychotherapy and it is billed by a relatively few practitioners in the province of Manitoba who are providing services to a relatively small number of individuals, clients that they have, or patients that they have.

Mr. Deputy Chairman, I do not know—my honourable friend can ask questions and I will attempt to answer the questions that he asks.

Mr. Cheema: Mr. Deputy Chairperson, at least we agree on one aspect, that the psychoanalysis was being billed as a part of psychotherapy and was

never a separate part of the billing system. I am saying—

* (2020)

An Honourable Member: That is what we have said from Day One.

Mr. Cheema: That makes my point, when you have a small number of patients who are being billed for psychoanalysis and still getting the help.

Can the minister tell us what evidence he has to back up his statement that this form of treatment is not viable treatment, is not a part of the treatment process? Even though we know that a small number of patients are being put on that kind of treatment, but still it is a form of treatment. Can he tell us why would he deinsure such a service which is not costly? It is very cost efficient. We would end up getting more patients in the hospital system, which is very expensive. One patient per day in a hospital for one year will cost more than what you are going to save. I think it does not make any sense. We are trying to convince you that is the wrong approach.

We can still agree to disagree, but I just want to make my point very clear that cutting services to a small number of patients in all the categories which you have done so far out of five is a very small population. That is why it could be acceptable now, but eventually more services will be deinsured and that is one way of getting away with deinsuring more services. Ministers should realize that. There are another 56 MLAs in this House, and everyone is certainly not going to follow the directions of what the minister is telling us. Certainly, opposition is not going to follow all the arguments, but from a philosophical point of view, if he wants to make an argument to deinsure services, that is up to him. We want to make it clear that the direction they are taking is not acceptable. I will see what the minister has to say about this.

Mr. Orchard: My honourable friend makes some assumptions. They are assumptions that I cannot make, and I do not know whether they are accurate or not. My honourable friend translates the service that is provided to these patients by a small group of psychiatrists as saying that they, by having those services, prevent admission to psychiatric facilities. I do not know whether that is right or wrong. I do not think my honourable friend knows whether that is right or wrong.

One thing that I do know is that I am told—

Mr. Cheema: I will give you some articles to read.

Mr. Orchard: Okay. My honourable friend is going to—

Mr. Cheema: This minister should contact people who are providing services. Ask the service providers. Do not ask the other groups or some special person you have designated to give your point of view. I think you should back your statements up with scientific evidence. When this has been done all through the world, all through North America—the only province we know that does not insure the services is B.C., because in British Columbia they asked for opting because it became very—they started charging people who were able to afford, so it was easier for them to take it out. So physicians wanted the service to be out, so they both were happy.

In Manitoba it is not the case. We simply want you to realize that this is the wrong approach, and what would have happened that people still could bill under psychotherapy. So what are you going to do then? It depends on the physician and the patient, and if the patient is getting helpful treatment and the physician is happy with that treatment, which has all the scientific basis, why would you refuse it when it is a very, very—less than 1 percent of the total Mental Health budget?

Mr. Orchard: Mr. Deputy Chairman, is my honourable friend saying that the psychiatric community is unanimous in its endorsement that psychoanalysis ought to be an insured service in Manitoba? If that is what he is saying, that is certainly not the information that I have. That is why it has never been an insured service in the province of Manitoba.

* (2025)

Mr. Cheema: Mr. Deputy Chairperson, we can spend a few hours on this and we will not solve anything. I just wanted to make clear on the record that, while the minister had made those statements, we gave him a chance, he corrected himself, now he is going backwards again. I do not think we are going anywhere.

Can the minister tell then, what is the policy of this administration about the private clinics, because it comes under the Executive Support staff and what direction his department has for the—there are two eye clinics in Winnipeg, and those clinics' patients can pay a thousand dollars and get their surgeries done, and others who do not have money have to

go to the U.S.A. That will make another point. How are you going to attract somebody when you do not have services for your own patients? My question is: Where is your party's stand on the private clinics in Manitoba?

Mr. Orchard: Mr. Deputy Chairman, we have allowed to operate the private clinics that were in existence when we came into government in May of 1988. All of the not-for-admission, private clinics, for instance in Brandon and in Winnipeg for ophthalmology, were in place, as were some plastic surgery clinics, as were some private dental clinics for surgical removal of impacted wisdoms, et cetera, were all in place in May of 1988 when we came into office. There has been no new private clinic open since we came into government.

I suppose part of the reason could be that, for instance, in ophthalmology yearly, and again I will provide the information for my honourable friend when we get to the medical line in the Estimates, we have done more procedures in ophthalmology each year on an outpatient basis than the previous year. My honourable friend's criticism and alarmism would be appropriate if we had not done more procedures, but nearly any procedure my honourable friend wants to bring up as an example, we have done more of them than the previous year, not less.

Subsequently, I think it is fair to say that there has not been the demand there was prior to 1988 to set up private clinics, because all of them were in existence when we came into office in 1988. The majority of them were started up during the Pawley years, and we have allowed them to continue to operate.

Mr. Cheema: Mr. Deputy Chairperson, can the minister tell us, will his administration approve more private clinics in the future?

Mr. Orchard: Mr. Deputy Chairman, I cannot answer a hypothetical question. None have been asked for approval. Every one of those circumstances would be weighed on its own merit. We have not had any requests for the creation of private clinics since we came into government.

I think, in part, the answer is that we have increased the number of, for instance, lens replacements in ophthalmology, cataract surgery and a number of other procedures.

I might ask my honourable friend to be a little bit cautious when he brings up the waiting list, for

instance, as an example. He might wish to contact the College of Physicians and Surgeons regarding their concerns about the pattern of practice of one of the ophthalmologists who has operated a private clinic in Brandon, because I am told—and I am not a medical doctor—that there is a period of time of sort of natural growth in a cataract which ought to take place before surgery is there. You can tell people, and who knows—if a physician is telling you, you should go in tomorrow, naturally you want to go in tomorrow. That is not necessarily always the case.

I think that may have been something to do with the College of Physicians and Surgeons' discussions around the clinic in Brandon, that there was maybe some evidence of possible undue haste in terms of putting customers or patients through the process.

* (2030)

Mr. Cheema: Mr. Deputy Chairperson, that is one of the reasons why I am asking the minister the question. I think it is very important to maintain the quality of care, whether it is in the private clinics or in the hospital. When you are going for the profit areas—physicians can charge under the heading of facility fee which is not illegal, because if they were charging extra fees, then they could be penalized. The minister knows full well the college has the authority to regulate those clinics. If they are falling within the regulations and, you know, that is possible, they can still bill for the surgical procedure as they are billing for the Health Services Commission.

What they are basically doing is billing \$800 to the patient and the rest to the Manitoba Health Services Commission, so we are subsidizing those clinics. In an actual sense, we are subsidizing those clinics because they are still making money, because if somebody can pay \$800, they can get the surgery done.

I think it is very important to make sure the equality assurance is maintained and the quality care is maintained. That is why the inspections of such clinics—and that is a responsibility of the college, but I still think the minister should be aware those things can happen, so that people do not have to go through unnecessary surgical procedure if they do not have to. When a patient goes to a physician, the physician says you need a treatment. It becomes difficult to question that person, and you go on the

medical advice. Still it is the responsibility of the Minister of Health (Mr. Orchard) to make sure that there is some kind of mechanism to put in place, and we want him to be very, very careful.

If we can relieve some of the pressures, then—I might add here that they have done it in one of the hospitals, Seven Oaks outpatient clinics. That maybe will be able to relieve some of the pressures, but that kind of expansion is required in some of the other hospitals. I will let the member for St. Johns (Ms. Wasylycia-Leis) ask the next question.

Mr. Orchard: Mr. Deputy Chairman, my honourable friend makes some very good points. It is the college that sets the standards of practice, assures the quality of practice. The government is not subsidizing those private clinics. The government is only paying, for instance, in cataract surgery, the surgical fee. If that is where the profit is derived from, then every physician receiving the same fee within the hospital-funded system is making the same kind of "profits," in my honourable friend's words.

My honourable friend brings the very important issue to light of no one—the patient seldom questions the physician on the medical opinion rendered. That is why, for instance, in the issue we just finished dealing with at length, is it wrong to insure only medically required removal of varicose veins, and put the onus on the physician to not undertake at taxpayers' expense cosmetic procedures? I think that is an exercise putting responsibility back onto the decision maker who makes the decision to recommend to the patient that surgery. If they err, there are checks and balances that we have at our disposal with the College of Physicians and Surgeons, the peer review mechanism which is part of Bill 4. I hope that my honourable friend will speak to Bill 4 and pass that as quickly as possible, and that, in terms of the operation of private clinics and physicians' offices, my honourable friend also realizes that there is the opportunity in Bill 4 for the first time in the province of Manitoba for the payer—namely, government on behalf of the taxpayers—to assure themselves that they are receiving all that they are being billed for, to avoid some of the problems that we have encountered in the past.

In June of 1988, one of the first issues I had to deal with was improper billing by one of the major laboratories in the city of Winnipeg. We are attempting to intercede on that by having the ability

to ask for records to prove that they have indeed, when billing government and the taxpayers for procedures, delivered them, and that is part of Bill 4. I do not think that is improper. I think that is a good mechanism by which we can protect the taxpayers' investment in the health care system.

Ms. Wasylycia-Lels: Mr. Deputy Chairperson, just back very briefly to psychoanalysis for a moment. Since this afternoon, has the minister had time to look at his schedule and find a time for a meeting with Citizens for Quality Mental Health Care in the very near future?

Mr. Orchard: We are attempting to do that.

Ms. Wasylycia-Lels: Can the minister give us any time frame in terms of meeting with this group?

Mr. Orchard: No, I cannot give you any time frame of that. I will be in contact with the group. I think they are the ones who asked for the meeting, not you.

Ms. Wasylycia-Lels: Mr. Deputy Chairperson, I would like to just ask a couple of questions on the question of what data the minister has in terms of making this decision. As I know, as I believe, others have noted how he backs up his statement that psychoanalysis may not have a real outcome for the positive benefit of the individual. Does the minister have any data that he could share with us?

Mr. Orchard: Mr. Deputy Chairman, that issue has been one that has been discussed for some time. I know my honourable friend is going to be angry with me, but sobeit; that is the nature of Estimates.

Today, when she stepped out of the room for a brief few minutes, I thought that her Leader when he was taking the time to explain his election campaign commitments of 1988, where he talked about psychiatrists and their relative salary scales in the institutions—I thought maybe that Mr. Doer might take the opportunity this afternoon to explain the nature behind his statements of April 8, 1988, in Brandon, during the 1988 election campaign, wherein Mr. Doer said yesterday that hospital patients suffering from the most serious mental illness have less access to psychiatric services than well-to-do neurotics in Tuxedo.

I do not know what my honourable friend was referring to—Mr. Doer—when he made that statement. He studiously avoided explaining it. Even though on Tuesday and Thursday of last week, he said he would. Maybe my honourable

friend can shed light on that policy of the NDP from 1988.

Ms. Wasylycia-Lels: Is it not interesting, Mr. Deputy Chairman, how the minister usually has a couple of set examples, pet ideas that he keeps throwing back into our discussion. It does not matter if we have heard it now for the last several sets of Estimates, he does not hesitate to put all those same old anecdotal stories on the record.

The issue here is it is this Minister of Health (Mr. Orchard), no one else, who has made a decision to deinsure a service. That is what we are talking about, that is why we have been questioning this issue now for several days. It is not someone else's actions on the line here, it is this minister's decision and he has refused to give us any evidence to back up his statements.

Today in the House, when I asked the minister if he could tell us how many people with suicidal or homicidal tendencies would be denied access to psychoanalysis services because of this deinsurance or move towards user fees in this area, he said he know of no one.

Well, if the minister is able to make such definitive categorical statements when asked on a specific area of this matter, then surely he must have some evidence, some data to back up those statements that he could share with members of this committee to enlighten us as to the wisdom and reasons behind his decision.

Mr. Orchard: Mr. Deputy Chairman, this is not an old issue that I quoted back to my honourable friend, this is a very new issue.

Ms. Wasylycia-Lels: That you have been using for the last several days.

Mr. Orchard: That I used on Tuesday—

Ms. Wasylycia-Lels: And Thursday—

Mr. Orchard: —and I expected an explanation on Thursday and, of course, no explanation follows and I wondered if the Health critic for the NDP might want to, you know, sort of provide the outline of what her Leader meant when her Leader said that, because I do not know what well-to-do neurotics in Tuxedo have to do with the NDP's health policy.

However, Mr. Deputy Chairman, when my honourable friend posed the question or made the statement—I do not know which it was—in the Question Period today regarding the issue that suicidal or even homicidal people would be left

without adequate treatment, when that statement appeared in the news, I think last week, by members of the medical community, I had my department ask whether in fact that would be the case and it was indicated to me that this is not the case, that most of the individuals who are receiving psychoanalysis do not have those homicidal or suicidal tendencies.

* (2040)

Ms. Wasylcia-Lels: So the minister is saying he made a decision without the benefit of any evidence, any data, any scientific findings. This is simply something pulled out of the air because, as he is now saying, when a particular situation is put to him he has checked it out and come up with an answer.

But surely to goodness one makes decisions in the first place based upon certain evidence, evaluation, research. Yet the minister will not share any such information with us and we are only left to believe that this service, along with the other four or five services that this government is deinsuring, is occurring in the absence of any scientific medicine or any reasons to suggest that they are not medically required.

Mr. Orchard: Mr. Deputy Chairman, I would not conclude that if I were my honourable friend. When the decision was made, the very issue revolved around psychoanalysis and the appropriateness of the resource being focused there and the necessity, et cetera. There was never any indication that individuals who were receiving psychoanalysis were dangerously homicidal, as was alleged in the media last week.

Since that information was never brought to my attention in arriving at the decision to work with the MMA and the psychiatric association around the issue of billing—not deinsurance, as my honourable friend still persists in saying, but the billing of psychoanalysis under psychotherapy, which is what is happening—when that issue was never drawn to my attention, then all of a sudden members of the medical community are making that allegation, naturally I asked to have that statement checked as to whether it was accurate or whether it was an anecdotal reaction in the heat of the moment which may not accurately reflect the service delivery and the individuals to whom that service was being provided.

I am indicating to my honourable friend that upon posing that question, since it was never brought up as an issue around the discussion of

psychoanalysis, it was then asked as to whether the statement was correct, and I am given to believe that is not an accurate statement as to the type of individual who is receiving psychoanalysis. It is not, as my honourable friend is wanting to paint, that we had not no information, et cetera. There was no correct information that these individuals receiving psychoanalysis were homicidal.

Ms. Wasylcia-Lels: Mr. Deputy Chairperson, let us be clear that it was the minister himself who said at our last sitting of Estimates on Thursday, when asked what services were being deinsured, and I listed off a number of them, he added psychoanalysis. So it is the minister himself who has put on record that psychoanalysis is being deinsured. Secondly, let the record be clear that the minister has clearly stated in the past—and he is now trying to blur the issue—that no research or data had been collected or studies done upon which the decision to include this item on the list of deinsured services in the last budget announcement was made.

It is clearly, as he himself said, something that is now being studied. The minister has said he is now consulting with the MMA and the psychiatrists' association of Manitoba. He did not consult with them first and then make his decision. He made his decision and is now consulting and has no evidence to share with us for making this decision.

I would like to ask him if he has had a chance to consider the very serious letter from Mrs. Sylvia Topper, a copy of which we all received today, expressing her concern about the move on the part of this government not to provide psychoanalysis as billable under the medicare system. She makes a very good point, and I will quote from her letter: As a psychotherapist in private practice living in Winnipeg for almost 21 years and trained in psychotherapy with a psychoanalytical base, I have been continuously aware of the need in the province for additional psychoanalytic resources. Most psychotherapy is founded on the principles and theory of psychoanalysis. Psychoanalysts, therefore, promote recognized standards of practice for psychotherapy in general. Without the presence of analysts and their internationally accepted credentials, psychotherapy within this province will further deteriorate.

Given that we are not talking about a very significant budget item for the present administration, there must be more to this issue than

the question of savings incurred as a result of deinsurance of psychoanalysis. Is the minister saying he is prepared to deal with and take responsibility for the logical outcome of this kind of a move, which is to probably cause our two psychoanalysts here in the province of Manitoba now to reconsider whether this is the best place to live and practise? It seems to me that if we pride ourselves on having a quality health care system and we are looking at mental health reform and we are trying to provide a continuum of service, then it is an embarrassment for this province to be without psychoanalytical capacity whatsoever.

I would think, notwithstanding the questions of savings, which are obviously very small, notwithstanding the questions of the minister's own views about psychoanalysis, is this minister prepared to take responsibility for one part of that continuum of service to be missing in the province of Manitoba? Would not this Minister of Health agree that we should be doing everything possible to provide the full range of service and attracting such specialists to Manitoba and maintaining the small level of service we now have in this area?

Mr. Orchard: Mr. Deputy Chairman, I think we can meet the best of both worlds. We can even accede to remedy the issue that Mr. Doer raised in Brandon in 1988. Those two individuals need not leave the province of Manitoba. Their services would be welcome at Brandon Mental Health Centre, Selkirk Mental Health Centre, just absolutely welcome, and we can serve both needs, patients in acute need in those two institutions, which we have had difficulty recruiting and retaining psychiatrists to. There is absolutely no reason why they ought to consider leaving the province. You know, I simply indicate that instead of providing services to approximately 100 people, those three could probably provide services to up to 400 or 500 people, maybe even more in Brandon and Selkirk.

Mr. Cheema: Mr. Deputy Chairperson, I do not want to interfere between the Minister of Health and the member for St. Johns. It is almost becoming a soap opera. The minister answered the question in terms of, you know, twist the whole thing and said, let us get this to the individual and ship them somewhere else. I think the issue is more important than that. It is the issue of what services are being provided, what is the definition of what we are discussing and whether that service is a necessity and that has been proven that service is a necessity.

The psychoanalysis part of psychotherapy is an important issue.

Let us not joke around with the issue and get people to move from here to Selkirk or Brandon because we just want to spend 10 minutes talking about the same thing. I think it is about time that Mr. Orchard should say, well, that is fine, that is my policy and that is opposition policy and let us move to another source of questioning now.

Ms. Wasylycia-Lels: I would be quite happy to move on. We are not, certainly, going to persuade the minister at this point. He has made some decisions without the basis of good research and evaluation that he likes to talk about in other circumstances and he will not apply it in this case.

I would like to know, and with respect to the Urban Hospital Council, what interface there is with the community health clinic side?

* (2050)

Mr. Orchard: The interface, I suppose, would be through Regional Services in terms of having our regional director on the Urban Hospital Council.

Ms. Wasylycia-Lels: With respect to the one working group that has to do with a specifically called location of community health within hospitals, are community health clinic people being consulted or included in that working group.

Mr. Orchard: In which working group?

Ms. Wasylycia-Lels: Location of community health within hospitals.

Mr. Orchard: I cannot answer that. We will try to answer that for you.

Ms. Wasylycia-Lels: I think we have clearly here a set of studies that, the topics of which have come out of either the minister's or deputy minister's office or the hospitals themselves. Could the minister indicate where the whole issue and theme of community health is being addressed in terms of this overall health reform agenda?

Mr. Orchard: I am sorry. I missed the question.

Ms. Wasylycia-Lels: This set of working groups under the Urban Hospital Council is clearly pertaining to the issues and concerns of hospitals and co-ordination at the institutional level. Could the minister indicate where, in terms of all of these different areas of study and task forces, the focus for community health is being discussed in terms of necessary health care reform?

Mr. Orchard: Is my honourable friend suggesting yet another study?

(Mrs. Rosemary Vodrey, Acting Chairman, in the Chair)

Ms. Wasylycia-Lels: Madam Acting Chairperson, no, I am suggesting that we are having a hard time finding our way through this maze of studies to see a clear path toward community-based, preventative, promotion-oriented health care reform. My question is: Is the focus all on one end of the equation, or is there another whole range of efforts being carried out with respect to community-based health care?

Mr. Orchard: Madam Acting Chairman, I am not sure I followed my honourable friend's question with clarity, but the Urban Hospital Council is just that. My honourable friend might recall that when she was decrying government for her verbiage of a \$19 million cutback amidst increased funding, that that is when the Urban Hospital Council was formed to come around budgetary issues within the urban hospital. Part of that is linked to some specific areas within the Urban Hospital Council in terms of greater interface with the community. That is why we have our regional director there. Continuing Care has a role, a potential role, in terms of early discharge, the early postpartum program and a number of other initiatives.

That initiative does not stand alone. For instance, with the Health Services Development Fund, one of the projects that we have approved is the St. Boniface Hospital outpatient clinic program, one that my honourable friend the member for The Maples (Mr. Cheema) makes no hesitation, he said, that is a good one. He is right, but that one is to bring a different level of service in a noninstitutional setting, in other words moving away from the institution and closer to the community. That is not part of the Urban Hospital Council.

Ms. Wasylycia-Lels: That was not my question.

Mr. Orchard: Well, what was your question?

Ms. Wasylycia-Lels: My question was, I realize the Urban Hospital Council is considering a number of issues from the hospitals' perspective, particularly in the context of this government's request to ask hospitals to cut back \$19 million from their base. We know from whence this document comes.

The minister has also touted this Urban Hospital Council to be unique in Canada, in terms of innovative policy directions, vis-a-vis health care

reform. Madam Acting Chairperson, we know that any serious health care reform initiative must look seriously at community-based health care. I am asking where, in terms of all of these studies that are going on all over the place and the different pockets of activity, is the locus, the focal point, for developing community-based health care reform?

Mr. Orchard: I kind of knew that is where my honourable friend was wanting an answer, and that was what I was about to give her, but then, when she thought I was not giving her the answer, I thought I did not understand the question, but in reality I understood the question and I am going to continue giving her my answer.

Madam Acting Chairman, let me deal with several issues—right off the top, community-based health care. These build upon initiatives that we have already taken, like the crisis stabilization unit at the Salvation Army—I think my honourable friend supports that—like the acute crisis team, a number of initiatives in mental health.

Now, with the Manitoba Health Services Development Fund, that is one separate area of government. The freestanding outpatient centre at St. Boniface Hospital, that is to bring services into the community. I think that is what my honourable friend wants to know, what we are doing to achieve that. Well, that is one.

Let me explain -(interjection)- Yes, it is, it is very much part of the question. She wants to move away from these high cost institutions and hospitals and towards a community-based provision of service. The freestanding outpatient centre that St. Boniface is studying will not operate without community support. So it is moving care to the community, which my honourable friend wants. That is one of those evil Health Services Development Fund projects for which we have signed a contract on deliverables, but it is operating and it is ongoing.

We are funding, under the Manitoba Health Services Development Fund, Westman Rural Health Improvement Study, acronym, WISH. That is to take a look at the whole integration of health care service delivery in the Westman region, from the hospital, Brandon General, through our smaller community hospitals, through personal care homes, through home care, through public health, through community initiatives. -(interjection)-

These are actually projects that are underway to bring services to the community, and that is what my

honourable friend asked. Is that not what you asked?

Mr. Cheema: Madam Acting Chairperson, I think the minister is probably not answering the question of the member for St. Johns. The list has been distributed; we know the list was there August 3, 1990.

Mr. Orchard: Madam Acting Chairman, I am a little confused here. First of all, the member for St. Johns, on behalf of the NDP, asks a question. Then the member for The Maples, the Liberal Health critic, says, well, you know, she did not really ask that question. She asked something else. Maybe we should get the member for St. Johns to ask what she asked.

Ms. Wasylcia-Lels: Madam Acting Chairperson, I would be happy to. It is just that I get a little tired of jumping in after every time the minister opens his mouth to try to get him back on the question. It is very frustrating, and it is sometimes not worth the effort of jumping in every time. I have gone on dozens of points of order in the few hours we have already been at Estimates. I was asking the minister for not his usual presentation of these projects initiated, these announcements he likes to repeat time and time again, I was simply asking him for the overall plan in terms of the community side of things.

We have the hospital side of things. I was asking about the community side. I am wondering if he intends the advisory network to provide that focal point, or if it is some other group. Is it the Centre for Health Policy and Evaluation? I will not pursue that if the minister is not interested in that.

* (2100)

I would like to ask him about—I found it quite interesting in the shift from the original list of 48 groups to the now 26 working groups, that a number of the areas that are now out of the picture. I want the minister to know I am not calling for further studies lest he try to distort my comments from that point of view. Simply, I did note that some of the areas which are always part of overviews and studies and research on health care reform have been taken off the list, where there are possibly real savings.

I found it interesting, particularly the question of the review of hospital management levels was no longer on the list. The question of doctors' remuneration was not on the list and a number of

others. I am just wondering, is there some other place—does the minister have some other process going on to deal with those questions because, certainly, any health care reform cannot avoid the question of remuneration for doctors? Any savings in terms of our urban hospitals cannot avoid the question of levels at the management side of things. I am wondering how those issues are being addressed.

Mr. Orchard: Madam Acting Chairman, you see my honourable friend gets angry with me for repeating my answers, but my honourable friend is repeating questions. I mean, I explained this afternoon. I explained Thursday about the opportunity to get a Dr. Ginsburg up to do fee schedule reform and factors around the volume issues. That is the forum, the opportunity to discuss the issues around physician remuneration in the province of Manitoba. I have said that, at least, on three different occasions to my honourable friend. She has asked again, so I will say again, when we negotiated with the MMA, one of the proposals we made was that we enter into a study around fee schedule reform. The second issue was that we enter into a study to find out the factors driving the volume of services billed by the physicians of Manitoba. We intend to undertake both of those issues.

The individual who we have a great deal of confidence in being able to undertake those studies at no cost to either party is a Dr. Ginsburg who is the pre-eminent, I am led to believe, expert studying methods of physician remuneration in the U.S. system and has more knowledge to contribute on the issue than probably any other individual. That is how we are getting around that issue. Is that adequate to deal with that issue? I want to make sure, because if it takes more information, I will give it to my honourable friend. It must be all right.

In terms of the management issue in hospitals, each hospital has to come to grips with their management complement. What we have done in terms of our departmental decisions is the majority of our layoffs within the ministry of Health have been middle management, management, management support individuals. We believe that example is one that the hospitals ought to take seriously. They can do that internally with their own decision making, within their own respective budgets, because you cannot make the case that the management structure within an institution and any changes to it

have an impact on the system and should be studied in a collective manner. In other words, it is still an individual hospitals issue to investigate.

Ms. Wasylycia-Lels: Can the minister tell us what directions have gone to each hospital in terms of their own exercises they are involved in on an individual basis in terms of cost reductions? We have had the example of the Seven Oaks Hospital and the number of areas it is pursuing for achieving savings, one raised in the House in terms of the question of regrouping of personal care home beds within the hospital, which has caused some problems in terms of worries about patient care and certainly the question of job security for nurses.

What directions have the minister or the deputy minister sent—said it is okay to each hospital to carry on with their own cost-reduction measures, regardless of this Urban Hospital Council, which the minister has said has been put in place to address the \$19-million cutback?

One day he says it is—you know, when presented with examples, the minister says, do not worry, the Urban Hospital Council will be looking at all these issues and nothing will be done on an individual, ad hoc basis. The next day, when asked about specific measures taken, the minister says, oh, that is separate and apart from the Urban Council authority.

So which is it? Is there any direction going from the minister? Is it a free-for-all, or is there any co-ordination going on with respect to savings in the short term?

Mr. Orchard: The direction given to each hospital is that they must operate without a deficit. That is an instruction that was given to hospitals in 1987 by the previous government. My honourable friend was around the cabinet table when that cabinet decision was made.

We have continued with that policy. Within that framework, the hospital management are given their management abilities. My honourable friend is trying to make the case that somehow the reorganization of long-term care patients within Seven Oaks Hospital is a decision that affects other urban hospitals. I say to her, that is not so.

That is an issue which is within the management purview of Seven Oaks Hospital. It does not compromise patient care, as my honourable friend alleges. It has every opportunity to improve patient care.

As I have indicated to my honourable friend in the House and will indicate to her tonight, it is the same process that Victoria Hospital has just gone through and decided to expedite as a policy. Instead of having panelled patients scattered throughout the various surgical, medical wards and other wards within their respective facilities, they have made the management decisions that they will bring them together and place them in dedicated wards for panelled long-term care patients. In that way they can change the staffing mix to approach the staffing which is available to those individuals at the personal care home level where they will be placed as personal care home beds become available. That means that the service that they will receive will be very much akin, and the program they receive will be very much akin, to the personal care home system to where they are going to be moved. That contrasts rather significantly to the current situation where they are scattered throughout the various wards in the hospital.

I am not reflecting upon those caregivers in those respective wards, but I think it is a pretty obvious conclusion that if you have the competing interest of a long-term panelled patient who needs the occasional talk, some bathing needs, food needs and assistance to walk, that patient in terms of the demands of other patients on the ward may well receive less than optimum care. That is not a reflection of the individual that is providing the care, that is a reality of a busy hospital ward. We think and we agree with the management when they think that it is appropriate to put those individuals in a dedicated wing of the hospital and staff and program and deliver services appropriately, so patient care is not going to be compromised. In fact, I have every expectation it will be improved.

What is at issue was the issue my honourable friend brought up about three weeks ago where she asked these questions and not once did my honourable friend mention quality patient care. She mentioned protection of union jobs. Unfortunately, in this change around there will be—by the time it is implemented at Seven Oaks, I cannot speak for Victoria because I do not have knowledge—the prospect of some layoffs of nursing staff and hirings of nursing aide staff to fill the care gaps. That means that there will be possibly fewer nursing jobs. I think it is something like 1 percent of the SYs at Seven Oaks are affected.

* (2110)

You know the reason why I described it as a win-win was that the patients win and the budget of the hospital is reduced. How can you go wrong with that? If patients receive better care and you are able to contain your cost within your hospital, is that not responsible to both the taxpayer and the patient who are often one and the same? I do not find anything particularly objectionable to that kind of a management decision at Seven Oaks. I reiterate, that is made without having an impact on other parts of the system.

I will go back and I will explain again to my honourable friend the reason behind the Urban Hospital Council. Approximately a year and a half ago when one of the major hospitals was going to face a deficit, mid-year, one of the proposals they made to the Manitoba Health Services Commission to come in on budget was to curtail their chemotherapy program. That would have contained their budgetary deficit and probably they would have come in on a balanced budget, but all of a sudden you have patients needing chemotherapy who simply would have been served in other hospitals at a cost to their budget, so you did not resolve the problem, you merely transferred it. That is what the Urban Hospital Council is to come around in terms of the larger issues, so that decisions made within individual institutions do not simply transfer the budgetary and program problem to another hospital, that they make decisions which are good for the system, good for the patient and still stay within their budgetary goals.

There are two agendas out there. There has always been the one agenda of the hospitals making their management decisions internally within their own budget, bearing in mind the no-deficit policy of some five years.

Today, which is new, unique and the first in Canada is the urban hospital concept where the system-wide issues are dealt with not in isolation by individual facilities, but rather together in the Urban Hospital Council environment where decisions which have an impact potentially on other institutions are known at the table and will not be made causing a simple transfer of the problem and not resolving the issue.

I think that makes for one of the most progressive planning opportunities in acute health care service delivery in Canada. That is why I am rather dismayed that my honourable friend would want to try and destroy the credibility behind that process,

where the CEOs of our major institutions are getting together to try and be partners with government in difficult decision making. It is the first time they have had the opportunity in 20 years. They welcome it, and I welcome it.

It is not going to make the decisions any easier, but it is certainly going to make the process much more understandable and much more civilized, and much better-managed decisions will emanate from it. There are two groups of people who will benefit, that is the patient and the taxpayers, and often they are one and the same.

Ms. Wasylycia-Lels: I will just have a couple more and pass it over to the member for The Maples.

I just want to point out to the minister that it was the minister who first made the link between the Seven Oaks cost reduction exercises and the Urban Hospital Council. When I first asked this issue on May 10 when we learned of the exercise that was underway, the minister's only response at that time was, do not worry, everything is being looked after, everything is being co-ordinated through the Urban Hospital Council.

Then when the actual cut was introduced and staff were told of their pending layoffs, the minister then disassociated himself from those earlier comments and said each hospital must make their own decision. My concern is that all of these decisions have larger consequences and require some policy direction on the part of the minister.

I have not seen enough evidence to suggest that this is a win-win for patients. I do not know on what basis one can say the patients will get better care with a much lower ratio of professional nursing staff to patients. I do not know how one can say that this does not take us down a rather dangerous path in terms of a personal care home within a hospital as a longer-term solution to a serious problem. I think there are many unanswered questions.

The minister likes to talk about his use of studies in terms of follow-up activity. We have a major study done by his Health Advisory Network on Extended Treatment Bed Review. Nowhere in this report is there a recommendation for the creation of personal care homes within hospitals. Nowhere is there a recommendation for justifying or maintaining the serious level of personal care home beds we have now within hospitals. In fact, that study points out the need for action to be taken promptly to

reduce the number of personal care home beds within hospitals.

So my question is still as I asked originally: Is there no overall policy direction from this minister in this department, in this government, on issues like these which, in the absence of such direction and policy attention, hospitals are making individual decisions that are going to have long-term consequences for patients and for an overall co-ordinated reform system?

Mr. Orchard: One might in listening to my honourable friend's comments come to the conclusion that panelled patients in acute care hospitals is a new phenomenon. Surely my—oh, my honourable friend just said no. Well, that is correct, it is not.

For approximately, well, I do not know, I guess 15 years or more there has always been the use of hospital capacity to varying degrees within the institutions of temporary placement of panelled patients. Once they are panelled, there are obvious constraints as to how they can be kept living independently in the community through home care, although some of it is done. So a number of them get placed in hospitals as an interim measure pending availability of a bed in a personal care home. That process of waiting can vary quite significantly, and it is not always varying because of a straight lack of personal care home beds, because some individuals wish to wait until they can be placed in the personal care home of their choosing. That has exacerbated the waiting time for placement in certain personal care homes.

My honourable friend makes mention that the Extended Treatment Bed task force does not make mention of this policy or this initiative being appropriate within hospitals. I dare say it did not mention it, nor was it designed to investigate that. They were designed to examine first of all extended treatment beds which were rehabilitative and chronic care beds in the hospital system of Winnipeg. They indicated shortly into their mandate they could not undertake that, narrowed a focus, and they asked if they could also study the issue around personal care home beds and we agreed.

That report came in and, yes, it identified that we needed personal care home capacity. We knew that. I knew that from the day I walked into the office and, to my chagrin, found out that the capital program for construction of personal care home

beds had been frozen by the previous administration. Now, you know my honourable friends laugh, but that is a fact. You take a look at how long it took us in Winnipeg to start cutting the ribbon on newly completed personal care home beds, and you will note that without fail they were all commissioned for construction since May of 1988 because there was not any in the works.

* (2120)

Now, we have attempted to resolve that in part or in whole by a series of initiatives. I have dealt with some of them earlier on today. There is the temporary beds, the commissioning of the 88 beds at Deer Lodge. A commission of 60 temporary beds for personal care home use. There is the construction ongoing of 60 beds at Concordia Hospital. There is the redevelopment plan at Municipals and of course the personal care home construction proposal calls for the northeast quadrant of the city.

So that all forms part of a very, very deliberately co-ordinated plan to try to resolve this problem. This problem that is not new. This problem that has been around for at least a decade if not close to two decades. Within the context of how the individual hospitals manage their long-term panelled patients, within their facilities.

You know, I quite frankly have to say to you that I think this initiative should have been done several years ago. If there are those kinds of savings and improved patient care possible, it is pretty clear that we have not effectively been spending the budget over the last several years if they can achieve those kinds of savings by making this very basic reorganization within their bed capacities. In fact, I believe, and I stand corrected, is not Victoria actually opening some of the beds, or adding beds, to the number that they will have service?

(Mr. Marcel Laurendeau, Deputy Chairman, in the Chair)

Those, coincidentally, are beds that were mandated closed in 1987 for budgetary reasons by the NDP, and Victoria Hospital by reorganizing this delivery of service is in fact going to be able to recommission beds closed by the NDP. Now, again I do not think my honourable friend would necessarily disagree with that unless she believes that when NDPs close beds that is somehow better and ought to remain.

Mr. Cheema: Mr. Deputy Chairperson, I have heard with interest the minister's comment to the member for St. Johns (Ms. Wasylycia-Leis), and I think the issue is more complex than what the minister has put forward. I mean no doubt we are going to save money, but are we going to have the same kind of quality care? That remains to be seen. We cannot make a judgment within five days of what has happened at Seven Oaks or at a given hospital, that we will have the same kind of care. That means that previously those patients were not getting care, No. 1; and No. 2, as the minister has said, that means we have been wasting money.

I think those issues have got to be resolved, and I do not think anybody has the answers right now; nobody has. Even the minister does not have the answer, because I do not think we will know the impact on the patient care. Putting them on one floor, or in one section, as the minister has said, and some hospitals are doing it very effectively as long as the physical space is concerned. Whether that could translate into patient quality care, that remains to be seen.

I think there are a number of issues surrounding the whole restructuring of the hospital beds. The first issue is the use of R.N.s. I mean if we are going to cut the use of R.N. services that means a part of the hospital will become basically a personal care home with registered nurses, R.N.s. Secondly, you are going to use the nurses aide, as the minister has said. That means definitely the chances for impairment of quality care. Also, from time to time all those panelled patients do change. I mean there is not any single category that this patient will remain in Level I, III, or IV. It changes dramatically, and at times they get into acute problems. So I think those issues are still not resolved, and it will take some time to find out whether we are in a win-win situation, or we are just having one experiment in one or the other hospital.

I want to ask the minister then, we have concentrated for so many hours on urban hospitals and we have not even touched base on the rural hospitals. What will be the impact, or what specific areas of study is the minister looking at in terms of Brandon General Hospital, Dauphin, Swan River, Thompson—some of the major hospitals in the rural communities, and how they will fit into the minister's present policy of reorganization?

Mr. Orchard: Mr. Deputy Chairman, only one of the hospitals my honourable friend mentioned, whose

CEO is a member on the Urban Hospital Council is Brandon. Dauphin, Swan River, Thompson are not, and again, though the general parameters of no-deficit budget are in place with all hospitals whether they are urban Brandon or in the balance of Manitoba, rural and north, their program goals are to operate efficiently. You could take the goals for Health and Health Care and those are the objectives that our rural hospitals are asked to manage their budget and their patient service deliveries around.

Mr. Cheema: Mr. Deputy Chairperson, the minister is saying that the policy will be the same for both the urban as well as the rural hospital as far as the budgetary conditions are concerned.

Mr. Orchard: As far as which conditions?

Mr. Cheema: Budgetary conditions.

Mr. Orchard: Well, all hospitals regardless of whether they are urban or rural or northern are mandated to operate without deficits.

Mr. Cheema: Can the minister tell us if he is aware of the physician management program in various hospitals, especially I know at a couple of hospitals which have initiated physician management programs for early discharge of patients and making sure they are part of the team? That is being done in one of the hospitals and very effectively, I think. In fact, that may be playing a very crucial role in terms of encouraging physicians to discharge their patients early, so that the patient beds can be free, and that seems to be the general trend that most of the hospitals are moving into. Certainly I think that is a very positive step. The physicians themselves have taken responsibility, showing that they are also concerned about the rising costs. I just want the minister to know that is being done also.

Mr. Orchard: Mr. Deputy Chairman, I think that all of those initiatives have been contributing to that trend line which has made our utilization of acute care beds much more effective.

Every time you shorten the average length of stay, you in effect add capacity to your acute-care side of your hospital system. That is why it has been said by a number of observers, we have adequate acute-care beds serving the people of Manitoba.

We have had this discussion in past years' Estimates, but every time, and I do not think there is a single exception that I can think of, at least in my time of planning, for instance, rural health care. I do not think there has been a single reconstruction of a rural hospital for which the bed complement has

not decreased and decreased quite significantly. Carman, for instance, constructed in 1981-82; I believe Carman was a 36-bed facility, somewhere in the high 30s, and they are now a 30-bed facility. Minnedosa has reduced bed count; Viriden had. Manitou Hospital, for instance, we put a swing facility in there as we did in a couple of other communities. Benito, wherein we replaced up to 14 acute-care beds with six to eight, juxtaposed to public health offices, physician clinics, diagnostic rooms and personal care, so that it is under one roof under one nursing station, et cetera.

In each case we have reduced the number of acute treatment beds and that has been achieved through the co-operative efforts of many in the health care system, not the least of which are physicians, wherein they have participated willingly and in most cases with early discharge programs. I would venture to say that it would absolutely shock anybody to wake up today after a 15-year sleep and find out how quickly, for instance, by-pass surgery patients are up and walking. It is within 24 hours, and they are often discharged within a week to 10 days. Before, that took a substantial length of time in hospital. All of that has decreased the demand for sheer numbers of acute-care beds in the system.

* (2130)

Mr. Cheema: Mr. Deputy Chairperson, the member for St. Johns (Ms. Wasylycia-Leis) was asking a question on the issue of community health within the hospitals. Can the minister tell us what specific plans they have, other than outpatient clinics, to locate the community clinics within the community hospitals?

Mr. Orchard: That is a topic that the Urban Hospital Council is attempting to come to grips with. They have not developed any action plan or any recommendations to date; but, again, I repeat for my honourable friend, the reason why we have our regional director on the Urban Hospital Council is because she is the individual who co-ordinates, for instance, continuing care services.

Continuing care services are probably the leading community-based service which will allow early discharge of patients, whether they be mothers with newborns or post-surgical individuals or chronically ill elderly, who have been rehabilitated with a short stay in the hospital and need assistance to get adjusted back into the independent lifestyle of the home.

If I can answer my honourable friend in a long way, the interface with Community Health through regional services and the institutions offers to us the greatest potential of success at bringing more programs from the acute-care hospitals to the community and to remove the excessive dependence on our acute-care hospitals to deliver care which could more appropriately be carried out in a fashion delivering equal quality and often lowered cost in the individual's own home in the community.

Mr. Cheema: Mr. Deputy Chairman, I just wanted to pursue that with a few comments on the record about this proposal. I think it is a very interesting phenomenon in terms of having community care located within the hospital, so that all of the elements can be put together. Patients, before they are discharged home, they know the service they will be provided, and then we can avoid the duplication of services which are, you know—there is a consultation done for Social Services, for example, when in the hospital, and then somebody else sees them outside the hospital. That could be done very easily.

Also, it would be helpful to develop a program along to help the emergency rooms which is very effective. Some of the patients could be seen in these inside community clinics, and community clinics where you have a physical space in some hospital that could be reused is a very important concept and it could work very well. I do not think there will be much opposition from any particular section of health care providers, because the physician will still have the services. You have a community health worker; a community mental health worker; you have an outpatient clinic, for example, in any given hospital; so that could be a very good correlation with all the services.

I think eventually that may be one way of taking the load off the hospitals too, and also making sure that some of the scarce resources are used. I am sure that some of the established group of the practices may have some hesitation, but I am sure from the health care dollar spending that is probably a very good proposal and could fulfill the community clinic concept, especially with your mental health reforms. The overburden of some of the emergency rooms can be relieved, specifically if you have a hospital where you have teaching programs.

That could be a very good asset for medical students and medical graduates, to get some

experience in the community clinics which have been available in one or two hospitals but, I think, could be made more effective. We just want you to know that I think it is a concept that has been there in many, many jurisdictions, but as we say always, we have to dwell on where it is best for here in Manitoba. I think it could be probably, ultimately, we will end up having that kind of community clinic within the hospital system.

That way you are not threatening the other health care providers, but still providing the same care and asking them to participate in the system. I think that will also take care of further factors which are eventually going to come into play, the overhead expenses and from a physician's point of view, from a nurse's point of view, everybody else. If we put everyone else under one roof, giving one a community clinic in each and every corner of the city, that will also help to take some of the pressures off, from the financial point of view, from walk-in clinics also. I think people would rather go to a community clinic where they know that they can get all the services. I think those clinics could also have the use of so-called, you know, various physician extenders.

As the minister has said, if the United States is the most vulnerable health care industry where probably every third or fourth doctor, I stand to be corrected on this, has been sued for one or the other reasons, and there they have been making use of some of the nurse practitioners. Some of the physiotherapists are making a good contribution and some of the physician extenders are being used in O/Rs where you do not need a physician to assist some of the services. I am sure some of the orthopedic surgeons would love that. That will help them to relieve some of the pressures, and I think there are only one or two states, I can provide the name of the states to the minister, where physician extenders are being used for O/R purposes, for special purposes, and this has been a very, very effective way of taking care of some of the medical needs.

I just want the minister to know that I think this probably will end up eventually to be one of the community clinics set up within the hospital system. Where you would have control, quality assurance can be maintained, because it is no secret that when you are working in a group you always try to give the best care because you know somebody is watching over your shoulder and you have to prove your

worth. That is a very, very effective way. That is why most jurisdictions are asking physicians to work in groups because I think that is sort of a peer review almost every day, and that helps the tax dollars and I think quality care in the long run.

Mr. Deputy Chairman: Appropriation 1.(b) Executive Support: (1) Salaries \$499,700.

Mr. Orchard: Mr. Deputy Chairman, I thank the honourable friend from The Maples for his thoughts. Let me tell you that back in, I do not know, '88 or '89 I had the opportunity to—it is not quite the same as what my honourable friend is talking about, but I had the opportunity to visit a free standing outpatient clinic. It undertook many of the professional disciplines' work out of there, as my honourable friend has indicated. You had physicians doing not-for-admission surgery. You had, of course, nursing staff complement there. You had physio and occupational therapy, pharmacy, so that basically it was a very interesting facility in that a patient coming in, for instance, for a not-for-admission surgical procedure would go through an orientation the day before to have explained what would happen, and the patient was actually walked through the system and explained how the day would go and what sort of services would be provided postdischarge from the facility. The next day they would even arrange transportation service if the individual could not arrange their own so that they had someone to bring them in and to take them home.

The one thing that intrigued me about the whole issue was their method of professional reimbursement. The American system, in a lot of ways, probably has the appearance of higher salaries and schedules for everyone. What they did here was quite unique. They followed, and I will deal with physicians here for instance, they had a fee schedule, I guess, which was comparable for the city they were in. The physician was paid a competitive fee schedule but because the physician used the clinic for their office, the overhead was covered by the facility. There were varying deductibles that they would take off the fee schedules, so in fact if my memory serves me correct, the physician ended up with about 38 percent of the original fee schedule. The balance was built in to pay various overheads that were covered. The physician did not have to worry about billing, a pretty big issue in the U.S. system.

Should we pursue this issue here, I think my honourable friend can see some interesting discussions that have to accompany any such establishment in our care-delivery system in Manitoba, because the commonly guesstimated figures is that our fee schedule reflects a 40 percent contribution to the physician's overhead for maintenance of office, et cetera, et cetera.

* (2140)

Now if we are going to, for instance, have a community health clinic and maybe enhance its role so that you do NFA surgery and maybe some other procedures like that, if you undertake something—if you try to organize service delivery in that regard, then clearly if the taxpayers are putting the facility up, the capital cost of the facility and providing most of the staffing cost, then we would have to approach the physician reimbursement, as an example, from a different standpoint because otherwise we might have a pure add-on to the system without any cost-effective reflection in terms of the budget.

I simply say to my honourable friend that in a way, not completely, but in a way the St. Boniface Hospital Outpatient Centre Feasibility Study is trying to investigate a lot of what my honourable friend has put on the record tonight. I thank him for his contribution.

Mr. Cheema: Mr. Deputy Chairperson, I think I just want to expand on a few things. It is very important that in campaigns all those promises are made and when the campaign is over we do not discuss those things. It is very important to put that on the record that this concept could be rearranged according to Manitoba standards and Manitoba's ability to pay, and ability of taxpayers, and also above all to maintain the quality care which is very important.

I think everyone would know that this is in a hospital setting, or in a larger peer group, and if you are working in an environment where you have to justify whatever you are doing it makes more sense and that has been proven effective. Of course, in some areas as the Health Maintenance Organization, it is called the HMO organization, some has been done in Ontario too but I think that is maybe a different concept that could be changed to some extent to make sure that the tax dollars are being used in the best possible way.

Of course, when the new physicians are coming, each one's expectations are different, but the reality of the whole financial affair has to be taken into

account. That is why I said that when the issue of the fee schedule by the consultant is going to be discussed, I think that should be one of the topics, to see how some physicians or health care providers, not only physicians but the R.N.s and physios and everyone else would fit into a system that will justify the tax dollar but make sure that the community clinic concept is provided.

I am sure some physicians would love to—some health care professionals would love to go into a system where you do not have to take 45 to 48 percent for expenses. Everyone outside the health care area will think physicians are making a killing and that may not be absolutely right. You have to understand the total expenses they have to pay and some of the overhead and so many other obligations they have. They work as one of the major employers in the city as well. I think that should be taken into account.

I do not want to go away from my original topic; I think I went a little bit away, but I think it is extremely important that we should have a community clinic concept to redefine now properly. We have four years and you know that is our Manitoba model, and it will fit one corner and let us try it. It will not be very difficult to evaluate it because you have a certain group of patients could be taken right away. That is not something you have to wait for years to do. It could be done in collaboration with the centre for study or in collaboration with one of the hospitals.

Day hospitals is a very good example. That is almost—not the same model but on a similar line—that model is functioning in some of the hospitals, how the patient would come. That does not fit the acute care need. We have to find a community clinic concept that should be made in Manitoba and make sure we have at least some area where the patients feel confident and they know that they are going to get the best service and also the taxpayers would know that their tax dollars are being spent in the best possible way.

Mr. Orchard: Mr. Deputy Chairman, in the concept my honourable friend is talking about, too, there is, as I see it, the opportunity for—I am looking for the right kind of language so my honourable friend understands what I am trying to say—but the opportunity for multidisciplinary patient evaluation so that maybe not always, for instance, the physician has to deal with every patient, that nursing can take a sizable portion of the patient's needs, take care of those without accessing the physician.

That is very similar to the concept that goes back to the fall of 1988 in terms of mental health reform.

The entry point to the system of mental health services, and I know this is an unfair generalization but is intended to be via the physician or psychiatrist, particularly the psychiatrist. That has been observed as being a possibly very ineffective use of highly skilled resource whereas the case is made that a number of people had the opportunity to access service from a multidisciplinary team may, in fact, receive the intervention that they need and that would be most effective, for instance, from a registered psychiatric nurse or a mental health worker or a social worker.

So what my honourable friend is talking about is that concept, I think, transposed to the hospital setting in terms of medical needs rather than mental health needs.

Mr. Cheema: Mr. Deputy Chairperson, I think the new concept has to be based not only on volume-oriented health care, it has to be on the multidisciplinary approach, as the minister has said and also on quality care within the hospital or joining the hospital in a community clinic concept. There, the question is going to come, how the financial incentives can be given to health care providers who take care of a section of a community, so they are responsible in a way that they would encourage more prevention and a healthy lifestyle, so that time can be given to that.

If the system is volume oriented—you know some of the aspects, and that is a reality of life. We know it, and whether the health care provider would admit it or not, that is the situation in some cases. As long as we are moving away from the volume-oriented system, I think eventually things can improve in terms of spending in health care and definitely quality care can be maintained.

It is an interesting phenomenon, but it still has to be developed, and it will have problems initially, but eventually I think things will work out in this regard.

Mr. Orchard: I thank my honourable friend for his comments.

Ms. Wasylycia-Lels: Mr. Deputy Chairperson, let me just further pursue this whole discussion on community clinics and tie that back to where we started off with Estimates, and that is the reorganization of the department. The minister said this would be a good place to keep raising issues pertaining to the reorganization.

One of the things that the minister has repeated, vis-a-vis this restructuring, is the whole question of integrating institutional and community-based care. I am wondering precisely where that shows up in this reorganization, what specifically this reorganization achieves in terms of integrating community and institutional care.

Mr. Orchard: Well, again you know we did get into this—many of the examples I am going to give to my honourable friend are examples I provided to her last week, but I am fully prepared to discuss them again so that—let us deal first with Provincial Mental Health Services.

* (2150)

We are attempting very much to have an integration of services in mental health under one responsibility, one reporting responsibility within the former system. I guess I best describe it that way rather than anything else.

Formerly, the system was organized around—for instance, the mental health workers in Regional Services would report to the then ADM of Regional Services. The mental health centres were a responsibility of the Assistant Deputy Minister of Mental Health Services. The Eden Mental Health Centre was a responsibility of the Rural Facilities co-ordinator at the Manitoba Health Services Commission, and the acute care psychiatric beds at our major hospitals were the responsibility, reporting, I guess, directly to Mr. DeCock at the commission. The attempt has been made to bring all of those service lines of delivery under one ADM.

Now, when one takes a look at Continuing Care Programs, what we are attempting there is to focus program delivery, which ranges from community-based programming such as continuing care or support services for seniors right in to integrate it with the institutional-based care of the personal care home services.

That is where you see, under one ADM, the range of programs from chronic care personal care homes to home care rehab and support services. We are attempting that integration from institution through to community-based services and services provided in one's home.

We think that kind of an integration allows us to better plan our utilization of resources. It allows us to have the opportunity to more readily identify overlaps of service and gaps of service and replace one with the other.

Under the former system—and it is not a criticism of those involved in it because this was the natural tendency—you tended to have less rather than more communication between funding lines in the budget. This system brings those like-purpose funding lines together under the administration of one assistant deputy minister, with the opportunity for one ADM to make program and planning decisions and funding decisions from community through to institution.

That is an example of how we are integrating our program and service delivery to reflect a greater marriage and integration of community and institutional services.

Ms. Wasylycia-Lels: I am wondering where the minister's thinking is at generally in terms of local community control and ownership.

Mr. Orchard: Of what?

Ms. Wasylycia-Lels: In the health area.

Mr. Orchard: Personal care homes throughout rural areas are generally sponsored by a community group, and they have a responsibility to bring a contribution of serviced land into the construction project, and then a board operates the institution, again, within the constraints of no-deficit budget.

I am not sure I understand my honourable friend's question. I do not think that is what she was asking.

Ms. Wasylycia-Lels: The minister may recall, at the outset of this set of questions, I was referring or picking up from the member for The Maples' (Mr. Chœma) comments, generally, in terms of community clinics. I was specifically interested, first of all, in how the discussion around integrating institutional and community-based care dealt with that issue of community clinics, where the minister sees that whole area going.

Part and parcel of this, of course, is local community control and ownership, involvement in a community's particular health needs. I asked that simply to know the minister's general policy direction. I would like to ask him about the whole question of district health development, since I understand there has been a moratorium placed on that. I am wondering, given this focus, in terms of integration of institutional community-based care, why a moratorium has been placed on district health development.

Mr. Orchard: Mr. Deputy Chairman, community health districts still have an opportunity to attempt to

combine the initiatives or the service, the lines from a number of communities and bring them together. There is nothing preventing communities from doing that, and we are open to those kinds of proposals. Since coming in, I believe—well, I am not sure, I cannot give my honourable friend numbers, but I know that we passed at least a couple of Orders-in-Council bringing district health services into the purview on the plan of the community. So that issue is one of ongoing planning. That is the whole objective behind the Westman rural health improvement study or the Westman Integrated Strategy for Health, the acronym WISH is they are looking at the Westman region. I started to explain that before supper, and I will not get into it again in the interest of time.

My honourable friend mentions a pretty interesting topic, because she is wanting to know what involvement we are trying to achieve or attain or get from individuals in, particularly, rural Manitoba in terms of their involvement with their health care system. At every opportunity that I have spoken to MHO and other rural organizations around the topic of health, I have emphasized community empowerment, individual empowerment, of taking control of their own issue. I made a speech about, I guess, a year and a half or so ago to Canadian Public Health Association who was in Winnipeg for their national convention.

I will paraphrase what I indicated to them. Over the past 20 years I think it is fair to say that individuals, because of the promise of a fully funded "free medicare system," have tended to vest over to that system responsibility for a lot of issues around their personal health status. We have developed the opinion that the system is there to fix me if I need it, and therefore we have taken maybe less due care and caution of issues around one's own personal health status. We have tended to neglect certain areas of exercise or diet or stress management or any number of other issues. It has been a subconscious thing, I think, because we have come to rely on the health care system as always going to be there and always going to be able to provide the reparative restorative services that we may from time to time need.

That is substantially different from the original vision of our medicare system. Our medicare system was, I think, designed to prevent traumatic illness episodes, either illness or accident, from basically taking all the family's resources to provide

care to the individual, and it has moved into a much more universal program providing all sorts of support when one believes one needs it. Now that has also contributed to the cost drive. I can recall an opening of Estimates, I think it was 1986 or maybe it was 1985, where the then Minister of Health, Mr. Desjardins, put together a slide presentation—I did not know that was a slide projector up there or a screen—to open Estimates, pointing out how we could not continue on this expenditure curve for very long because it was going to bankrupt the system.

* (2200)

What I have been attempting to do at every time is to point out to individuals the necessity to take responsibility as much as possible for their own personal health status. I think that only makes good sense. If I can follow up on it, I know my honourable friend will be interested in answering further questions. It fits into the whole genesis of this government of Healthy Public Policy where we are moving the issue of health beyond the formal spending within the health care system to beyond that to such issues as income, the economy, jobs, the environment, housing and a whole series of issues that are non-health related but very much major determinants in the health status of individuals.

There is a saying that good health adds years to your life and life to your years. I think nothing can say it better than that.

Mr. Deputy Chairman: The hour being ten o'clock, what is the will of the committee?

Some Honourable Members: Sit.

Mr. Deputy Chairman: Sit. We will continue sitting.

Ms. Wasylycia-Lels: Mr. Deputy Chairman, I certainly appreciated the minister's stated commitment to community empowerment and community-based services. However, my question still remains. I do not believe I have had an answer, and that is the current state of district health development. Where is it at? Are applications for approval under the provisions of The District Health and Social Services Act moving along?

Mr. Orchard: Mr. Deputy Chairman, as I indicated a couple of answers ago, where communities wish to investigate with the department the health district concept, we will provide them planning assistance, et cetera.

Ms. Wasylycia-Lels: How many district health projects, for want of a better word, have been—how many are there? How many district health projects are there now approved under this legislation, and are there others in the works? Is there activity going on with respect to this area?

I know the minister has referred to the Westman Integrated Strategy for Health in terms of its study or its look at the question of providing a full range of services under health care and new models of delivery. Could the minister give us some idea of where things are at with respect to district health development?

Mr. Orchard: I do not have the appropriate staff here to indicate how many.

Ms. Wasylycia-Lels: Okay, I will come back to that.

Mr. Orchard: If my honourable friend would ask that when we get to basically the commission line, I can provide her with that kind of information.

Ms. Wasylycia-Lels: I will raise these issues again at the appropriate time. I would like to go back to the line by line for this part of our Estimates when we first asked the question about the deputy minister's salary. When I raised this issue in last Estimates, I asked the minister what the deputy minister's salary was at that time, and asked him, although it was covered under MHSC, if it was the difference between \$218,700 and \$143,100, and the minister said yes. That would have meant the deputy minister's salary one year ago was \$75,600. However, it shows up as an actual for that fiscal year of \$88,300, with an increase for '92, bringing his salary to \$92,100.

My first question is: Was there actually a jump in the last fiscal year from \$75,600 to \$88,300, or was the minister just—perhaps the minister had inadvertently given me inaccurate information in the last set of Estimates.

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

Mr. Orchard: I did not inadvertently do any such inadvertent thing. I do not know the date when this process took place, but within the last year and a half or so, or—I do not know, is it about a year ago that Executive Council did the—about a year ago, Executive Council did a review of the deputy ministers, and the review came around such varying and diverse factors as size of budget, the responsibility, et cetera, and put the various deputy

ministers into about, what—four rating categories or five, was it—I do not know, a number of rating categories.

My deputy minister, because of the size of the department, size of the budget, complexity of the issues, the number of varying and different programs that he is involved with, went into the highest rating group for deputy ministers. Other things such as length of service and other aspects also helped place deputies in various things. My deputy went to the top—Senior Officer 6 or 7?—Senior Officer 7 category, I think. However, if it is 6 or 7, it was the highest category that was there. That was not where he was positioned—(interjection)—Senior Officer 8? Senior Officer 8—and commensurate with that was an increase in the deputy's salary.

From last year to this year, I believe, that reflects an increment which is available to all civil service, unless they have reached the maximum of their increment steps.

Ms. Wasylycia-Lels: Can I just get some clarification that the deputy minister's salary has gone from \$75,600 to \$92,100 in the space of one year? I do not know what increase that is, but it is certainly a significant jump. I am just wondering—first of all, am I accurate?

Mr. Orchard: You are accurate, if you see that it went from \$88,300 for fiscal '90-91 to \$92,100 for fiscal '91-92, and that is because of the increment that the deputy is—well, entitled to under the Civil Service Agreement. I will have you know I did sign that increment for him because I think he has done a lot of very, very significant work in the past year.

Ms. Wasylycia-Lels: Mr. Acting Chairperson, without making any judgments about the competence or capabilities of the deputy minister, it is still quite hard to justify that kind of an increase when at the same time this minister is part of a government that has chosen to implement a wage freeze for the lowest-paid members of our health care system, and imposed zero percent on health care workers, aides and attendants, who are also finding themselves with increased workloads and increased pressures and economic needs.

I just wonder how the minister can rationalize on the one hand that kind of incredible increase to the salary of his deputy minister and support his government's decision to freeze those at the lowest end of the health care system.

Mr. Orchard: Mr. Acting Chairman, is my honourable friend suggesting that we ought to deny as a matter of contract the increments that are available to civil servants, because that reflects the change in this year's salary over last year. Is my honourable friend saying that the New Democrats would not only freeze the salary as we proposed, but also freeze the increments? Because that is what she is suggesting.

I have indicated that I gave my honourable deputy the increment this year. He is not going to get an increase, zero percent is what he is going to get, but he is getting the increment, as 40 percent of civil servants are getting. Is my honourable friend suggesting we ought not to give the increment to 40 percent of the Civil Service? Is that the NDP policy now?

* (2210)

Ms. Wasylycia-Lels: I think for the benefit of the Minister of Labour (Mr. Praznik), he may have missed the point that in the space of one year we have seen a salary go from \$75,600 to \$92,100. We are not talking simply about an increment based on the general pattern across the Civil Service. We are dealing with a very significant jump in salary at the very same time that this government has chosen to by-pass free collective bargaining, override it, and impose its wage freeze, zero percent, on hospital workers, who are now at the lowest end of the pay scale, and who are having increasing difficulty making ends meet and meeting all of their responsibilities.

My question to the minister is: How can he one day support that, we believe it is about over a 20 percent increase for his deputy minister, and a zero percent for the lowest paid in our health care system?

Mr. Orchard: Mr. Acting Chairman, if other members of the Civil Service within the last year and a half have been reclassified, they have received an increase. My deputy year over year is receiving his increment. I find my honourable friend's position starting to shape up that the NDP want to deny increments. Because that is the only increase my deputy is going to receive this year over last year, an increment that he and approximately 40 percent of the Civil Service are going to get.

Is my honourable friend now saying the NDP want to deny the increments to 40 percent of the public service?

Ms. Wasylycia-Lels: Perhaps the Minister of Health (Mr. Orchard) would like to tell us what increment health care workers, those at the bottom end of the wage scale are going to see as a result of this government's generosity?

Mr. Orchard: Forty percent of them throughout the service, whether they be my deputy minister or an AY3 elsewhere in the system, if they qualify and have performed their duties appropriately they will receive an increment. That increment is in the neighbourhood of 3.6 percent regardless of whether you are the lowest paid or the highest paid. That is what it amounts to.

Again, is my honourable friend stating new New Democratic policy that they would deny those increments? I think I want to know that and I think those civil servants want to know that. Is that what you are saying?

Ms. Wasylycia-Lels: Mr. Acting Chairperson, is the minister saying that he is prepared to, on the one hand, defend with all his might this kind of an increase at the highest end of his department and provide no more than a zero percent—zero percent—a freeze on the hospital workers of this province, some 8,000 workers who are traditionally covered through the collective bargaining process which has been bypassed by this government? That is the issue we are dealing with, not the question of increments, but the question of this government's policy when it comes to health care workers throughout Manitoba.

Let me go on to another question. Could the minister tell us who the five individuals under the Professional and Technical category are?

Mr. Orchard: Mr. Acting Chairman, you know my honourable friend wants to make her perverse little case without fact. When I go to correct her I know she will not accept it, but I want the record to show that increments will not be denied anyone who qualifies for increments.

Now, if my honourable friend is saying that we ought not to provide increments, then let her state that case because my deputy minister is getting a zero percent salary increase, just as it has been mandated by the legislation and applicable to all of the other professional staff that I have with me here tonight for Estimates. If they qualify for an increment, they will get the increment as do 40 percent of the Civil Service.

Let my honourable friend not try in her meandering way to say that this increase is anything but zero percent, because it is zero percent on the salary. The increase reflects an increment. Does my honourable friend understand that difference? If she does, then will she answer the question: Are you going to deny the increments to 40 percent of the Manitoba government employees who are taking zero percent on the salary? Are you going to deny their increments and are you going to deny increments to the hospital service workers?

Ms. Wasylycia-Lels: Could the minister tell us what the approximate 8,000 health care workers covered by Bill 70 are going to get this year?

Mr. Orchard: Where they qualify, the same as the Civil Service, they will get an increment. Their salaries will be a zero percent increase as the salaries for MGEA are, but my honourable friend is still leaving the impression that the New Democrats would cancel the increments and I regret that.

Mr. Cheema: Mr. Acting Chairperson, I will just have one question with regard to the salary. I just want the minister to clarify what was the basic salary in 1988 and '89 and last year in '90-91, and if this figure \$75,600 was correct and now we have \$92,000.

I just want the clarification that it does not reflect on the deputy minister's capabilities. I think we are just talking about the process and when the deputy minister is here, and any member of staff, when we are going to ask questions in no way is that a reflection on their capabilities. We are just asking basic questions. I just wanted clarification on that one point.

Mr. Orchard: Mr. Acting Chairman, I cannot indicate what the salary was in '88-89 or '89-90, but as I indicated to my honourable friend from St. Johns, there are two things that have happened in the last year and a half.

First of all, a reclassification, and any time you have reclassification within the Civil Service, your salaries go up to reflect the equivalent positioning in the new classification. That is one aspect but what is reflected this year is simply the increment.

I cannot give you off the top of my head what the salary flow has been, but we will get that for you before we pass, or even if we pass this line of Estimates, we will get it to you as soon as we can.

Mr. Cheema: Mr. Acting Chairperson, just one comment. In my opening remarks, I made a

statement and that statement in no way should be undermined by any of the questioning, what we are doing here in terms of either the deputy minister or any of the minister's—any ADM in the minister's office. If we ask questions, they should please not be taken in a negative way.

Mr. Orchard: I did not take any offence.

* (2220)

Ms. Wasylycia-Lels: Mr. Acting Chairperson, could the minister give us the names of the five professional technical positions?

Mr. Orchard: You want individuals' names for that?

Ms. Wasylycia-Lels: Yes.

Mr. Orchard: Okay, we will attempt to provide that to you.

There is Special Assistant Catherine Evenson—that is my staff; Executive Assistant Alan Hiebert. There is the French Language co-ordinator, Lise Lacombe, and two of the five positions are vacant. One is the special adviser position to the minister, and the other is the senior nursing adviser which we have not recruited into yet.

Ms. Wasylycia-Lels: Yes, I just wanted to pursue what happened to Dr. Larry Wisner who was a consultant to the deputy minister, particularly involved in the MacDiarmid Report.

Mr. Orchard: Dr. Wisner was on a one-year contract with government, and when the one-year contract was over and his duties performed, the contract expired.

Ms. Wasylycia-Lels: Could the minister tell us what his one-year duties were?

Mr. Orchard: One of his major roles was on the Technical Advisory Committee with the federal-provincial committees.

Ms. Wasylycia-Lels: Mr. Acting Chairperson, I understand he was also responsible for following up the MacDiarmid Report, something that both our Family Services critic and myself as the Health services critic are quite anxious to hear about. Let me just ask generally, where is the MacDiarmid Report?

Mr. Orchard: Mr. Acting Chairman, I received the MacDiarmid Report some time ago, and we had a committee on implementation review some of the recommendations in the MacDiarmid Report. I received that a little while ago, a couple, three weeks ago or months ago. I am not too sure of the exact

time. We are working through some of the suggestions and recommendations because, as one can appreciate, some of them have financial costs attached.

Ms. Wasylycia-Lels: We have a prime example of the minister setting up a committee to study a study or study another committee or to have the study of a study of a study, and in the meantime people of Manitoba, particularly those concerned about therapy services, are concerned about government action in this area.

Could the minister tell us when we might expect to see a plan of action based on the MacDiarmid Report?

Mr. Orchard: Mr. Acting Chairman, is my honourable friend saying that the announcement of about a year ago in terms of increasing the number of students in the faculty was not a reaction to the MacDiarmid Report and was not action taken? Has my honourable friend conveniently forgotten about that because that was good news?

That is part of the action taken, and as we develop budget, we will undertake further initiatives as the taxpayers of Manitoba can afford them or as recommendations are made where we can reallocate, reprioritize dollars within the health care system to refocus them on the issue of rehabilitative care, something that we are striving to do through a number of these initiatives and studies which hopefully will point the way to reallocating our health care budget to get more effective utilization and more effective improvement of health status from them.

Ms. Wasylycia-Lels: Mr. Acting Chairperson, once again the minister just chooses to avoid the question, which is some sense from this minister when we might expect to see an overall plan of action from a report that has been in the works for a long time, now being studied by another committee.

I think it is certainly not too much to expect the minister to just give us some sense of his overall intentions with respect to that particular report. However, it is clear that we will not get any more answers with that if we try to pursue it. Back to the primary function that he said Dr. Larry Wisner was performing, is he being replaced by anyone, or how is that function now being carried out?

Mr. Orchard: Well, that was to provide input to federal-provincial committees.

Ms. Wasylycia-Lels: Pardon me?

Mr. Orchard: That was to provide input to federal-provincial committees on technology.

Ms. Wasylycia-Lels: My question was, who is replacing him in terms of that role?

Mr. Orchard: We have not replaced Dr. Wisser.

Ms. Wasylycia-Lels: The minister is saying Dr. Larry Wisser is still on contract doing that work?

Mr. Orchard: I said we have not replaced Dr. Wisser.

Ms. Wasylycia-Lels: Sorry, I think we are just having some hearing problems here. It must be part of the day and the focus.

Do you have a question on this line?

Mr. Cheema: Mr. Acting Chairperson, I have been asking the same question for the last four times, and I am going to ask him again. Have they settled with Mr. Kaufman?

Mr. Orchard: You know, it is with a great deal of regret that I have to revisit this issue of my honourable NDP friends, but fortunately, at least I think this is fortunately, we have asked probably well over a year ago that we wanted a reply back from Mr. Kaufman's legal counsel, so that we could begin to settle the issue.

It has been a year now and we have not received any communication back from Mr. Kaufman's legal counsel, so I simply say that we are sort of in limbo land awaiting a reply, and no indication of what the settlement might be can be proffered tonight. That is not our doing. I mean, we asked over a year ago for a position from Mr. Kaufman's legal counsel and simply have not received it.

Again, you know, I simply reiterate, as I have done the last couple of Estimates, that this sort of points out that really a government, regardless of how long it thinks it is going to be in power, ought not to sign no-cut contracts with senior people. I mean, that ties the management hands of future governments. It even ties the management hands of the existing government if for some reason the individual does not perform according to style.

The NDP, under Howard Pawley, had the habit of writing these no-cut contracts. They did it for Mr. Kaufman. They did it for some people in the Manitoba Energy Authority. There were Volvos involved and all kinds of fancy cars. There were golf course green fees in Montreal for the CEO of Manfor, compliments of the NDP, Howard Pawley and the NDP. I mean, that kind of obscene abuse

of the taxpayers' dollars is not part of what Manitobans want to have as public policy.

Mr. Cheema: Mr. Acting Chairperson, my question has been the same, and the minister's answer has not changed either. I think there is a very important lesson from this to be learned. Hopefully, I think everyone should learn from this bad experience.

As the minister said, fortunately, that issue would be resolved in the best interest of taxpayers, but still, I think it was under a lot of stress that people were expecting something could happen if that person did not secure another position in another province, so maybe that is, fortunately, good for the people of Manitoba.

My question is to the minister again that the member for St. Johns has asked about. There are a couple of positions still not filled. One of them is special adviser, and the minister has said that person was on the federal-provincial technical committee. That was his role.

Can the minister maybe redefine or elaborate on that particular point?

Mr. Orchard: No, Mr. Acting Chairman, the one contract that was a one-year contract was Dr. Wisser. He is a special adviser to the deputy minister. The position that I indicated, which was one of five that my honourable friend for St. Johns inquired about, was my SA's position, my EA's position, Lise Lacombe, the French Language Services co-ordinator. The vacant position is my special adviser. That position has been vacant now, oh, I guess, for a year and a half.

Mr. Cheema: I do not think you need any—you know your staff.

Mr. Orchard: No, I know, but that position has been vacant for about a year and a half. There is one other vacancy in the staff complement of five, which we intend to use to fill the position of nurse adviser that my honourable friend might have recalled the discussion around on Tuesday last.

The special adviser, Wisser, was to the deputy minister, not to me.

* (2230)

Mr. Cheema: Mr. Acting Chairperson, in the minister's executive support, has the minister ever thought of having a person with a health economy background advising the minister on the day-to-day operations and developing of policies which will be more economically oriented? Can the minister give

some indication whether that will be a good suggestion?

Mr. Orchard: Mr. Acting Chairman, we attempt to hire and recruit those kinds of individuals, but not attached directly to my office. Quite frankly, the salary ranges of my political staff, if you will, do not allow generally to recruit that kind of expertise. We have recruited that kind of expertise into our Policy and Secretariat.

As well, if I can be so direct as to bring up the Centre for Health Policy and Evaluation again, a number of the individuals who are on staff with the Centre for Health Policy and Evaluation are health economists. My deputy is giving me a sideways glance—maybe not in the purest of terms health economists but certainly researchers with ability to analyze health economics, but maybe not a per se “health economist.”

Mr. Cheema: Mr. Acting Chairperson, as I remember last year, Dr. John Wade was also a part of the minister's office, and that was for a short, short period of time. Can the Minister of Health tell us, what was his position and why did he resign, or has he taken some other responsibility?

Mr. Orchard: Mr. Acting Chairman, John Wade, up till about seven months ago, was working on a full-time basis with the ministry. Now he is giving us two to three days on contract, and that is paid out of the commission. He is undertaking a number of issues. You might be aware that he is handling a number of the Urban Hospital Council issues. He has delved into some specific issues that have cropped up in the past regarding specific health delivery issues in the urban hospital environment, working with us on the Centre for Health Policy and Evaluation, the Health Advisory Network. I mean, Dr. Wade has certainly fulfilled a very complex and very worthwhile role with the ministry in the last year and a half to two years.

Mr. Cheema: Mr. Acting Chairperson, the minister has said just now that Dr. Wade is playing a very important role in some of the very important issues on urban hospital working group. My question is again here that, when the minister said these groups are all independent and they are going to make a decision on their own, but still this person who—I am not questioning Dr. John Wade's capabilities. I am questioning where his funding is coming from and what his role will be still in terms of the neutral role, or is the minister satisfied with that.

Mr. Orchard: It is not important that I am satisfied with that. It is important that the Urban Hospital Council is. They have clearly accepted his role and involvement in a number of the issues so that the issue, that he may potentially colour his decision to protect his employer, is not a concern that the CEOs of the Urban Hospital Council have. I think, if anyone should express that concern, maybe they should, and they have not.

Mr. Cheema: Mr. Acting Chairperson, as long as the minister is aware of that potential conflict in terms of whether that will have any problem with the ability to make decisions and some of the very important issues that the working group is having a look at, certainly we have no problem with Dr. Wade as such. I mean, this individual has contributed in many ways. I am sure he will make his decisions based on facts and not take into consideration some of the particular advice from as far as the minister's office is concerned, and we still have to see that.

Can the minister tell us then, if his funds for special assistant were not used for the last one and a half years, he has those two positions also vacant, where the money is in this line and how is that money going to be re-used, any specific money lapsed? I am not totally familiar with some of the terms. Where are those funds?

Mr. Orchard: Mr. Acting Chairman, I am glad my honourable friend asked this question. That is part of the horrible lapsing of money that denied Manitobans health care that my opposition friends have accused me of from time to time. That is part of the salary complement which has led to upwards of \$56 million of lapse in my department. That is my small contribution towards it.

Mr. Cheema: Just to see the rest of the contributions as I asked when they were first announced, and I am still waiting for the breakdown of how the saving was made in three years, and I would like the minister again to—

Mr. Orchard: Three years?

Mr. Cheema: Yes, during '88-89, '89-90, and this year. We will expect that we could get some information tomorrow, a breakdown of how the money was saved and where is the minister's savings account in terms of some of the underspending in health care.

Mr. Orchard: The lapsed monies from '88-89 and '89-90, are the same lapsed monies that I explained in successive Estimates. They have not changed.

They are the same dollars, so I am not going to revisit the issue. I will just refer my honourable friend to Hansard because they were fully explained.

I realize they were not accepted by my honourable friend or particularly the New Democrats who insisted that this was in some fashion an evil cutback in health care services, when in fact the hospitals spent every dollar that they were budgeted, at least within dollars of what they were budgeted.

There were a number of savings achieved within the ministry from a combination of vacancies, so that the staff lines of salary were not fully used and were lapsed. An example here is my special adviser.

There were two successive years in a row where the home-care budget was not expended to the tune of about \$4.5 million per year. There were circumstances where the medical line, through laboratory testing, was not expended and that got us into the forms that I brought in which reduced a budget which normally increased by \$2 million a year in terms of laboratory testing, actually went down by \$1 million in the first full year of implementation.

The Pharmacare Program did not have the demands as budgeted so that significantly lowered cash flow. That was where the Premier, from time to time, gets quite direct with my honourable friends in the opposition because it would seem as if the opposition, in criticizing the lapse of those fundings, are urging Manitobans to go out and buy pharmaceuticals they do not need just simply because the budget was there. Well, that is hardly the way you manage the health care system.

My honourable friend the member for St. Johns shakes her head, but that is exactly what she has advocated over the last number of years where she has criticized us for not spending the health care budget, trying in some way to make out that we are denying services to Manitobans. Well, we are not denying any service, and Manitobans do not purchase as many prescriptions as we thought they might, hence apply for as much refund in the Pharmacare Program.

I do not think anybody who is reasonable would say that we should go out and blow the money. I mean, the New Democrats did that. That is why we have a deficit that has interest costs \$470 million higher in the six and one-half short years of Howard

Pawley and the member for St. Johns' contribution to government, which is denying health care services to Manitobans because that \$470 million of interest goes out of province and does not buy one single service in Manitoba. That is the true cutback of health care services and social services in the province of Manitoba caused by Howard Pawley and the NDP, but they will not talk about that because they do not like to admit to those sorts of things.

I will provide my honourable friend as soon as possible, the funding levels for fiscal '90-91 because some programs varied in their expenditures to some degree and others actually overexpend slightly. I will provide that detail, maybe as soon as tomorrow, but the difficulty is we do not have the hard Chairman here. We have the rather generous Chairman here with us, but I think we would be reminded by Monsieur Laurendeau that we would be skipping all over the place.

* (2240)

I do not care how and when we deal with it, but I am not going to get into a circumstance where if I present information tomorrow that we have to revisit it Thursday, and then again Monday, and then again the next Tuesday, the next Thursday and we bounce all over the place. That is the reason we have had a lot of good open discussion so far, and I am prepared to carry on with that but the moment the questioning starts to get repetitive, at the risk of offending my honourable friend from St. Johns, I am going to say the same answers I give Thursday, the same answers I give Tuesday, the same answers I give this afternoon.

Mr. Cheema: Mr. Acting Chairperson, the minister knows that he was the opposition Health critic for how many years, six years? -(interjection)- About four years?

Mr. Orchard: About four years.

Mr. Cheema: Four years, the minister was Health critic for four years. Now he has been a minister for three years and the minister knows full well and I have read his comments and he was very, very direct when somebody questioned that he would persist, and we are being very nice to him. We are simply not going off the base here. We are leaving the Health Estimates very open in terms of—you cannot go line by line. It is simply not possible, and we know that. The minister may accuse us one of these days and say that in the so-and-so line we

spent \$48 million in two seconds, but that is not the case here.

We are going to look at the whole aspect and I would expect that we could get information on Pharmacare and how much money was underspent last year. I think that would very helpful. The minister has given for home care \$4.5 million and \$4.2 million, if my memory is correct, and in Pharmacare, we would like to know how much money was underspent because I think that will make so many points, that even though we get a financial increase of funding for Health care, at times it may not be directed where it should be.

I think that is the issue we have tried to make and sometimes very unsuccessfully we have tried to convince the minister. Certainly, I think, in at least the Health Estimates, we can try to get some more information. So as long as we get it tomorrow, that would be just fine.

The Acting Chairman (Mr. McAlpine): Item 1.(b) Executive Support: (1) Salaries \$499,700—pass.

(2) Other Expenditures \$75,900. Shall the item pass?

Ms. Wasylycia-Lels: We are on page 25, am I correct? 1.(c), we are now on 1.(c)? We are not there yet? Sorry.

The Acting Chairman (Mr. McAlpine): Item (2) Other Expenditures \$75,900—pass.

Item 1.(c) Program Evaluation and Comprehensive Audit Secretariat: (1) Salaries \$769,400.

Ms. Wasylycia-Lels: Mr. Acting Chairperson, I would just like to begin by asking some general questions about this old unit with the new name. It seems to me I just checked last year's description for Policy and Planning Secretariat and it is strikingly similar to the description for this new branch called Program Evaluation and Comprehensive Audit Secretariat. However the minister has made quite a deal out of this branch. He has made a lot of references to it in his opening remarks, and one gets the impression that we are onto something new here and big changes are happening, and I am trying very hard to find where those big changes are.

If I recall, we have seen over the last two to three year's now, announcement after announcement about changes pertaining to this whole area, program review. I think it was about two and one-half to three years ago that the minister

announced a big program review process. If I recall from our former critics, he talked about trying to review, over a period of time, a certain percentage of the programs. There seemed to be this plan to accomplish that within a certain period of time. Then, as we have just discussed under the last line, the minister hired Dr. John Wade. The reason for that and the fanfare around it was in terms of program review, evaluation and audit and all the rest.

I think six or seven months later, Dr. John Wade left the minister's direct employ. Then, I understand, there was a further major effort done on the part of this minister and deputy minister to bring in some outside consultants to teach, train departmental staff in the area of program review and evaluation. Now, three years later, we have a renamed branch, again with the focus being program review, evaluation.

When will we see the end of this kind of tinkering around with this whole area and some sign that this minister is onto some ongoing, serious program evaluation and review, so all of the things the minister has talked about in his opening remarks and throughout these Estimates in terms of proper evaluation and comprehensive review, we can know and feel with some confidence that that is being accomplished within his department?

Mr. Orchard: Now, Mr. Acting Chairman.

Ms. Wasylycia-Lels: So the minister is saying that his previous efforts over the last three years have really amounted to a failure, and this is the beginning of some sort of serious program review.

Could the minister tell us in terms of this reorganization in this new-named branch, what is different about this process this time that signifies some significant change and will deliver program evaluation and comprehensive review?

Mr. Orchard: This Program Evaluation and Comprehensive Audit Secretariat builds upon a whole series of successes over the last three years in trying to bring some further sense and purpose within the ministry and within the commission to the analysis of the programs we undertake, the financial auditing of those programs and other areas of the ministry and the department, to assure that the originally mandated goals are being achieved.

What we see here is the final product, as I say, of three years of successful innovation in this area, not the failure that my honourable friend talks about.

I mean that is merely opposition tripe to have it phrased in such terminology, and I am offended to all those professional people who have worked so diligently over the last three years that she would write that off as a failure. That is just a total insult to those dedicated professionals. I wish she would stop doing that.

Mr. Acting Chairperson, this Program Evaluation and Comprehensive Audit Secretariat represents, we think, the evolution of this program marrying the strengths of several functions—well, okay, a couple of functions to put it simply, within the ministry and within the commission now to this comprehensive audit.

* (2250)

It allows us to take and—you know, I could walk my honourable friend through page 25 of the Supplementary Estimates but I know she would get offended and maybe do the odd point of order—but if she reads through she will find that the objectives here and the expected results bring together the opportunity to not only analyze the financial statements to assure that they have numerical correctness, but it has the additional advantage of allowing program experts to work with program auditors to assure that the goals of program delivery have been achieved in a cost effective way.

That gets us right into the issue of understanding that we are receiving program value for the tax dollars we are spending. It allows us to undertake a comparative analysis as to effectiveness of programs delivered within, so that we can see what programs are delivering their services to people effectively, reaching their goals, reaching their target of clients. If there are patterns of delivery which make them more effective in relative terms to others, we can apply their program delivery models possibly to other program areas.

I think it is fair to say that we always tried in the past, and not only in the last three years, but I think the previous administration tried to wrestle with this issue and maybe were not as successful in bringing it together as we have been over the last three years.

Ms. Wasylycia-Lels: A lot of what the minister has just said in terms of describing the role of this branch sounds remarkably similar to the role of—or at least the minister's description of the role of the new Centre for Health Policy and Evaluation. Could the

minister perhaps clarify the different roles being performed by the centre and by this new branch?

Mr. Orchard: The centre's strength is the analytical ability they have developed over the last 18 years of working with the verified data base from the commission. That is its strength. That allows a number of epidemiological type studies to be undertaken from a statistical standpoint by the centre and its expertise.

What we are dealing with here is funded programs of the department, of the commission, which have been started with given targets for program delivery. They have operated within given budgetary constraints or abilities. We have combined the function of assuring that the budgets are being appropriately spent with the ability to analyze, through our former secretariat for health policy, the ability to evaluate from a program standpoint the cost effectiveness of the programs that are delivered, to give us that relative rating within the ministry, to provide, if you will, shining examples of excellence or nonexcellence in program delivery and to utilize the knowledge gained by putting the evaluation and outcome analysis component of individual programs of the department together with policy group so that we can provide consistent advice on how other areas of program delivery might be structured to enhance their service delivery capability and to assure that the appropriate goals for which they were originally funded are being achieved for the target group of Manitobans that are to receive the program, be it Pharmacare, be it any number of other programs that we fund within the ministry in our \$1.75 billion budget.

Ms. Wasylycia-Lels: Mr. Acting Chairperson, what makes this branch different from the previously named branch of Policy and Planning Secretariat, if the minister could elaborate, because I see that the descriptions are basically the same. The allocations of the staff are roughly the same. What is the new ingredient in terms of a supposed new role of this branch?

Mr. Orchard: The linking of internal auditor.

Ms. Wasylycia-Lels: Could the minister indicate who the two staff are under Managerial?

Mr. Orchard: There is a director position that is currently filled by Dr. Connie Becker. There is, under reorganization, an executive director position which is currently vacant and will be filled—well, I

cannot give you a time frame, but we are attempting to fill the position.

Ms. Wasylycia-Lels: Just to add a couple more questions on staffing, I am wondering if the minister could tell us who was moved or let go in terms of this level of this branch?

(Mr. Deputy Chairman in the Chair)

Mr. Orchard: My understanding is there was one layoff and that was Kathleen Scherer.

Ms. Wasylycia-Lels: On what basis was Kathleen Scherer laid off?

Mr. Orchard: In terms of the reorganization and that position being the one that happened to be subject to the layoff.

Ms. Wasylycia-Lels: What job had she been providing for the department?

Mr. Orchard: My deputy tells me she was the acting director.

Ms. Wasylycia-Lels: Mr. Deputy Chairperson, could the minister tell us how long Kathleen had been with the department?

Mr. Orchard: Seven years, I am informed.

Ms. Wasylycia-Lels: In the overall reorganization the minister did not see it possible for Kathleen to be hired in any other capacity?

Mr. Orchard: No, I mean those are, as I have indicated earlier on, some of the difficult decisions that we come to grips with. No one particularly enjoyed having to undertake those kinds of decisions.

I want to indicate to my honourable friend that this is one of the areas in which we chose to attempt, through rationalization between the commission and the ministry, certain functions, in the course of doing that streamlining the administrative function. That, unfortunately for the individuals involved, led to some layoffs of management positions and some management support staff.

Ms. Wasylycia-Lels: Could the minister tell us whether the position for executive director will be bulletined? If so, when, or is it to be an internal competition?

Mr. Orchard: The intention is to bulletin it.

* (2300)

Ms. Wasylycia-Lels: Can the minister indicate when?

Mr. Orchard: Probably in the near future. I cannot give my honourable friend a definitive date, whether it is going to be the end of this week, the beginning of next week or July or August. The intention is to fill the position through bulletin.

Ms. Wasylycia-Lels: The minister is treating this quite casually. I think he has had ample time to address the matter of positions for this area. If this branch is as significant as he states, if this is a new and improved approach to program evaluation, and if this reorganization is as significant as he suggests it should be, then I do not think it is unreasonable to question why positions under that reorganization remain vacant for a period of time and why the minister could not be more specific in terms of when he intends to fill such positions.

May I ask just one more question? This was the area where John Wade had been hired previously. Dr. John Wade is still very much involved in this whole area. The minister has mentioned he is part of a number of the—involved in several of the working groups under the Urban Hospital Council. Could the minister indicate whether or not he is considering replacing the chairperson of the advisory network, Dr. Arnold Naimark, with Dr. John Wade?

Mr. Orchard: Those sorts of considerations always cross my mind.

Ms. Wasylycia-Lels: Does the minister have a time frame for an announcement about the resignation of the present chairperson of the advisory network and his replacement?

Mr. Orchard: Well, I was going to make them both at once at the end of the month, but my honourable friend thought she had a bombshell when she mentioned it in Estimates this afternoon. One has already been done, the other will follow.

Ms. Wasylycia-Lels: The minister treats Estimates like a game. He assumes every time there is a question there is a motive behind it, that there is a bombshell, that there is a hidden agenda. I know that is how he treats this whole process. It is very much a game.

It is not an approach that is followed by everyone. I think if he understood that, he could relax a bit and enjoy the Estimates process a bit more, and we could all have a much healthier exchange. I will leave this section for now and pass it over.

Mr. Cheema: I think the minister did pick up something of what I have been saying for the last

three years, that the program evaluation has to be a major component of the organizations and certainly given the importance of the main heading in Estimates. It shows that this is an important area where the program must be evaluated, not to be left for 10 or 15 years without anybody knowing which direction they are going. It certainly has to meet the needs of the time and, as anybody would know it in health care, there is always need for changes.

I just want to go through some of the objectives. The first one is to develop and examine the broad health policies, and my question is going to be in relation to the health discipline legislation. The minister did bring Bill 5, the Mental Health Amendment bill. I am going to ask him, when can we expect the bill on the community mental health act?

Mr. Orchard: Mr. Deputy Chairman, you appreciate that we set up the major amendments committee better than two years ago to try to come around some of the major issues in the current Mental Health Act. There was not the expectation that that committee would be able to because it simply did not have the mandate to develop what has become known as the community mental health act, an act which would empower community mental health services.

What we are doing is, we have not even gotten Bill 5 passed and put into effect but, upon achieving that and getting some of the abilities in place and some of the improvements that Bill 5 provides, we will commence a process again of attempting to bring together some consensus around the issue of community health legislation.

I make no bones about it, and I think my honourable friend the member for The Maples will concur, that is going to be a very difficult and challenging process of legislative development. Saying that, I am not shying away from it. You know what we would hope to do, and I say this so my honourable friend can be prepared in anticipating the debate when we reach the Mental Health portion of this Estimates debate.

I would prefer to have action on community mental health services commenced without having to wait for an act which would guide the process. I think there is enough understanding in the community, enough desire in the community that we ought to attempt to proceed through the various phases of reform as quickly as we can with some

reasonable assurance of understanding and acceptance of the process, being part of the process.

Bill 5, hopefully out of the way in the next few short weeks, and then we will reconstitute a discussion group to try to flesh out the issue and to try to bring together some common position that might be incorporated in the legislation, but certainly that is not what is before the Legislature to date in Bill 5, and nor was it intended to be.

Mr. Cheema: Mr. Deputy Chairperson, I do not think I have difficulty understanding that Bill 5 is not a community mental health bill. I was simply asking—one of the objectives of this area is to develop further legislation. One of them is, the minister has expressed intention for a community—

Mr. Orchard: Mr. Deputy Chairperson, I want my honourable friend to differentiate this area of developing policies versus legislation, okay? There would only be an ability to give comment as to what legislation might do, but this is not the area where any of our legislation is crafted.

Mr. Cheema: Mr. Deputy Chairperson, it says in the lines—I was going by whatever lines are there. Certainly, I hope it is not out of order to ask that question in this line, how this government is going to develop the community mental health bill. The minister has explained in some ways. Certainly I know that the other ministries have to get involved. The Department of Family Services is going to be a very integral part of the whole process.

I just want to put our views on the record that, certainly, as I have done on Bill 5, we could have brought it in as a Private Members' Bill, but we do not have the expertise to do that. It is a very, very complex issue, and there is only one legislation, that is in Ontario, that was brought in by a private member. It ran into a lot of difficulties, and I think we could learn from that bill, at least have some ideas.

* (2310)

Certainly we will look forward to the minister bringing in that bill whenever it is possible. There is going to be a time frame—have to have a consultation because this bill could be very controversial and will definitely give us some real objectives in terms of the long-term objective for mental health reforms. I think that will be an important complement of the minister's mental health reforms. Can the minister tell us—I will not

touch this part now but—what other groups are seeking any changes in the amendments of present regulations. For example, if the dentists are seeking any changes or chiropractors are seeking any changes in their legislations? Can the minister give me some idea if any group has approached him to change some of the regulations as far as the statutory laws are concerned?

Mr. Orchard: The Manitoba Dental Association had communication with me, I think it was March or April somewhere in there, in an effort to have their act amended to reflect some of the changes which they believe are necessary for them to undertake appropriate disciplinary hearings and expedite disciplinary hearings.

We are unable to proceed with that legislation this session merely because of time constraints. My honourable friend knows that we have attempted to indicate to both opposition parties that our legislative mandate is before them. We give them advance notice and table some of the legislation as quickly as we could.

We are reluctant to swamp the session with yet another wave of legislation because that causes opposition parties to make the observation, as my honourable friend did last December where we could have brought in Bill 5, the amendments to the mental health act—it was a fairly significant bill with about 56 different clauses in it, and the decision was made that we would bring it in. My honourable friend lived up to his side of the agreement of trying to expedite its passage to committee and passage through the House, but it did get hung up in debate by the official opposition. We appear to be back on track and able to pass it.

The only other professional group that has approached me for legislation is the Manitoba Dental Association. We have had discussions with a number of other professional disciplines in terms of professional act status. None of those have put their request, to my knowledge, to myself to proceed with amendments or new acts pending a review on professional legislation status by the Law Reform Commission. I was going to say that we expect that report, but I am thinking of another issue where we expect the report from the Law Reform Commission midsummer. On the issue of professional legislation, I am not sure what their time frame for delivery of a report is. The only one that would qualify would be Manitoba Dental Association.

Mr. Cheema: Mr. Deputy Chairperson, that was going to be my second question. I think during the last month of 1990 there was a press release indicating that the Manitoba Law Commission would be having a look at some of the self-regulating bodies and how the government could have some changes which would reflect the need at the present time. The minister has outlined some of them, and I just want the minister to let us know if there is any other profession or organization going to be looked at by the Manitoba Law Commission.

Mr. Orchard: Are there any other issues and areas? The Manitoba Law Reform Commission is looking at the issue of informed consent. Within the context of amendments that are in Bill 5, there is the empowerment of decision making to family members, which is a new initiative, and we believe a progressive step forward.

There are some concerns that have been voiced by some observers of that amendment that we ought to proceed to the patient naming his or her advocate to the system. Under current statute we simply do not have the ability to do that. We have had discussions with those groups who have made the observation and indicated to them that we cannot achieve that in this amendment, in Bill 5, in these series of amendments, but that we expect to have that advice from the Law Reform Commission midsummer.

Without prejudging what the advice says, I am very interested in this, because it has even wider implications beyond naming a patient advocate. I hope it will, with reason, deal with the issue of the living will, for instance, and the individual's decision making in their own aggressive treatment, should they be in intensive care. Some have expressed through their living wills the open desire that no unusual intervention be used to sustain their lives. There is a question still of liability without that being empowered, some method or via some piece of legislation to give it force and effect. The Law Reform Commission is to give us advice on that this year.

I simply indicate to my honourable friend, I will really look forward to his examination of the Law Reform Commission and his observation as to whether their recommendations or suggestions might be appropriate and workable in the health care system, because my honourable friend has a perspective on the health care system that I do not have because I do not practise in it. I look forward

to his advice on that issue when we receive the report of the Law Reform Commission.

Mr. Cheema: Mr. Deputy Chairperson, definitely the minister has touched the one issue, how the total ethics and also the question of how to treat a terminally ill patient and who is finally responsible to make a decision. Those things are going to come. It is a very heated debate in this country and some other parts of the world, especially in North America and also in Europe, of how long a caregiver is responsible to provide the care on the basis of his medical knowledge.

Second is when do the families say we want to either stop treatment or we want you to carry on with the treatment. That is a very open debate, and who is finally responsible? Cutting off treatment at a particular point can be liable for a suit for the professional or the health care facility or the ministry of Health ultimately.

I think that is why those regulations are very important to come into place. It will not be permanent with the change in the times. Definitely, there may be some changes required. I think it was about time that the government took the right step last year to inquire about those things. We often deal with the daily issues, but these are very important issues.

Sometimes the media does not look for some of the wider issues. I think we, as the opposition, sometimes fail to bring those issues out which sometimes have more implication than say, a one-day wonder story. I think it is very important that we look at that issue with the aging population, with the family structure changing and so much stress on the families and also the health care professionals.

People are asking the question, how long can I take responsibility. It depends upon what your position is in relation to a patient, whether you are a care provider or you are in a health care facility or you are the legal adviser or you are the advocate, ultimately who is responsible? Then the role of all these advocacy groups coming out and saying this is wrong, directed at some of the families or some of the health care providers.

So I think some of the lines have to be drawn and made very clear so that at least the patients can, if they want to, make their living will—as the minister has said—to say I want to stop my treatment when I get this and whether that is ethically acceptable

and whether it is acceptable in the law. I think that is the issue.

The Canadian Bar Association and the Canadian Medical Association and also the professional groups are having a look at that issue, but then I am sure there are a number of issues of Charter of Rights. All those things are going to come up. I think it is a positive step, and we look forward to any reports from that law reform commission. Definitely, we will try to be as objective as possible.

* (2320)

Mr. Orchard: Mr. Deputy Chairman, I have listened to a number of individuals who have commented on how we approach the health care system. Observation has been made, and here is the very difficult issue to discuss. What my honourable friend said, I suppose if we wanted to operate in a purely partisan political environment, we could say my honourable friend is suggesting x, y, z, and he could do the same thing to me with comments that I am going to make now.

The observation that has been made by a number of physicians and other professional care deliverers and managers of the health care system is that really the system is, in some ways, topsy-turvy in that we spend just an absolutely enormous amount of resource in the last several days of some individuals' lives through a very aggressive intervention in the intensive care units where the issue has been to attempt to prolong life. The question has never been asked about what quality of life and what the individual's choice may well have been. The reason why some of the difficult questions, but I think necessary questions, have never been posed such as, do you want us to continue this regime—because bear in mind, the system is bearing the cost, individuals are not. So it becomes an emotionally attached issue.

I have had a number of people provide me with copies of their personal living wills where they have laid out the instructions very, very clearly so that their spouse or their family members or associates can make this available to the medical practitioner in the hope that, should they be in that unfortunate circumstance of extensive and aggressive intervention which is only going to prolong life, not save life, and not have an attachment of quality of life to it, that they would prefer not to undergo that. They want to save harmless the practitioner who says that this is the will of the individual not to be

attached to all of the monitoring and all of the high-tech intervention in an intensive care unit.

I think my honourable friend can understand that there is always the risk to the physician today who accedes to that wish as expressed in a living will that a family member could say, look, that was not the wish, and you end up in litigation. By far, the easiest decision that can be made is to continue with the aggressive treatment. That way no one can fault you from a malpractice standpoint.

I guess there are two questions that emerge. If the individual did not wish that to happen, why are we putting the individual through it, even though they may not be conscious of it going on around them? Secondly, amidst all of the competing demands with which we are daily faced in this system, is it an appropriate use of public funds?

Those two issues are going to be very much debated by all involved in health care delivery. They involve a complex dynamic of debate around the ethics, the morality of the decision, the legality of the decision. Who makes it? Who makes the final decision? Even if the final decision is made, that can still leave the physician or someone in care delivery in a very difficult decision-making position.

I think more and more individuals are wanting to have this open to public discussion, and that is why we asked for the advice of the Law Reform Commission last year. We think that there is adequate time and adequate opportunity for us to have that open discussion without taking, for a partisan purpose, observations, debate, discussion that we might have around the issue. It is simply too important an issue to all of us to get bogged down in maybe a partisan discussion of it.

We will have our differences around policy issues, and I will debate vigorously from time to time with the members of the opposition. On an issue like this, when I think it is truly one where we could distinguish ourselves as elected representatives if we dealt with the issue from a standpoint of what is good public policy in a publicly funded health care system, and how do we appropriately accommodate legal moral and ethical issues around such issues as patient consent and patient's final directives.

Again, I simply say I look forward to my honourable friend's observations on the Law Reform Commission report when it is available.

Mr. Cheema: Mr. Deputy Chairperson, I do not have in front of me some of the final reports from the

advisory network on care for elderly or other reports which some of the presenters may have made some presentations saying, you know—maybe touching some of the aspects of this issue. I think we need a more open dialogue on that in terms of the public participation, because the Manitoba Law Reform Commission will look at the legality point of view, but I think in terms of taking some input from the professional groups and the patient in the hospital.

Especially, the hospital administration really find themselves in a bind sometimes to make decisions sometimes even on behalf of the physicians, and say that this patient is 20 days on a ventilator, what do you want to do? If the physician says, well, it is my judgment, he or she will not be able to survive. Then they will say, why do you not switch off and say, well, I will consult another physician. So ultimately the two of them say it is okay, and then that is acceptable in terms of maybe the ethical issue, but not the legal issue. So it is still very open.

I think probably the minister should look at, in terms of setting up a working group other than the Law Reform Commission so—I do not think it is a study. It is an issue which would have input from many sections of the community rather than debating this issue only from a specific interest group.

I think we should look at it very seriously, because this is going to be one of the major problems in a few years to come with our aging population. I am sure the member for St. Johns (Ms. Wasylycia-Leis) would like to add something. This is a very important issue, and I would be very much interested to know how to commence. As well, as I said, this is one of the very, very nonpolitical things. It is a very, very ethical and moral issue, and every Manitoban, every Canadian in fact has to make some decisions on that.

Mr. Orchard: Mr. Deputy Chairman, I appreciate again my honourable friend's comments, and I think the point he made that this is not an issue that belongs to us in the elected form, this is really an issue for Manitobans to try and achieve as much knowledge around the issue, to try to guide a pretty informed public policy. Maybe my honourable friend from St. Johns might want to offer some observations. We are into a nonpartisan discussion here where we are not going to run out of committee and tattle tale on each other.

Ms. Wasylycia-Leis: Mr. Deputy Chairperson, I would just like to raise another issue under this section. We will come back to this friendly exchange, but I would like, since time is running out for this evening, to raise a matter that is becoming fairly urgent.

The minister departs very shortly for a meeting of federal-provincial Ministers of Health to discuss in the words of the new federal Minister of Health, the Honourable Benoit Bouchard, pressures which bear upon the financing and operations of the Canadian health system, the cost containment on the one hand and service expansion on the other. In his letter of May 31 to the Ministers of Health he has asked for an exchange of views on this whole area, something that is of concern, I believe, to all Manitobans. Given the fact that the minister will be leaving tomorrow evening or Wednesday morning for this meeting, I think it is important that we have a dialogue before he departs.

I am wondering if the minister could give us an indication of what strategy he is taking to that meeting, and if he could share with us a position he has developed vis-a-vis health care financing.

* (2330)

Mr. Orchard: Mr. Deputy Chairman, you know, my honourable friend keeps referring to a letter from the federal minister that I have received, and I have received a letter from the federal minister, and I do not know where in the world I put it. Basically, the letter from the federal minister does not get into issue specifics, et cetera. It is an invitation from the minister, and let me tell you that I am not treating this as an innocent meeting or an innocuous meeting. I simply want to tell my honourable friend that this is not the major meeting with the federal health minister that she is trying to build it into.

What is going on, as I understand it, is that the federal minister has responsibility for health and social development, and the social development ministers are meeting in Toronto. My colleague, the Honourable Mr. Gilleshammer, is going to be down there for a conference on Thursday, Friday, I believe.

The suggestion was made by the new minister that, because some other provinces have combined ministries of Health and Family Services or Health and Social Services; that being the case, some health ministers will be in Toronto and he wanted to see how many provincial-territorial counterparts

could also be present for a Wednesday night meeting. We have agreed and I believe there are only two provincial ministers who are unable to attend. It is a supper meeting. There is no agenda that has been advanced on the meeting, and I would sense that what we are trying to determine is what direction—what will be the mark of Monsieur Bouchard on the ministry of Health in Ottawa?

There will be, no doubt, the opportunity to bring up a wide range of topics, but bear in mind that over a supper meeting without staff, without the formal agenda and process that is normally part and parcel of federal-provincial, territorial, ministerial meetings that I would not, if I was my honourable friend, lay a great deal of currency on the decision-making that may well emanate from this particular meeting.

I am hopeful, and I wish to impress upon the new federal minister—and coincidentally there are going to be several new provincial ministers in attendance—the uniqueness of the experience that I have had as a relative newcomer to the ministry of Health. Although I guess now, I am second-longest serving Minister of Health on the council now. There is only my colleague from Saskatchewan who has served longer because there have been a lot of changes. That will be to the credit of the whole ministry.

I want to point out to the federal minister that I have never been involved with a group of ministers who put aside their partisan, political approaches because we have Liberal, Social Credit, Conservative and New Democratic Ministers of Health who are on the council. I have not met with the new Ontario minister, either the former one or the new one, so I do not know what to expect their contribution to be.

We have worked in a very, very nonpartisan and very co-operative fashion amongst the provinces and the territories to try to achieve workable solutions. It is that co-operation which raised the issue of health and health financing to the Premiers' and First Ministers' level. It was not much—I know, this will be much to the chagrin of my honourable friend for St. Johns (Ms. Wasylycia-Leis)—it was not the bleatings and wailings of opposition parties across the country, be they Conservative, Liberal, New Democrat or social—no, there are no Social Credit opposition parties that raised the issue to the national level—it was the initiative of the Minister of Health. That initiative took place prior to my getting

there, prior to 1988, because the process was well in tow.

The basic message that I want to give to the Honourable Benoit Bouchard is that we are a very focused, very cohesive, group. The reason we are is that you could take this discussion and the criticisms emanating from New Democrats and Liberals in Manitoba, transpose yourself 1,500 miles to the east in Toronto and find the same criticisms being heaped on the New Democratic Minister of Health by Conservatives and Liberals in opposition, or you could go to any other province and find the same kind of criticisms, because the dynamics around health care delivery do not vary very much between provinces.

All of us are challenged with the same kind of demands on the system, all the same kinds of questions, as to whether we are achieving value for service. I intend to impress upon the federal minister that we are a very focused and cohesive group. What we want is leadership from the federal government. That leadership cannot be in the form of their abandoning the responsibility to the national health plan. That is not leadership, that is far from leadership. That has tended to be the direction taken by the federal government over the last two years.

We find that inappropriate, and I think I can speak for all of my colleagues, Ministers of Health, across the country. I do not think there is a more appropriate time for there to be an issue around which we put aside partisan differences between the provincial territorial governments and the federal government and attempt, in a very, very co-operative, collaborative form to resolve issues that challenge all of us in the Canadian health care system.

So those in general terms are where I intend to open discussions with the federal minister. I also want to seek clarification from the federal minister as to what statements made by the former Finance minister, in tabling the last budget around the issue of consideration of legislation on national standards, means. I want to know what that means, because I make the position very clearly that if you are going to in some fashion impose standards on provincial health care systems, there is a commensurate, parallel, obligation of financing. I welcome that discussion. I think that opens the discussion in a very positive way.

Ms. Wasylycia-Lels: It may be a fairly informal meeting. It may be a supper meeting, but it clearly has a very specific agenda. The letter from the Honourable Benoit Bouchard, to all of the Ministers of Health, is very specific. He asked directly for, and I quote: It would help me to have the benefit of your views on the pressures which bear upon financing on operations of the Canadian health care system for cost containment on the one hand and for service expansion on the other.

It is clearly a critical time in terms of health care financing. It is very important for our Minister of Health (Mr. Orchard) and this government to be taking a strong message to any forum, to any meeting involving the federal government on health care financing.

I appreciate the words of the minister this evening. I am wondering if he can be any more specific in terms of any specific strategies he might suggest for a way out of this dilemma and the looming crisis in our health care system. If he is going to be suggesting a particular viewpoint in terms of a renegotiated transfer payment system, in terms of the proposal from a recent Minister of Finance's meeting on pursuing the tax point issue, and where our Minister of Health falls on those two issues and what message he will be taking to what I would consider to be a fairly timely and critical meeting with federal/provincial Ministers of Health.

Mr. Orchard: Mr. Deputy Chairman, as I indicated, I intend to make the observations, suggest the direction that I shared with my honourable friend earlier. I am not at liberty to share all of the discussion we may well have. I am certainly not going to give advance notice to the federal minister the strategies that I may use or may wish to discuss with him at the meeting Wednesday night. That is sort of like a quarterback saying to the defensive line of the opposing team that I am going to throw a buttonhole pass next. It is pretty easy to defend yourself then.

I will indicate to my honourable friend that unless we pass Estimates tomorrow, we may well be discussing Estimates on Thursday on my return from Ottawa. My honourable friend might wish to take an opportunity for posing further questions as to what did you say, and then what did he say, and then what did you say back, and then what did he say back? So we can have that discussion on Thursday unless we pass the Estimates tomorrow.

* (2340)

Ms. Wasylycia-Lels: We have a football analogy here. Not being at all conversant with football, I am sorry I cannot convey that.

I certainly want to indicate to the minister now that we will be using every opportunity to pursue this issue, and upon his return from this meeting, we will be asking for a progress report. We would have a lot more confidence and comfort in terms of the minister's words if we had seen, leading up to this point in time, some evidence of concern about the new federal Minister of Health's comments vis-a-vis the medicare system. I speak directly of his statement that he is not opposed necessarily to an asymmetrical health care system. We would have a lot more comfort if we knew that this minister had written to the new federal Minister of Health. Perhaps he has, but he has given us no sign of taking on the federal government and the federal Minister of Health on this very important issue.

I hope that, when he takes his message to the new federal minister of working collectively and co-operatively and focused, he is not afraid to tackle, to get into the analogy, this very difficult issue and express vehement opposition to the federal policy on health care financing.

Perhaps I could ask the minister, has he written to the new federal Minister of Health expressing concern about his comments, or at least giving him the benefit of Manitoba's position early on in his ministry?

Mr. Orchard: No, Mr. Deputy Chairman, I have not done that, but that reminds me, I am going to ask the federal minister one other question about what an asymmetrical health care system is. I hate to admit it but I do not know what that means. Maybe it is good, I do not know, but I am going to ask him what that means. If it is bad, I am going to tell him I do not think it is good. If it is good, I am going to tell him I do not think it is bad.

Ms. Wasylycia-Lels: We will look very much forward to that information upon the minister's return.

Mr. Orchard: Do you know what an asymmetrical health care system is?

Ms. Wasylycia-Lels: Yes.

Mr. Orchard: What is it?

Ms. Wasylycia-Lels: The minister has asked me a question. Now my understanding of asymmetrical

systems is the antithesis of what we certainly hope for our health care system and what we believe the minister's rhetoric to be all about and that is, different systems right across this country, systems that are not based on the fundamental principles of standards and uniformity right across this country. Perhaps there are other definitions.

I would look forward to hearing what the minister learns from the new Minister of Health and his understanding of what asymmetrical means, and further, what our Minister of Health's (Mr. Orchard) view of the new Minister of Health's definition of what asymmetrical means and the impacts of that concept.

I would like to—the minister has made it very difficult for us in the past to feel any confidence that this government has a concerted strategy in direct opposition to federal cutbacks on the health care front. Certainly, any time that this issue has been raised, each and every time that this issue has been raised, the minister has managed to deflect away from the crux of the matter.

He did that as recently as June 7 when I raised in the House the question of the recent report by the National Council on Welfare entitled "Funding Health and Higher Education: Danger Looming" and referenced the fact that in the estimation of this council the savings to the federal government and the loss to provincial and territorial governments was in the neighbourhood of \$97.6 billion. That, Mr Deputy Chairperson, is a low estimate in terms of all the studies that have been done on this very issue.

However, the minister chose to question rather than to accept this report as significant and important in terms of our collective opposition to federal cutbacks, chose to nitpick the report and to do it using incorrect—or certainly drawing the wrong conclusions from this report by suggesting that the projections for growth in this country were far higher than his understanding of growth in this country, and very much questioned the basis for a 7.5 percent growth rate that was used by the National Council on Welfare.

I want to ask the minister, since making those comments, if he has done some more research into this issue and come to the recognition that the normal growth rate of 7.5 percent used in that report is based on some very, I was going to say conservative, estimates. I think that is probably the right word considering that they are very much in line

with the predictions and the forecasting by the Toronto Dominion Bank and the Bank of Canada, whose projections in terms of nominal growth rate are not out of line with the 7.5 percent used by the National Council on Welfare.

Is the minister now prepared to accept this finding and the basis upon which this finding is made and to give credence to the arguments being posed by the National Council on Welfare and many other organizations involved in this issue?

Mr. Orchard: Mr. Deputy Chairman, my honourable friend develops a scenario, and she has used probably every report. I regret that I do not have some of the reports with me, but I will make sure I have them for tomorrow's debate, because I think there are some pretty fundamental issues.

My honourable friend tends to deal with financial projections in reinforcing her doom-and-gloom scenario. It happens to fit, I guess, where she wants to inform the public at large. I recognize that there are a number of projections that are out there, varying in their degree, but my honourable friend from time to time does not always bring all the information contained within those reports. There is one that I want to deal with and we will deal with tomorrow when we get to Estimates, because I think it would be most helpful for us to revisit some of the issues that are accompanying one of the documents that she tabled in the House last session.

On this one, my honourable friend develops and embraces to her bosom the figures of a \$94.6 billion, I believe is the figure, and indicates that those are an understated figure, that it is in fact more, I think is what she indicated in her figure. I simply cannot confirm that, because one of the things that I asked, and I realize that my honourable friend will find this offensive, one of the editorial writers for the Winnipeg Free Press found this offensive. When I saw the numbers developed I immediately asked myself, hmm, where do these numbers come from? What are the assumptions behind them? I quickly read on in a report and found that they were assuming a 7.5 percent growth rate. Somehow that did not strike me as being an accurate projection of growth rate, so I inquired. The information that I received was that for the decade of the 90s, the Canadian growth rate is projected to be some 2.7 percent.

I realize that is only 5 percent different or a multiple of 3 different, and there are those, including

my honourable friend from St. Johns (Ms. Wasylycia-Leis), who shakes her head right now saying, well, what does that matter if you are only out by a multiple of 3?

* (2350)

Point of Order

Ms. Wasylycia-Leis: It is obvious that this minister is never prepared to admit when he has made an error and put incorrect information on the record.

Mr. Deputy Chairman: Order, please. The honourable member does not have a point of order. It is a dispute over the facts.

* * *

Mr. Orchard: Mr. Deputy Chairman, I will provide for my honourable friend tomorrow the source of the 2.7 percent, but I believe it was part of the budget documents of Wilson's most recent budget. Maybe that is not good enough for my honourable friend, I do not know.

Point of Order

Ms. Wasylycia-Leis: Mr. Deputy Chairperson, on a point of order. The minister, if he had listened to my comments, will realize that we are talking about, on the one hand, nominal rate of growth which is the basis for the study by the National Council on Welfare versus the real rate of growth—

Mr. Deputy Chairman: Order, please. The honourable member does not have a point of order. If she wants to put in another question when the minister is finished, that will be fine.

* * *

Mr. Orchard: You see, Mr. Deputy Chairman, the country's economy is going to grow by certain percentage figures. There are projections which indicate what those might be. I think that, as imprecise a science as prediction of growth might be, that one would have to have—well, maybe one would not have to have—but I would think that, probably, the best projections of growth might be found in budget documents tabled by the Minister of Finance (Mr. Manness) wherein he indicates that they project, during the decade of the '90s to the year 2000, a 2.7 percent annual growth.

When you use a figure like 7 percent, you assume and carry through the principle that federal contributions shall be capped so that you do not

grow with the growth in the economy; you can end up with a substantial difference at the end of a 10-year stream if you use a growth projection of 7.5 percent instead of 2.7 percent. I mean, you triple the difference every single year under a capped scenario which is what has been projected by those, including in this report, who analyzed the system. That leads you to a projection in 10 years of some \$94 billion reduction.

I cannot possibly comment as to whether that is accurate, because I would like to see the stream developed under the same assumptions using the real growth rate projection of 2.7 percent. I would like to see that figure. It will be a significantly lowered figure. I will not have any lesser impact on the monies we have to spend, because if the formula remains in place, which is the issue, of the extended capping of the formula, if that remains in place; it does not matter whether our economy grows at minus two or plus 20. We are not going to benefit from that, as we have in the past, with participation in shared growth in revenues. That is of concern. We have made no bones about that.

Surely my honourable friend must want to enter into an argument with figures that are defensible. Why would my honourable friend want to use figures of annualized growth projections of 7.5 percent when I do not believe anybody anywhere in Canada is saying we are going to have 7.5 percent growth rate every year during the decade of the 90s.

I have individuals out there in the farm community and in the local business community who say 5 percent growth, 7.5 percent growth, I wish we were only decreasing by that amount. Who in the world is increasing by that amount? They do not add substance to your argument. If there is such a difference between 2.7 percent, which is the average growth real projected by the Minister of Finance in his last budget documents, those will give a different stream of figures. The issue exceeds the numbers that you can crank out for whatever purpose. The issue is whether the federal government is wishing to continue the capped contribution to provincial health care funding.

We have said, without equivocation, that we do not believe that is appropriate federal fiscal policy to help finance health and education. We will continue to say that. Whether that has any more impact by our saying it tomorrow as it did yesterday, two years ago, four years ago, six years ago, because you have to remember this issue goes back to 1975,

when Mr. Schreyer, Mr. Barrett and Mr. Blakeney were three strong Premiers who allowed this system to be negotiated away by Trudeau. It was not the current Premier. It was not even Mr. Pawley. It was not even Mr. Lyon. It was Mr. Schreyer, Mr. Blakeney and Mr. Barrett, because they changed it from a legislated formula to a funding policy which could be changed without negotiation with the provincial government, unilaterally by the federal government.

That is the legacy that we are dealing with from 1975-1976. I know my honourable friend does not want to deal with that, because that happens to be during the hiatus of the NDP in western Canada, where they had a lot of influence on federal policy, and that was the result of that influence on federal policy in '75-76. We are still wrestling with the outcome of that through different governments, both Liberal and Progressive Conservative federally, who have unilaterally changed the formula and have been able to do that because of concurrence by Mr. Schreyer, Mr. Blakeney and Mr. Barrett. I know my honourable friend will want to discuss that tomorrow.

Mr. Cheema: Mr. Deputy Chairperson, I will use my two minutes left. I will definitely continue with this issue tomorrow, but I think it is a very complex issue. I do not think three members in the Legislative Building can really make much difference on the whole issue. It is a very, very complex issue.

Many organizations, many advocacy groups have put forward the proposal that basically the federal government has taken a very irresponsible attitude and it is not going to change. So far the response is, they will not change. The question here is, No. 1, is the federal government going to maintain the national standard, and how are they going to do it? Those are the issues and whether you want to change this formula or that formula or how much the growth is going to impact. Those things change so much. I think we have to have something from the ministry of Health. Are they going to take responsibility for the national standards? I think that is the issue, and tomorrow we will discuss it from there. Thank you.

Mr. Deputy Chairman: The hour being twelve o'clock, committee rise.

SUPPLY—AGRICULTURE

Madam Chairman (Louise Dacquay): Order, please. Would the Committee of Supply please

come to order. This section of the Committee of Supply is dealing with the Department of Agriculture Estimates. We are on page 15, 2. Manitoba Crop Insurance Corporation (a) Administration \$2,604,000. Would the minister's staff please enter the Chamber?

2.(a) Administration \$2,604,000.

Ms. Rosann Wowchuk (Swan River): Madam Chairperson, I would like to ask the minister a couple of questions relating to GRIP and Crop Insurance. The minister had indicated that if you were behind in your crop insurance payment you would not be able to get into GRIP unless you made up that payment or a portion of it.

Can the minister tell me, if there are a father and a son who are in crop insurance and the son is behind in his crop insurance payment but the father is not, is the father allowed to go on with GRIP or are they both required to have their crop insurance payment made?

Hon. Glen Findlay (Minister of Agriculture): Are you talking separate crop insurance contracts or the same crop insurance contract?

Ms. Wowchuk: I would suppose that they would have separate crop insurance contracts.

Mr. Findlay: Madam Chairman, they are treated separately then.

Ms. Wowchuk: As more and more women get into nontraditional roles and want to get into farming and into agriculture, we are finding that there are women who are not able to get crop insurance on their own. As a result of this there have been a few cases where the woman has had to take crop insurance with her husband or a daughter has had to take crop insurance with her father. These same rules do not apply to sons and fathers.

Can the minister tell us whether he is willing to change these rules and whether or not women are going to be able to get crop insurance on their own and whether or not these men who choose to have crop insurance on their own without their wife's property being involved are allowed to go into GRIP, because one partner has not paid their payment they are not allowed to go into GRIP?

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

Mr. Findlay: When any person, male or female, no matter what their relationship to anybody else is, makes an application for a crop insurance contract, the application is reviewed by the corporation. If

there are any questions on the application as to whether they are completely independent of all other people, they will be submitted to an eligibility committee. About 800 applications per year go before the eligibility committee which consists of two corporation people, two Department of Agriculture people.

In terms of what they are looking for is for complete separation and an independent unit. It not only applies to the situation she mentions, the husband and wife, it applies to brother and brother, father and son. They are all scrutinized equally, the desire being to have one crop insurance contract where there is one farming unit.

In the case of husband and wife, it is probably a little more difficult to show complete financial and management separation so that there is deemed appropriate to have separate contracts, but the same process applies to that situation as to two brothers or a father and a son.

Ms. Wowchuk: I guess I have a little bit of difficulty with that because I know of many cases where there are brothers operating who share equipment, fathers and sons who share equipment, have separate land but are able to get two contracts. They are able to identify separate operations.

There are cases, and the minister knows full well which case I am referring to, one in southern Manitoba, the Pat Roth case, where they have proved, and they are quite comfortable with the fact, that they have separate operations.

There is another woman in eastern Manitoba, and her name escapes me at the moment, who has decided to go into farming but she has been denied crop insurance, and her land has been put on her father's claim. I think that we are at a time when we have to look at these. If they are not viable operations, I can agree with the minister on that, but I think that some of these people feel like they are being singled out because they are husband and wife.

There are many cases, and I can identify cases in my own area, where a husband and wife were farming but they had their own land. They were able to get crop insurance and, as well, are not denied GRIP at this time, but it is unfortunate in this day and age, in the '90s, we have to look at this the way we are.

I would ask the minister if he would look at this, or ask his department to look at it a little more broad

mindedly. If these people are looking to set up separate entities, separate businesses that they be given a fair break just as brothers are given or two sisters, whatever, because there are cases in the southwest corner of the province as well.

Mr. Findlay: The reason why the Crop Insurance Corporation a few years ago wanted to have one contract with one farming unit—it did not matter who the people were involved—was that if you had two contracts and one farming operation, there was certainly the opportunity to have grain in one contract one year and not in another and vice versa down the road.

It increased a degree of the potential for abuse of the program. So there was a desire to have one contract for one farming program. Over the years they have attempted to get that way. The cases she mentioned—she said she knows two brothers who share equipment. Well, they may have completely separate operations financially in terms of the management, in terms of the bookkeeping, in terms of the income tax, but they may share equipment. There is nothing wrong with that. That does not mean they are dependent on each other. Lots of that is going on between nonbrothers who are contract holders, too.

* (2010)

With regard to women wanting to be independent, we have a number of women who are farmers who, on their own right, apply for crop insurance just like a man does because they are the sole operator. In 1988, there was obviously a desire to be able to show independence. An application form was worked out for a person to fill in to see if there was reasonable separation from somebody else. The application form was run by the Human Rights Commission. They approved the process of the application so that if the person went through that you were not asking questions that were violating human rights.

We have about six cases now where women have been given crop insurance contracts who have proven separation from the husband in terms of the management and the operating of the farm. It is an ongoing process of filling out the form, being able to prove independence and then being granted a crop insurance contract if that independence or separation from the husband or the person they are living with is proven.

Ms. Wowchuk: Mr. Acting Chair, I guess in the cases that have been brought to our attention these people do have separate land holdings. They do file separate income tax. Grain is stored in separate bins. In their minds they feel that they are separate operations. However, because the Crop Insurance board does not feel that they are independent—their land has been put on their husband's property or their father's property—now that person has been denied GRIP, because they have not paid for the crop insurance premium on the land that they did not want on their application anyway.

So I ask the minister to look at that again, and if he would, that would be appreciated.

Mr. Findlay: Mr. Acting Chairman, we continue to look at it. As I say, the procedure is there, and we try to make the procedure as lenient as possible. I just caution the member that if we get overly lenient and we have too many contracts where there is potential joint ownership of the crop, it will require a lot of preharvest appraisals which increases the administrative costs again.

If Human Rights says you must give contracts to all spouses, well, then we will be into it and we will be into additional administrative costs. There is no question. We are trying to be open-minded on it. That is why the process was set up, to satisfy the desire of people to be separate and also satisfy the desire to maintain all the accountability that we can in operating the program.

Ms. Wowchuk: I am quite sure that if the process would be opened up, there will be many of us that are not interested in applying for separate claims, but there are those that are, that want to apply for it. I think we have to have that leeway there.

Just on the same area of crop insurance, I have one other question for the minister and that is in the big game damage compensation.

Has the program changed? The reason I ask if it has changed is I have had a constituent of mine who was concerned that there is no coverage now for damage if grain is in a bin and the bin is damaged by wildlife. Was that part of this program or is that somewhere in Natural Resources? They have been told that the policy has changed. If elk or moose or deer damage a bin and grain gets damaged, there is no more coverage for that anymore. Is that a change in this policy?

Mr. Findlay: In the past, Natural Resources was responsible for big game damage. We are now

taking over both the assessment of the damage and the claim payments. In the past, when Natural Resources had the responsibility, we still did the claim adjustment. They made the payments, but we are taking it over now.

You would have to ask Natural Resources, but we do not believe that grain in a bin was covered for big game damage. We believe it was just in the field. -(interjection)- Well, it is changed in terms of it has gone from Natural Resources' responsibility over to ours in terms of assessing damage by big game in the field, in terms of a crop in the field. Once harvested, then it is not our responsibility, I guess. It is back to still in Natural Resources' hands in terms of handling grain that is in a bin. That is our understanding.

Ms. Wowchuk: Could I ask the minister if his staff could give us some further information on that? When we have checked with Natural Resources, they say it has been a policy change and grain in a bin was covered, but is no longer covered. So if we could get some clarification on that, please, later.

Mr. Findlay: We will get a confirmation on those categories. You are probably right, but we will confirm it.

The Acting Chairman (Mr. Sveinsson): Item 2.(a) Administration \$2,604,000. Shall the item pass?

Mr. John Plohman (Dauphin): I just wanted to ask a couple of more questions of the minister on the feed lab service to MCIC. I had asked earlier about the fees and the volume of service that was provided by the feed lab to the insurance corporation. We are talking about some \$112,000 worth of business that was put in place since 1988, I believe, yes, under the federal-provincial agreements. Is there more than one agreement that the service is required under, or is it just a livestock insurance program or does it involve the forage program as well?

Mr. Findlay: The quality factor applies only to livestock feed security.

Mr. Plohman: I want to ask the minister in his capacity as Minister responsible for Crop Insurance, is the Crop Insurance Corporation satisfied with the service they are getting from the feed lab?

* (2020)

Mr. Findlay: In terms of the measurements required by crop insurance to assess quality, the procedures are in place and the quality of service

with regard to making those measurements is quite adequate.

Mr. Plohman: Mr. Acting Chairman, can the minister advise what kind of turnaround time is required by the Crop Insurance Corporation to meet the needs of the farmers? What do they actually get in terms of response from the lab?

Mr. Findlay: Mr. Acting Chairman, our understanding is that the normal turn around time is around two weeks when sample numbers are not at their peak, but in peak periods it is going to be a bit longer than that.

Mr. Plohman: I understand they use a process that is not available in many jurisdictions, which is the near infrared analyzer and that this is not available in other jurisdictions.

Can the minister indicate whether the Manitoba Crop Insurance Corporation feels they could get this kind of service through the dry method of analysis in an expedient way from other options, if it was no longer available from the feed lab that is in place at the present time?

Mr. Findlay: Mr. Acting Chairman, the NIR spectrophotometer is owned by the government and crop insurance is getting those analyses done at the feed lab, so the NIR, the equipment, is owned by the government of the Province of Manitoba. It is a piece of equipment that does a good job of doing those kinds of analyses. We own the piece of equipment at this point.

Mr. Plohman: Yes, I understand that, Mr. Acting Chairman. I understand that lab is at the present time and has been under the operation of the department. Is it Soils and Crops Branch that operates that?

An Honourable Member: Animal Industry.

Mr. Plohman: Animal Industry Branch. I will ask more questions about that in that section but I just wanted to—from the point of view of crop insurance, and I realize the minister is wearing two hats here. He is responsible for the feed lab on one hand, but he has officials of crop insurance and a corporation, a major corporation, as a major client of the service that he is running on the other hand.

I do not know how objective he can be on this, but I want to ask him anyway, what safeguards the Manitoba Crop Insurance Corporation would require if they were giving advice to the minister on privatization of this, because the minister has

indicated privatization is planned for the feed lab. He has not indicated it here today, but I understand that part of the budget process. What safeguards does crop insurance have to ensure that the analysis, which is a major part of the work for that lab, is done in a timely way and is done in an unbiased way, completely professional? I understand that the staff from Crop Insurance are satisfied with the service they get now. They are satisfied that it is accurate and professional and so on, and I wonder whether they have any concerns or any advice that they would give the minister with regard to privatization. What kinds of safeguards would they want to ensure or in place if that lab is privatized?

Mr. Findlay: Mr. Acting Chairman, if the member is implying that there are certain safeguards that would not be in place, please name them. There is no reason to say that the persons operating the equipment now or some other persons that might operate the equipment later would do any less or better of a job. He even used the word unbiased. A producer might say, since the government is doing the analysis they might be biased. He would prefer to see the analysis done by an independent person who is not in the employ of the government, and that might be a desirable position, to have the persons doing that independent analysis not to be employed by government. If he is implying, insinuating in some way that there is bias or not bias, I would like him to be more specific.

Mr. Plohman: No, I did not insinuate. I said that the current system is unbiased, and I used the reference of August 3, 1990 when the Manitoba agricultural feeds analysis laboratory was given an award for outstanding achievement by the Association of Official Analytical Chemists. I would assume that it is highly recognized across Canada, that feed lab, by this award that they got only less than a year ago.

So I want to know what safeguards, and the minister may have discussed this already with Crop Insurance—they are only one client. There are many other clients, there are many farmers who are clients. There are other—well, maybe the minister could provide—I do not want to get into that full discussion on the lab at this time. That is why I am asking the very narrow scope at this time, as it applies to the Crop Insurance Corporation, as to what kinds of things would be of concern to the Crop Insurance Corporation if this was privatized.

Mr. Findlay: Previously, he had just been getting TDN measurements, Total Digestible Nutrients, and now getting in addition to Total Digestible Nutrients palatability of the forage samples, and that is how they determine quality. So the process of having the NIR has improved the ability to do the quality analysis, and the use of the equipment is a critical factor.

Mr. Plohman: So the NIR system, if I understand what the minister is saying, would be pretty well essential to be doing the analysis in the future and that is one of the stipulations that Crop Insurance would want. Is that what the minister is saying?

* (2030)

Mr. Findlay: That is right.

Mr. Plohman: Is there any other concern that MCIC might have with regard to the ownership in private hands of such a facility and equipment? Again, sensitive testing being done, very accurate I understand with the NIR system and very quick, but certainly important to have in the hands of a reliable, trusted company. Is there any other aspect of the process and the testing that would be of concern to Crop Insurance Corporation as a client, if the minister proceeds with perhaps selling this to a private company?

Mr. Findlay: In terms of turnaround speed for the corporation, it might be desirable to have the lab located somewhat closer to the Portage head office than what it presently is.

Mr. Plohman: Of course, that does not have to be done through change of ownership, obviously. Is the minister contemplating then moving the lab closer to the head office of the Crop Insurance Corporation?

Mr. Findlay: Mr. Acting Chairman, the member indicated he would talk about this in the appropriate section. In the process of people being interested in the feed lab and the soils lab, there is quite a broad spectrum of interest, and there certainly is interest in and around the city of Portage in taking over those services. We can discuss it more later but, obviously, if it was located in Portage in other hands, it might be better for the turnaround time for the corporation because they are, really, in terms of the single client, the largest client for the feed lab.

Mr. Plohman: I will leave the rest of this discussion till we get to that section of the Estimates.

Mrs. Sharon Carstairs (Leader of the Second Opposition): Mr. Acting Chairperson, is this the point where the minister wants to discuss the NISA program, or does he want to discuss it at a later time in the Estimates?

Mr. Findlay: Mr. Acting Chairman, it might be appropriate to discuss it at about 6., 7., or 8. Anywhere in there would be more appropriate.

The Acting Chairman (Mr. Sveinson): Item 2.(a) Administration \$2,604,000—pass; 2.(b) Premiums \$15,000,000—pass.

Item 2.(c) Gross Revenue Insurance Plan \$43 million. Shall the item pass?

Mr. Plohman: I have one question here, Mr. Acting Chairman; \$43,000,000 based on what here in this line, maximum possible payout? What would the variables have to be in order for the minister to spend \$43,000,000? What sign up? Now that he knows the sign-up—he did not know it when this figure was put in. Is it an appropriate amount?

Mr. Findlay: Mr. Acting Chairman, the figure is determined on the base of 75 percent of the acres involved, and the figure on the line represents the figure we calculated less the 10 percent of premium the federal government is going to pay on our behalf.

So the rule of figure, if we were paying all of the provincial portion, would be about \$47.8 million. Take 10 percent off the \$47.8 million, and you end up with \$43 million. That represents 75 percent of the acres.

Mr. Plohman: So if the acreage, even at 67 percent of the farmers signing up is at 80 percent, as the minister indicated, he might be a bit short on this.

Mr. Findlay: Certainly, there is another major factor that we do not know yet and that is the initial price of grain, the Wheat Board's initial price of wheat. If it is lower than we first—I guess we were thinking—that will determine the amount that the farmer gets at the marketplace.

If we were to take everything we know today and say the difference between 75 and 80 percent could be as much as \$2.8 million additional needed in this line, we will know better as time goes by. We do not think that we have underestimated the figure.

Mr. Plohman: Just to clarify then, this \$43 million represents the provincial share of the premiums based on 75 percent of the potential acreage in Manitoba being covered by this program. If the

price of grain or price of wheat is lower than what? What was this based on, \$2.50, \$3.00, \$2 or what?

Mr. Findlay: Mr. Acting Chairman, I am sorry, I was thinking payout when I was saying that. This is in terms of premiums, so it is really the percentage participation that will be the critical factor that will influence this. I say it might be as much as much as \$2.8 million more in premiums on the province's behalf. The total 25 percent would represent, as I said, \$47.8 million. Then the total premiums paid—you multiply that figure by four, so it gets you up around \$190 million of premiums from all three partners.

Mr. Plohman: The minister was confusing there. The payout from the program, and there is not going to be a greater liability to the province this year. This will be part of the unfunded liability if it is over and above in future years. Is that correct?

Mr. Findlay: Yes.

Mr. Plohman: Okay, thank you, Mr. Acting Chairman.

The Acting Chairman (Mr. Sveinson): 2.(c) Gross Revenue Insurance Plan \$43,000,000—pass; 2.(d) Big Game Damage Compensation \$200,800—pass.

Item 2.(e) Canada-Manitoba Waterfowl Damage \$200,000. Shall the item pass?

Mr. Plohman: It is not strictly under this line, Mr. Acting Chairman. I want to know before the minister's officials leave from Crop Insurance—and this line would mean the completion of this area—just a question that I had forgotten to ask earlier. With the coming in of GRIP, were there any major changes in the crop insurance portion of the program this year in terms of coverage?

I received, of course, copies of the Orders-in-Council and all the regulations covering GRIP and Crop Insurance, rather lengthy documents on it, and just in a brief synopsis, can the minister indicate whether there were major coverage changes?

In other words, was Crop Insurance watered down at all in terms of coverage? Was it dropped? There was some feeling by producers who I talked to that the coverage under Crop Insurance was dropped quite a bit now that GRIP was here, for the revenue portion. I just wanted to know if there was a major change there?

Mr. Findlay: Mr. Acting Chairman, in terms of the structure of the program, no major change in Crop Insurance itself, but crop insurance is bushels times market price, and the market price clearly fell from last year to this year. So from a producers point of view, the dollars per acre he would have in crop insurance, or for that matter in hail spot loss, would be substantially lower than a year ago but it is strictly due to market price and that was going to happen regardless of whether GRIP was in place or not.

* (2040)

Mr. Plohman: Okay, and one last question to the minister. Could he indicate whether any of the programs under Crop Insurance, including the Canada-Manitoba Livestock Feed Security Program, are going to be discontinued or have a termination date, or are they the plan of the government to continue all of these programs? Are there any that will be ending in 1991 or '92?

Mr. Findlay: Mr. Acting Chairman, there are no automatic terminations or no program terminations in place at this time. The only program that there is maybe some discussion about in a minor way at this time is the level of interest in the honey program. It does not seem to be all that high but there is nothing decided on it, or any other program, with regard to any potential terminations at all.

Mr. Plohman: Mr. Acting Chairman, I just mentioned to the minister that several of my constituents have discussed the need for the honey program for a number of years before it came in, and so I just raise that with the minister that there is a lot of interest, at least that I could detect at that time. I do not know whether it has fallen off because the program is not meeting the needs, or whatever, but it is certainly a concern that Canada needed to have such a program to protect honey producers the way that Americans were protected and were at an unfair advantage over Manitoba producers without the program.

Mr. Findlay: The corporation is going to carry on discussion with the Manitoba Beekeepers' Association, but right now the participation has dropped down to 10 producers. We would say there are about 200 producers in the province, so participation has been dropping off. There have been ongoing and continuous discussions with the Beekeepers' Association. We will get them going again to see what the real reasons are and, if there are ways in which the program can be altered in

some reasonable fashion to meet their needs, that will be done, but so far the interest has fallen off quite a bit.

The real interest of the beekeepers is really tripartite and the price protection, it is not so much the production protection.

Mr. Plohman: In closing this issue, the minister might consider the number of hives, the threshold required. I know he is doing it in discussion with the Manitoba Beekeepers' Association, but I understand it might be, what?—100 hives to qualify for this program?

An Honourable Member: Fifty.

Mr. Plohman: Fifty. I do not know whether that is an appropriate number or not, but there are a lot of smaller producers of honey that would not be able to qualify under that threshold. It is something to consider.

Mr. Findlay: That threshold figure was discussed with the honey producers. When you get down to 10 and 20 and 30 hives, you are really looking at, somebody is doing it for a hobby and their desire for crop insurance, they are not in the least bit interested. They are doing it more for the fun, producing their own honey and honey for their friends.

The Acting Chairman (Mr. Sveinson): 2.(e) Canada-Manitoba Waterfowl Damage Compensation Agreement \$200,000—pass.

Resolution 7: RESOLVED that there be granted to Her Majesty a sum not exceeding \$61,004,800 for Agriculture—pass.

3. Manitoba Agricultural Credit Corporation, Administration \$3,692,300. Shall the item pass?

Mr. Plohman: Mr. Acting Chairman, this is another important area of the Estimates, a major expenditure. I know the minister will have his staff coming in shortly, at a time when we are facing record agricultural debt in this province, up some 6 percent over last year, according to Statistics Canada figures, I guess, or the figures put out by agricultural statistics, Economics branch. It is certainly an area that deserves some scrutiny and attention, and I would hope the minister would be able to discuss the Farm Mediation Board as well as the Manitoba Agricultural Credit Corporation all under this area.

The minister has said that a Young Farmer Rebate and guaranteed operating loans and so on

has provided a great deal of benefit to farmers, young farmers, those who are most vulnerable during these difficult and troubled times in agriculture with the commodity prices as they are, yet he points to a drop in the number of cases before the Mediation Board and the drop in the take up of the operating guarantees by farmers to indicate that farmers are not in trouble to the extent that they were in previous years. Recent stories seem to bear that out that the federal Farm Credit Corporation feels the same way, that perhaps the pressure is off, and yet something is wrong out there because we still have record farm debt according to the latest statistical information.

The recent study that was done by the Farm Credit Corporation, the farm survey, in 1990, showed that a very small percentage of the farmers are carrying the massive part of the debt, mostly younger farmers with low equity are carrying far and away the greatest proportion of the debt. So the whole farm debt is skewed towards those younger farmers, and therefore you have a whole section of farmers out there who are really not in a lot of trouble, relatively good health, and you have another sizable group who are in serious financial straits insofar as their ability to weather the storm of low commodity prices and the natural disasters that we have faced in the last number of years.

I feel that we still have, because of the record debt being borne by fewer and fewer farmers, a very serious problem out there. Even though the minister says the Mediation Board, the numbers have dropped coming to the Mediation Board, and that 70 to 80 percent of the farmers who go before the Mediation Board stay in farming. I think that is worth exploring to some extent, because it seems to me that from the information that I have from individuals and so on that the Mediation Board is really presiding over major liquidation of most of the farmers who come before it. There are large portions of the farms that are gone by the time they leave the Mediation Board, and in many cases what is left is hardly viable in terms of the longer-term potential for that farmer and his family or her family to continue to operate in the years ahead. There is not enough done on the right down side to ease the pressure on the farm family and allow them to continue to maintain their holdings and develop them into a viable farming unit.

I would like the minister to make some comments on some of those angles. I know that he has

responded in Question Period and so on, and generally my impression is that he feels that we do not have a real debt crisis out there anymore, and I would like him to comment on that situation at the present time and then pursue some more specific areas with him.

* (2050)

Mr. Findlay: Mr. Acting Chairman, certainly the issue of farm debt and the ability of farmers to handle it, the ability of farmers to be able to maintain their assets, is an issue that touches a lot of people's hearts. Really, it sometimes is emotional. Yes, I have made claim to the fact that there are certain signs of success in terms of less applications to the Mediation Board either under Part III or Part VI of the act. There is a 75 percent success rate in terms of settling people's debt crises when they come to the Mediation Board. They come there with virtually zero net worth and leave with settlements which average net worth in the vicinity of \$75,000 through the process of the mediation which, obviously, often amounts to some degree of write-down to somebody who gets involved in it, whoever the creditor is in the situation.

The number of people who are successfully handled by the Mediation Board—I said 75 percent of the people who apply—roughly half of them leave with a guarantee in place. The guarantees that are called in the following years—three years ago the rate of call was 87 percent; two years ago it was 50 percent; and last year it was 27 percent of the people with guarantees actually called on all or part of the guarantee.

Certainly there are indications in terms of rate of account payment. Our accounts in arrears is the lowest it has been in each of the last three years with MACC. Particularly, the young farmers who qualify for the rebate or the four percent interest break, they are doing a better and better job of meeting their commitments in November of each year. You look at the comments from the various private financial institutions, you will see that their degree of arrears are down. The FCC's degree of arrears are down, so people are able to meet their debt commitments and doing a better of it than they used to be.

One could claim that maybe some of the worst cases have gone through the system in the last three or four years, and now people with debt are able to manage it, and they structurally understand how to manage it. Some have learned that on their

own. Some have gone to financial counselling in a variety of places, whether it is with farm management specialists in the department, whether it is the Mediation Board. People, wherever it is, are getting a better handle on how to cash flow their commitments. I dare say that the vast majority of farmers who are successful in that are those who control their expenditures in terms of entering into new debt. Over the last two or three years, they have wound down as much as they can their old debt, and they countered as little new debt as they could in order to run their operations.

In terms of earlier discussion today, and I was talking about farmers being able to control their costs, this is one of the major things to do, control the degree of capital that you have borrowed, so you can decrease your liability both in terms of paying of interest or being unable to meet your debt requirements and then losing either the equipment or the land.

There are a number of signs that farmers are doing a better and better job. I want to remind the member, he often talks about write-downs and all this sort of thing like it is some magic wand that will solve a person's problems. If you did that, if government stepped out and did that, I would not be surprised if the private sectors withdraw from lending. That is what happened a few decades ago in this country.

It took about three more decades for the private sector to get back into lending into the farm community. Any farmer I have ever talked to about that, their concern is exactly that. They need the capital. Farming is capital intensive. They need to have the ability to borrow the capital at reasonable interest rates. If some government moves in anywhere in this country to do that, to legislate mandatory write-downs, they will lose the private sector from farm lending. There is no doubt about it.

We often take the example: You go back 20 years; you take two people, both 22 years of age. One starts up on a farm and says, I am going to go for it. I am going to buy the biggest and best. I am going to have lots of land and lots of this and lots of that, and I am going to do it on borrowed capital. They rolled along for a few years and did very well.

The other fellow, he decided no. He is going to follow his father's advice and says, if you cannot pay for it, you do not need it. Those people have

practised that principle. They did not get as big, but today they are saying those kind of comparative examples. The guy who did not get big and fast, it took him maybe 20 years to get himself up to a section and a half of land and did not engage himself in any capital debt of any magnitude, is the more successful farmer today. He does not have liabilities.

The guy who did not control his debt situation, did not meet his commitment, and loses his land or is on the verge of losing land; you would walk in and write him down. You are using the tax money from the good guy to look after the guy who did not do a good job of managing his affairs. You are never going to do anything that is fair in that respect if you entertain that sort of thought.

The farm community, as far as I am concerned, does not want that sort of action. They believe they can and will be able to manage their affairs. They would like lower interest rates, and they have achieved somewhat lower interest rates over the past year. Anybody that is in a position of renewing mortgage interest rates right now is certainly in a somewhat better position than he was a year ago. His operating loans interest rates are down. From the point of interest rates, things have improved. In terms of GRIP as a risk protection mechanism and tripartite programs in red meats, there is a greater stability to income and cash flow. It helps the farmer be able to meet his long-term capital commitments and his interest payments that are coming up.

Mr. Plohman: Mr. Acting Chairman, my understanding is there has been a slight drop this year in applications coming to the Mediation Board, but the Farm Debt Review Board has not had a drop in its applications. I do not know if the minister has those figures for the farm debt for the federal Farm Debt Review Board, but indications are that there has not been a drop there.

I caution the minister about looking at too narrow a view. It may just be a blip that is accidental and happens from time to time, and in the next year it may be way up again. There is no trend there because it was higher the year before and then down slightly this year. It could very easily be up. I would not put too much stake on it if I was the minister.

He talks about a 75 percent success rate. On what does he base success? I mean, is the person, is the farm family, when left, after going through the mediation process, in 75 percent of the cases, a

viable family farming unit, or do we have a person with a quarter section of land with a house on it and largely debt free but not able to do anything with it, certainly not being able to farm and make a living?

I asked first of all about whether the minister had the comparative figures for Farm Debt Review Board as compared to the Mediation Board and then, secondly, what is he basing his 75 percent success rate on? He said that on average they have gone from zero percent to \$75,000 net worth. So I would take from that he said 75 percent of the applicants who come before the Mediation Board end up with on average \$75,000 net worth as opposed to the zero net worth that they had when they came. I do not know if I am reading that correctly, but I wanted to ask the minister, what does he mean? What is his criteria on success? What is success defined as? Is it a farmer coming out with no debt, but with one quarter section of land and his home on there? That may be successful in terms of keeping his home quarter, but what can he do with it? Can he actually have a viable farming unit?

* (2100)

Mr. Findlay: Well, Mr. Acting Chairman, the member has heard me give these figures before in terms of the number of cases that come before the Manitoba Mediation Board, and he says, a slight decrease. Well, the number of cases that came in '88-89, 318; the next year, 308; and this year, 217. It is really a drop to two-thirds. It is a full one-third drop. That is something more than slight.

He asked the question about what we deem success. Success means ending up with a farm operation, obviously with less land base, because some of the land was traded off, sold back, written down, and the farmer ends up with what is deemed to be a viable unit. Viable means it is something he can live on. You are better off in many cases to operate with less land and little or no debt than a whole bunch of land and a lot of debt. You do a lot of work and all you are really doing is paying principal and interest.

In some of the cases they may, in terms of viability, have a small holding that they actually own but, in terms of leaseback options and leasing of land, the size of the holding can be made a viable farming operation. In terms of the comments I have heard from some people who have gone through the process, they spoke very highly of it. It gave them an opportunity to have a second shot at it from a

much improved position in terms of their liability. You are into debt, you are paying a lot of interest and principal, you are having a hard time meeting those commitments that just seem to go on and on. It is like a burden.

Somebody can show you how to get away from some of it, to lessen your exposure and improve your chance of survival. It is a great mental relief to get into that position. A lot of farmers find that, by going through the mediation process. You may deem it terrible that they are operating with less land, but for the guy who is there in terms of being able to survive with his chances improved significantly, it is a tremendous emotional relief to be able to get into that position. I have had many say that.

Mr. Plohman: Mr. Acting Chairman, I have heard them also say that in another way, that they are kind of browbeaten into it finally. They just give up. They accept whatever is there because they just cannot take the pressure anymore. There is a lot of hardship and pressure on families faced with this kind of process with the potential foreclosure and loss of everything that they have worked for.

So it is a tremendous pressure and they do feel a relief, no doubt, when they get out of it regardless of how it comes out. In many cases, though, it certainly is not in the best interests of the farmer in terms of his potential to maintain a viable operation.

I wonder if the minister could introduce his staff that just came in.

Mr. Findlay: Mr. Acting Chairman, yes, I forgot to introduce the staff. Gill Shaw, new general manager and Ike Harder, manager of credit.

Mr. Plohman: I understand Mr. Shaw was just recently appointed to head the MACC.

Mr. Findlay: Yes, Mr. Acting Chairman, I am pleased to say that Mr. Shaw was the successful candidate in the competition for the position of general manager. As you probably well know, Mr. Shaw was the previous general manager over at the Manitoba Mediation Board.

Mr. Plohman: Certainly then, Mr. Acting Chairman, the minister has a person and staff here who have an intimate knowledge of how the Mediation Board is working at the present time. I would like to ask the minister a couple of questions about that because he said that it has been a 75 percent success in dealing with clients who have come before it. I did ask the minister about the Farm Debt Review Board numbers and if he had it, he never

answered. I do not know if he has it or not. Maybe the minister—I am certain that Mr. Shaw has it because I am sure they work closely together. I am not certain that they do.

Could maybe the minister outline exactly what the relationship is between the Farm Debt Review Board and the Mediation Board in terms of their working relationship? Is there a complete sharing of information? Do they share staff or is it a completely separate operation? How does it work and how do they relate to each other?

Mr. Findlay: Mr. Acting Chairman, with regard to the degree of co-operation between the two boards, the farmer really decides the degree of co-operation himself. When he comes forward, he can choose to either go to the Mediation Board or Farm Debt Review Board separately, or he can agree to do it jointly together, the two of them at the same time.

If he chooses to do it jointly, then all information is shared between the two boards and the farm debt review process does not necessarily end up with a settlement, they end up with an agreement between the two sides. The Mediation Board goes to an actual settlement, a resolution between the farmer and the creditor, but the degree of co-operation will vary with the client. He has the right to choose if he wants to go one route, then go the other route later, or do it jointly and go through it once. A farmer can make that decision.

Mr. Plohman: Mr. Acting Chairman, is there any advantage to going through one process and having completed that can an individual go through the other board upon request?

Mr. Findlay: Mr. Acting Chairman, really, from the standpoint of the farmer, the less stressful route for him is to go joint. If we are dealing with a foreclosure situation, our act has the power on foreclosure over land. We do not have any power on foreclosure over chattels like equipment and cattle. The federal act does. If a farmer is going through foreclosure for the entire package, he is better to come to both boards simultaneously and go through the stressful process one time around.

If he wants to go one and then the other, he can do that. It drags the process out. It puts him through two processes, and I say from a stressful point of view he is better to go through one, and naturally from an efficiency and staff-time point of view it is better if they do the two simultaneously.

* (2110)

Mr. Plohman: Well, is it really two processes, Mr. Acting Chairman, I guess is what I am really asking? Because if they go through a simultaneous process, is there decision making made between the two boards prior to meeting with the client finally, or is there a different treatment, different staff, research and different information provided to each board separately?

Can they in fact arrive at a different decision, or in practice do they basically arrive at the same type of decision because they are sharing all information and, in fact, it is one process as opposed to two?

Mr. Findlay: When a person comes forward, the farmer is involved in the process. The analysts will go out and do the preliminary information. That information will be available to both boards.

When it comes to the panel, if it is joint, there will be one representative from each board and two peer advisor people sit on the panel to hear the case on both the farmer and the creditor, an attempt to arrive at some degree of settlement, which obviously will take a bit of time given the information that has come from the analyst who has analyzed the case and brought it before the panel.

Mr. Plohman: I want to pursue that a little bit further, but first I wanted to just ask as far as MACC is concerned in dealing with its clients who are potential candidates for the Mediation Board, do they advise their clients, as a matter of course, as a matter of policy, that if they go to the mediation process or through the Farm Debt Review Board, if they make application, they start the process, that the banks and credit unions, financial institutions generally, are going to view them in a different light, that they will immediately put on the brakes and say, hold it now, we have got to take a look at this thing now, you are going to a Mediation Board?

I have been told by a number of people that there is a stigma attached to process, and as soon as you get involved in it, you are down that road, because everybody is advised, all creditors, that this process is going on.

Now I might be wrong, and I would like to ask the minister if that is true. The person who has provided credit for chemicals, fertilizer and fuel in the community, and so on, is he or she, as a matter of course, advised the mediation process has begun for this farmer, back off a bit or anything like that?

One other lender, a credit union may have a loan with them or a bank. It could be MACC, FCC,

whatever. What I would like to know is precisely what advice is given to the clients before they get into this thing, because once they are in it, there is just about no turning back. That is the way I understand it.

Mr. Findlay: Mr. Acting Chairman, a farmer can come to this process either through foreclosure, which, if that has happened then he has no choices left. I would assume you are talking about the voluntary process where he comes forward and says, you know, I have a burden of debt; I have some trouble and I want some help.

Certainly the farmer has to give his consent to go into the process. If an analyst starts in the process the analyst has to get the farmer's consent to speak to all the various creditors who may have something outstanding. You are probably right. Once the process starts and he gets that clearance to go out and talk to the creditors, they know that he is going through the process.

If I was a creditor and this guy owed me some money, I would be relieved that he is going through the process. Maybe we will get a resolution and the farmer will be in a better position to pay, because he may be making the decision, as a creditor, say as a fuel agent, that he is not going to be able to deliver any more fuel because the account has got too big anyway. Maybe the fuel agent has suggested to the fellow, you know, we are in trouble here, your account is too big and I cannot deliver you any more fuel. He goes home and he looks, and he has a number of accounts outstanding. He says, you know, this is getting into trouble; I have to find a way to get out of this. This is one way he can go through a process to try to come to a resolution.

If a farmer has outstanding debts, if he has debt problems it is no secret to his suppliers beforehand, no secret at all, because he sees the beyond one month overdue or beyond six months overdue. That is an alarm signal for the supplier of fuel or fertilizer or whatever it may be, or the banker or credit union.

So yes, a person gets into the process. It is probably better to take it to a conclusion and try to get a resolution and settlement that everybody can live with, because if he tries to drag out on his process and he gets deeper and deeper, foreclosure is the next thing that is going to happen. He has no choices left.

Mr. Plohman: Mr. Acting Chairman, the minister is right. That is exactly what I was talking about as a voluntary situation. I should have made that more clear. Obviously, once a foreclosure takes place, there is no choice, although I am not certain how that process begins either. Once the financial institute gives notice of foreclosure, that notification, according to the legislation, then has to go to the Mediation Board for land.

* (2120)

I wanted to know in terms of the voluntary situation—and the client was one of MACC's. In other words, MAC was the one holding most of the debt for that individual and had not gone to a process of foreclosure, but there was some trouble there.

Can your staff and you assure this House that clients are told of the ramifications of getting into this process? They may try to do other things. They may go to a friend and get some additional money, or they may try and get MACC to restructure it before they get into this process which is like a dead end almost.

What I want to know is whether the minister has instructed his staff or they have assured him that they do give good counselling on all sides of the ramifications of going down this road before the person is committed to it.

Mr. Findlay: When MACC has a client in some degree of difficulty in terms of meeting his commitments, contact will be made to explain to the producer that he has an overdue account. If it drags on for some time, the agent then gets into a position where this cannot go on too much longer. You sit down and say, how are you going to deal with it?

Some of the options that may be available to you are: you can seek help through the Manitoba Mediation Board. You may explain it further than that, but the person has the right then to pick up the phone and phone the Mediation Board or stop in or ask somebody to come out and sit down and explain the process to them. That is just strictly information seeking. They do not have to fill out an application form at that time. If they decide to later on fill out an application form, the analyst will then converse with them, and they can make the decision to stop the process anywhere along the way if they should choose so in the voluntary process. The farmer essentially makes a decision to continue the

process, and he has to give clearance to go to the creditors if there are creditors involved.

Mr. Plohman: The most important thing is that once creditors have been made aware, we can maybe say the farmer has to give the permission for the process to continue on a voluntary basis, but in fact it has taken on a life of its own by then and that is the kind of thing that I was cautioning about in terms of information that I received in terms of farmers who feel that they were not adequately advised in advance of what they were getting into and did not know what they were getting into fully. The way the minister described it, it sounded like there were all kinds of steps where he would have all kinds of opportunity to learn exactly what he was getting into. I am saying that it seems like it does not work that way sometimes. I would ask the minister to consider that.

In the cases where MACC is the lender, how many of the cases that have gone before the Mediation Board, the 318 the previous year and there were some 308 I believe and then it was down to 217, was it? In each of those years, what percentage of the cases were MACC loans as the primary lender, and in how many of those cases—and the minister can maybe get the staff to provide this information—did MACC actually write down the loan as part of the mediation process?

While the minister is getting that information, maybe he could consider this question in terms of the process. The panel has been set up. The minister said that the panel meets with the—in the case where there is a joint process, they have representation from the review board and from the Mediation Board and from the creditor and the client. Do they all sit in one room together at the same time to discuss the problems and what the potential outcomes would be? How does this work?

Mr. Findlay: Mr. Acting Chairman, the process has a considerable degree of flexibility associated with it. In a general situation, what will happen is the panel will call in the producer first to go through his information and get his opinions, his side of the picture. Then he will call in each creditor one at a time. If there is one, if there are two, if there are four, whatever there is, call them in one at a time to get their opinions to figure out to what degree they are prepared to give or take in the process. If the panel deems that the two sides are not that far apart, they may decide to bring them in together, the whole works, and resolve it from that point on.

If they are a fair way apart, they will go back maybe with the producer, maybe go back again with the major creditor and see if you can work them closer and closer toward a resolution. By and large, they start with confidential meetings, one on one with first the producer, then the creditors, and then see if they can bring both together in front of the panel. It may never get to they all get to one room, in some cases, if there is no ability to bring them together. As the ability to bring them together gets better and better, the probability of a joint meeting to resolve it and bring it to a conclusion will happen.

Mr. Plohman: Mr. Acting Chairman, it is not a matter of course then that both sides would be brought together with the Mediation Board after the first meeting. Is that what the minister is saying, that it is not a matter of course that both sides would be brought together so all parties would be in one room after the initial meeting with each separately? It does not always happen that both are brought together. Is that correct?

Mr. Findlay: In terms of bringing the process to a conclusion, in the vast majority of cases they do end up in the same room. It may take one, two or three meetings in the one-on-one process to get to the joint meeting of both the farmer and the creditor, but it is very rarely that they do not end up in the same room at some point in time in the process.

The member was asking earlier about the number of mediation cases involving MACC. We do not have the hard figure here, but it is in the vicinity of 20 percent or 25 percent of the cases in front of Mediation Board where MACC is one of or the major creditor.

* (2130)

Mr. Plohman: The minister said that the figures are about 20.5 percent of—

Mr. Findlay: Twenty to 25 percent.

Mr. Plohman: —20 to 25 percent. In other words, one-fifth to one-quarter of the cases that come before the Mediation Board occur with MACC as the prime lender. That is about double the proportion of MACC loans out there, but MACC may have a higher percentage of the higher-risk loans because of the younger farmers that are involved.

In the case of MACC being the primary lender, is it a policy of MACC to sit down with the borrower and the Mediation Board together to discuss, in the final analysis at least, what they can do and what they cannot do so that the borrower and the lender in the

presence of the Mediation Board representatives have a chance to go face to face on what they can do and what they are prepared to do. Is that a policy of MACC? I cannot say whether the banks would go for it, the credit union or whatever, but is that what MACC would like to do as a matter of course?

Mr. Findlay: Mr. Acting Chairman, the member asked if it is MACC's policy to want to come face to face. MACC is in a position if the Mediation Board says or the panel says that we shall meet, then they will meet. The determination as to whether they would be present or not is really not in the hands of MACC, it is in the hands of the Mediation Board panel. If they say it is time for the joint meeting face to face, then it happens. MACC would not say, no, we will not meet there.

Mr. Plohman: Does the Mediation Board have a policy manual that they operate from for the practices that govern the procedures that are set out, or is it just a matter of historical practice that establishes the way this is done, or is there an actual manual that spells out the process that the Mediation Board has?

While the minister is answering that, perhaps he could indicate whether MACC also has a policy similar to what FCC has in dealing with debt cases and write-downs and so on that they have published that I have a copy of, but I have not received anything from MACC. I have not asked. I want to know if there is anything like that, that the minister would be prepared to share with the House.

Mr. Findlay: In terms of the Mediation Board, I guess in terms of the use of the words "policy manual," no, there is not a hard, fast policy manual. There are a certain series of procedures that must be followed, basic procedures that are fundamental to every case. Beyond those basic procedures, every case is different than the last one. There is no great degree of commonality, so a lot of flexibility is needed in terms of the art of bringing a mediation process towards a conclusion.

With regard to MACC, at this point in time they do not have a policy manual as to how to deal with debt, but in the process of the experience that they are getting, one is in the process of being developed.

Mr. Plohman: The minister was replying with regard to Mediation Board as well the MACC? -(interjection)- Yes.

One question the minister did not answer was the percentage of the cases that involved write-down by

MACC at the board. Does the minister have that information?

Mr. Findlay: Really the bottom line, whether it is MACC or whatever it is, in the mediation process, is to try to end up with something that is viable. It is fair to say that basically 100 percent of the cases that come forward, there is usually some unpaid principal. There are arrears in place. Probably he owes more now than when he originally took out the loan, because of the combination of principal and interest owing.

As far as we are aware at this point, every case at MACC comes forward and a resolution is arrived at through the panel process. There is a write-down involved of outstanding debt.

Mr. Plohman: So if there were, Mr. Acting Chairman, 75 cases out of 300 that involved MACC, all of those cases would involve some type of write-down at varying levels that the minister has indicated has taken place.

(Madam Chairman in the Chair)

Madam Chairman, I wanted to also ask the minister whether there is another part of the process that has not been discussed here and that is the role of the board as a whole as opposed to the panels. Once you get down the road into a situation, the panel will meet and that is what we were talking about a little while ago.

Prior to that, does the board get involved with the Guaranteed Loan program? How does that work? Do they meet with the client first directly or do they get information from the lending institution? How does the board get involved in the Guaranteed Loan program?

* (2140)

Mr. Findlay: Madam Chairman, we have talked about the analyst getting all the information. Panel meetings may involve one, two, half a dozen or more meetings. On the panel will always be one board member as chairman, and that chairman of the panel then takes the proposed resolution to the board for approval. Every settlement must be approved finally by the board. If there are any guarantees to be associated with that settlement, it is the board that does it. The board may request further information or may recommend some alterations to the board chairman, the board member who is the panel chairman, to take back, but the board does approve all settlements and deals with all applications and guarantees.

Mr. Plohman: I would thank the minister for that. That, I think, is clear in terms of going through the whole process then to its ultimate conclusion, especially if it is a settlement. What about prior to the panel meeting with the clients? Just the analyst meets with the client if there is—is there such a case where the board is asked to guarantee a loan prior to going through the panel process?

Mr. Findlay: Madam Chairman, the member asked whether cases could be partially settled or settled before the panel meets and the answer is no. The board does not deal with it until the panel chairman, who is a board member, brings it to the board. It is not dealt with ahead of the panel process.

Mr. Plohman: I think we are missing something here then. I am a bit confused. I have received information from clients on this, and it seems to me that there are requests made by lending institutions for a guarantee to the Mediation Board prior to any panel taking place—that the individual advised me took place. There was no panel, there were no meetings, but yet there were initial contacts made and then the credit union made a request of the Mediation Board for a guarantee of a loan and the board made a decision on it. I am wondering how they could have made that decision, because the panel hearings have not even taken place yet.

I believe this is a voluntary process that this case involved. I am not certain. I believe it is a voluntary process, but it involves a guarantee request from a financial institution and a denial of that by the board. I am wondering how that could happen because it seems to me that should not happen until after the panel makes a decision, a recommendation, and the board makes a decision based on that information. Otherwise it is premature, yet it sends a very alarming message out to all financial institutions that deal with this individual.

Mr. Findlay: Well, Madam Chairman, I think the member for Dauphin answered his own question when he said the financial institution came forward and asked—nobody can stop them from asking—and the board denied them because they had not gone through the process. The credit union wants the farmer to apply to the process. They have to deal with him and get him to voluntarily come forward and go through the process which would require a panel and a recommendation to the board in order to qualify for the guarantee. If a credit union went to the board and asked, yes, the right answer is no. You had better go to the farmer and get him

to go through the process, then we will come up with a recommendation from a panel that will allow the application of a guarantee to the case.

Mr. Plohman: Madam Chairperson, that is an interesting point because if it happened once, it may have happened more often and that is unfortunate if it is happening, that financial institutions are doing this directly to short circuit the process. In so doing, they set off a chain of events that can be very harmful for the individual because as soon as the Mediation Board says no, that sends a very strong message. They will not guarantee it.

I am saying, if individuals in financial institutions are -(interjection)- well, just wait. If they are making requests of the Mediation Board to guarantee loans without the process having gone to its proper conclusion, then it is very premature at best for the Mediation Board to be even making a decision. Rather than denying, could we not say they will not comment until the process has been completed, because they are not in the position to say aye or nay, which would be a lot less harmful than saying nay.

Mr. Findlay: If a credit union—as the member has used the example, he obviously has an example and if he wants to give us further information, he can follow up on it—went to a board member and asked, can we get a guarantee, the answer should be, no because you have not followed the proper process. That does not mean that if you follow the proper process the answer will be no again. The answer is not that the guarantee will or will not be put in place. It is just a matter of no, you cannot get it by coming directly to us, because really if you are going to allow that to happen, then you allow the financial institutions to use all kinds of guarantees. They just sort of abdicate their responsibility of being the guarantor of the loan in any fashion and the government then picks up all guarantees of any questionable loans.

So the right answer is no, you cannot get it by coming to us directly. You have to go through the farmer to make an application for the process and then you will get the answer as to whether the guarantee can or cannot be put in place. Only then can they make a ruling as to a yea or nay on whether a guarantee can be put in place for this particular situation.

The first answer is no, the process is not you coming to us directly. That is all the “no” is.

* (2150)

Mr. Plohman: Madam Chairperson, in the final analysis, it may involve a guarantee by the board for a loan that is given. It is part of the settlement. In the final analysis, after a settlement has taken place, the process, having gone through the proper channels, could involve a guarantee by the government of a loan given under the settlement—and the minister nods, yes.

What about in the case of the individual writing to the board and asking for a guarantee to be given to a financial institution that they are working with? Does the board entertain those kinds of requests without going first through the panel and so on?

Mr. Findlay: There is no short-circuiting, Madam Chairperson. There is no short-circuiting of the situation involving the farmer either. If he wants to be considered for a guarantee, he has to make an application. He can go through the voluntary process which is the Part VI portion of the act. He can go through the voluntary process, and then a recommendation will come forward to the board as to whether his application for a guarantee can be considered or not. He cannot go direct. He still has to fill in the application form and go through the process.

Mr. Plohman: Madam Chairperson, just to pursue this a bit further, does the board formally meet to consider such requests when the process has not been completed? Does the board consider, as a board, a letter from an individual farmer asking for a guarantee on a loan, where they have provided information? Would the board get that letter and then say, oh, we need further information, make some calls, have some discussions with the individual and then consider it, or would they say, sorry, we cannot even look at that until we go through the process of setting a panel up and having these meetings?

Mr. Findlay: Madam Chairperson, if a producer went to the board or sent a letter to the board, their response back to him would be to say, fill out an application form and sign it. In there, it gives us as board analysts—they have to have consent from the farmer in order to do any investigation or any data preparation. He has to fill out an application form and sign it before any process can be kicked into gear at all.

Mr. Plohman: Madam Chairperson, is there more than one process then? Do they have to go through

the full process of the panel, or can they ask for a guarantee prior to going to a panel and having a decision made where the creditors are brought together with the borrower?

Mr. Findlay: Madam Chairperson, the member asked if there is a second process, another process. If a situation comes forward, let us say you are dealing with a dairy operation, and Hydro is going to pull the plug unless the Hydro bill is paid, and the farmer had just come forward and said, I want to fill out an application, I want to go through this process, but there was no leniency on behalf of Hydro pulling the plug. Obviously, that is going to stop the dairy operator dead in his tracks.

The board can make, through an emergency provision, some money available to deal with the emergency at hand, while the regular process goes through which may end up with some debt resolution or some recommendation coming back to the board with regard to a loan guarantee or some kind of guarantee down the road. There is, again, some flexibility in the process to deal with extreme emergencies of that kind of a nature, as rare as they might be.

If it is necessary, the board can make that kind of short-term decision to keep a guy alive, if it is deemed there is some potential, that the mediation process will end up with a degree of viability and to keep the guy in the business.

Mr. Plohman: Madam Chairperson, can the minister indicate who could appear at any of these panel meetings with the borrower, the client, on their behalf? Could I, as MLA, for example, attend such a meeting? Would I be welcomed without—too, as an advocate or just as an observer of the proceedings, Madam Chair, if asked for by the client.

Mr. Findlay: Madam Chairperson, that is the basis on which you could be there, or a lawyer could be there or anybody else could be there. If the client asked you to be there or certified or gave you permission to be there, on that basis you could be there. If the client said no, we do not want him there, then you could not be there.

Mr. Plohman: Madam Chairman, I want to table this letter and I would like a copy of it. It is the only copy I have with me here. I have other copies somewhere, I guess, but I would like to get a copy back.

I would like to get a response, if I cannot be given it tonight, perhaps by tomorrow. This is a letter from

Gill Shaw who was the executive director of the Mediation Board. It is written to Mr. and Mrs. Dan Lapka, at Poplarfield, dated February 13.

It says: the Manitoba Farm Mediation Board at its regular meeting on February 12, 1991, declined approval of a guarantee to the Arborg Credit Union on the term loan for payout of the MACC on the basis that the information provided did not show the farm business to be viable, that is, sufficient debt service ability to make all payments of principal and interest on the existing loans and proposed loan. Yours truly.

Now that letter seems to indicate to me some other process. That is why I asked the minister about this process, because the panel is not going to meet until next week or next month. I am confused by what the minister said as to whether—

Madam Chairman: Order, please.

Mr. Plohman: I just wanted to wait till I get the minister's ears. He is talking to his staff.

I am confused as to whether the panel actually goes around this process a few times over months. Was there was an initial panel meeting that would have given rise to this kind of a letter before a final decision was made? That is why I was asking the minister about this process. I was not going to go into a specific situation, but since there is that confusion, I thought it would be productive to do that.

Mr. Findlay: Madam Chairperson, we will get specifics on this particular case for him for tomorrow. Basically, there were a number of meetings that had gone around one time, one and a half times sort of thing. It had been an ongoing process of some considerable magnitude involving this particular producer. We will get further detail in terms of time element, number of meetings, how many times the panel met or attempted to meet dealing with them.

* (2200)

Mr. Plohman: Madam Chair, I would like to also raise with the minister another instance. In the case where MACC has a client who is in arrears, and they have placed a lien against a piece of property that the individual owns; if that individual sells that property, is it the policy of MACC that they would require as a result of this lien that this be put out to tender to the highest bid; or will they take any kind of a settlement on that property that they think is fair; or would they require a public tendering process of the property before agreeing to waive the lien that they have on the property?

Mr. Findlay: Madam Chairman, I guess I can think of two situations maybe the member is talking about. If the farmer owns the land and we have a lien against it and he wants to sell it, we have no say in how he sells it. He can sell it to his wife, his brother, somebody 10 miles down the road or anybody. He can tender it if he wants or just strike a deal. That is his choice.

But if MACC is taking the land back, through foreclosure or he has quitclaimed it back to MACC, then it belongs to MACC. It no longer belongs to the farmer and MACC will tender it. The paper is full of it many times a year with properties being offered for public sale. If we cannot sell it, then we will offer it for lease on a tendering process.

If the member is referring to something that is still owned by the farmer, then he has complete control over who buys it and what process he wants to use to sell it. But if MACC owns it, then we use a public process, a tender.

Mr. Plohman: Madam Chair, on the previous case just to conclude that, I neglected to—after the minister gave an undertaking to look into the specifics—my point was in raising the point about the notice in the letter that the guarantee was refused on the basis that the farm was not viable sent a very alarming message back to the creditor and perhaps to everyone dealing with that farm.

My concern was, if this process has not been continued to its conclusion and a settlement reached, or an agreement reached or MACC write-down, whatever might be involved, is it productive to send this kind of a letter which is very strong, very powerful, in terms of a lending institution's reaction because it is saying we do not think that farm is viable?

No matter even if the institute thought that it might be, the lender thought it might be close, but still wanted the guarantee just to back it up, it is going to back off completely at that stage.

Mr. Findlay: Madam Chairman, I had indicated to the member earlier I would undertake to get further details on it, but it is a letter that went from the Mediation Board to the farmer. I do not know how he thinks the credit union or the creditors are going to find—

Mr. Plohman: It is copied to the credit union.

Mr. Findlay: Okay, we will check it out.

Mr. Plohman: Madam Chair, I was raising this issue of the sale, in this case the transfer of the land to MACC had been requested by the owner to go back to MACC as full payment for outstanding debts owed to MACC by the farmer. That was a formal request in August of 1990 to MACC but instead of processing that request and processing the transfer of the land—a form of transfer process which takes some time—in the meantime the individual negotiated with another individual and agreed to sell the land for a price which MACC agreed to. It was not publicly tendered. Subsequently, another individual made a higher offer but MACC had agreed to a lower price which they felt was satisfactory to cover the debt.

My question about this, and I will give the minister the individual details of this particular case, was if MACC is not getting full payment for debts owed, and is, in fact, negotiating a settlement with an individual, why would they not insure first that that individual is getting the best possible value, if they are going to agree to take the money instead of the land back and then sell it? Would that not be the policy, that they would want to ensure that was the best possible value?

Mr. Findlay: Madam Chairperson, you probably know the case the member is talking about, and the first offer that was obtained by the farmer on the land was more than what MACC determined the appraised value to be. So it looked like a pretty good offer we got and yet you are right, there was another person came along and subsequently offered more—a legitimate situation where maybe some consideration should have been given to asking the farmer to publicly tender to see if there were better offers available, but in the majority of situations when you see somebody come forward at a price higher than what you believe the land really is worth in the appraisal process, you would automatically say to the farmer, that looks like a pretty good deal and we are prepared to settle with you and write off all your debts for that. MACC is happy. They have resolved the debt situation with the producer. He is happy he is out of the debt. They both look like they got a good deal out of it. So there is a settlement between the two.

The case you mention—it was quite an oddity that yet another person would come along and offer more. What is right in that process is open to consideration, but in the initial offer that came forward, it looked like a good deal for the farmer in

terms of getting out of his debt, and it looked like a good deal for MACC in terms of getting more than they really expected to get in the process of the circumstances they were in. In hindsight, one can say yes, the farmer should have sought additional opportunities on the land that may have reduced MACC's liability in the process.

Mr. Plohman: Madam Chairperson, I appreciate the minister's response, and at face value that would seem to be a logical response. However, in this particular case, MACC officials, Brad Magnusson in Dauphin at that time—I believe he is no longer in Dauphin now, is he?

An Honourable Member: Shoal Lake.

Mr. Plohman: Shoal Lake—and Pat Metcalf, who is the lawyer that deals with certain properties for MACC, I believe. I have spoken with Mr. Metcalf myself. He has outlined the procedure as he felt it developed. I am advised by the third person that he spoke to both of those people, and he said to Brad Magnusson, on numerous occasions, that he was interested in this land, that as soon as it came back into the hands of MACC, he was ready to purchase it. He was not notified that this transfer did not take place. He just simply was not told, and this deal was consummated in the meantime. When he came back, they said, oh, it is sold already.

* (2210)

On the face value, the minister's explanation would seem logical. He would say in hindsight that perhaps it would have been wise to tell this individual that he should tender this, see whether he has the best price. There was no incentive for that individual to try and get the best price. If MACC agreed to that price, why should he care? He was settled with his debt. It was really MACC that had the onus and responsibility of trying to get the best price.

If they knew that there was an individual requesting to have an opportunity to buy this—are they not talking to each other? Who is handling this thing? Why would that information that was given—I have no reason to disbelieve this fellow, that he went to Brad Magnusson on numerous occasions. I have not talked to Brad on it, but he said to him, I am interested, on numerous occasions, to purchase that property. He said he also phoned, before this all took place, Pat Metcalf, because he is aware that he was involved in this, and yet he was not notified of this option.

There the MACC and the taxpayers could have saved \$3,000 because apparently the offer was \$21,000 versus the \$18,000 that was offered initially. Now we are talking \$3,000 on the settlement. It seems pretty important.

I say to the minister that he should inquire as to what communication is going on there as to why this individual would not have been notified that the sale was going to take place, so he could have made another offer when it is the taxpayers' interest that was at stake here.

Mr. Findlay: Madam Chairperson, we will speak to Brad Magnusson and get his side of the story. You made statements that this other individual had spoken to him many times, and we will find out what many times meant.

Mr. Plohman: He said six times.

Mr. Findlay: Okay. We will check it out, but I would have to assume that the second person you are talking about would never have given Brad Magnusson a figure, so he would not have the knowledge of what the figure was the person was prepared to offer. In Brad's defence, unless the guy said what figure, he would not know there was really a legitimate offer that could be got from him.

The other point is you had mentioned that he said to Brad, when it comes back to MACC—well, it never did come back to MACC. We will find out more specifics on the case, and there is no question that we want to achieve the greatest recovery on any loan we put out, however the process winds up.

If there was somebody offering \$3,000 more, I think somehow or other that should have been processed, so we could find out if it really was true. We will check into it further. I would not say that the MACC agent was automatically guilty of not really doing everything possible. Sometimes when you hear the other side of the story, the story tends to come a little closer to the whole truth in the situation.

Mr. Plohman: I hope the minister is not going too far out on the limb on this in terms of speculating what may or may not have happened. The individual was in no position to make a formal offer because MACC did not own it, and yet he was told that it was being transferred to MACC. Therefore, he is waiting for this transfer to take place; he cannot make an offer.

The whole point is—and I am not saying Brad Magnusson is guilty of anything. I am saying that there has to be a better communication process as

to who is responsible for the sales and what role—I ask the minister, as well on this—the solicitor, Pat Metcalf plays in this whole process. Is he a solicitor, I believe?

An Honourable Member: Yes.

Mr. Plohman: It seems to me that it would not have been up to Brad Magnusson, as the minister was speculating, whether this was a legitimate offer or not or what the amount was, just knew there was another interested buyer and therefore should have gone after it to make sure that the process maximized the benefits to MACC. Whether he knew how much it was or not was immaterial.

Mr. Findlay: Again we are speculating without the facts. I would say that the agent probably should have at least told the person to go and talk to the farmer who now owns it. If you have an offer you want to make, it is still in his hands, go talk to him. That would have been one way to sort of at least help bring the process to a conclusion where the highest bidder would have been involved. We will check it out further.

Mr. Plohman: Madam Chairperson, the quarter section, northwest 10-29-16, I think the minister is familiar with this case obviously from the discussion.

I would like to ask the minister, looking at the Manitoba Agricultural Credit Corporation Annual Report for 1989-90, it shows the summary of programs for the five years ended March 31, 1990, for the Mediation Board, the number of loans and the dollar amounts.

The minister could perhaps clarify because I had suggested in Question Period and previous occasions to the minister that the minister was not involving the board in as many cases of refinancing as he could have been and therefore could ensure through the Mediation Board that farmers were going back, through the process, viable entities. I look at this and I need some explanation from the minister: eight loans in '87-88 at \$805,450; 11 in '88-89; and only three in '89-90.

What were the purposes of those loans? Why did they drop off that dramatically in '89-90? What are the figures for '90-91? Should the minister give the figures for '90-91? I am sure he has those as well. We have not got that report yet, but he must have the next year's figures.

An Honourable Member: What page are you on?

Mr. Plohman: This is the '89-90 Manitoba Agricultural Credit Corporation Annual Report, page 14, Summary of Programs For the Five Years Ended March 31, 1990. Ah, no, he would not have the next year, that is right, because this is right up to 1990. Some of these reports are two years old, and some are one year old when we get them. In this case, it goes from eight to 11 and then down to three.

Could the minister indicate why there was the drop-off from \$866,000 down to \$149,000?

Mr. Findlay: Madam Chairperson, the category the member is referring to is new loans that MACC got involved in where a Mediation Board guarantee was in place—new loans, with a guarantee in place. It is not all loans with a guarantee, but new loans with a guarantee, clients that had not previously been clients of MACC.

Mr. Plohman: Okay, but it shows to me a decrease in activity there, not proportional to the number of clients that have come before the Mediation Board. I would assume these are all clients that came before—they are part of the 318 or the 308 or the 217 farmers who came before the board.

I was saying to the minister the other day that his assistance through the Mediation Board is dropping off, and I accused the minister of liquidating the assets of the farmers through the Mediation Board. The minister said well, I am wrong. He said, there is lots of money in that, there are lots of dollars in those programs. Of course, we were talking of Special Farm Assistance as well.

Now, I am just asking about this category. I take it, this is not under Special Farm Assistance. If it is Special Farm Assistance, why has it dropped off from 866 to 149, if the board is doing a meaningful job of refinancing here?

* (2220)

Mr. Findlay: Madam Chairperson, this is only a small portion where Special Farm Assistance is involved. As I said earlier, these are new MACC clients, the first time that MACC has loaned to them. In all cases, an MMB guarantee was in place. Now, MMB will have guarantees on other MACC loans, and they will have other guarantees on other institution loans.

We will get the complete figures on MMB assistance, but this is just a small portion. It has no reflection on the whole at all.

Mr. Plohman: Well, Madam Chair, if it does not have any reflection whatsoever, it shows that the MACC, through the Mediation Board—the new loans dropped their activity dramatically, from nearly a million dollars, nearly \$900,000 down to less than \$150,000—a dramatic drop.

What does that tell the minister, or what should it tell me, and what other figures can he show me to show that in fact there was not this dramatic drop-off in financial support for those farmers coming before the Mediation Board?

Mr. Findlay: As of March 31, 1991, the total approved guarantees by the board amounted to \$9.9 million. The amount of assistance approved and the amount of assistance paid, I will give him those dollar amounts. I will also give you the percent of the call on those guarantees, and I have given you these figures earlier.

In '88-89, the amount payable \$531,000, the actual amount called upon \$464,000, for an 87 percent draw; in '89-90, the amount payable through the guarantees was \$835,000, the actual draw was \$420,000, for a draw rate of 50 percent; in '90-91, the amount payable was \$1,876,000, and the actual amount paid was \$505,000, for a draw rate at 26 percent—27 percent, round it off.

It shows in all categories technically an improvement in terms of the total amount put in place in guarantees. The actual amount paid went up slightly. The degree of farmers being able to meet their own commitments without having use of the guarantees dropped drastically. In all cases there is no evidence of liquidating farmers; in fact, it is exactly the opposite.

Mr. Plohman: Madam Chairperson, are those guarantees only for farmers who have come before the Mediation Board, or are these guarantees that are given through all programs?

Mr. Findlay: These would be the people who went through that process we discussed half an hour ago about going through the analyst to the panel to the board. The board makes the recommendations to allocate the money in the first category. The second category is the actual amount drawn some time later, and so it has gone through the entire process. The farmer had to make the application to the Mediation Board on the Part III or Part VI in order to initiate the process for this to happen.

Mr. Plohman: Since the minister talked about the figures of \$9.9 million to March 31, '91, I am sure his

staff has the figures for the next category that I asked for earlier, and then I changed my mind. I thought that you would not have them available, but now I believe you do have them; that is, under the Mediation Board—the number of loans '87-88 on page 14 of this report is eight. It is 11 in '88-89, for a total of \$866,981; '88-89, it drops to \$149,000—only three of them. What is the number for 1990-91?

I believe those numbers would be available, and that is two or three months ago. The minister had the totals, so he must have that number for that year.

I still have not got from the minister a clarification as to how the figures in the annual report relate to the figures he just gave in terms of the guarantees. Where are they listed here? There is Guaranteed Operating to December '88, but it has no relationship to what we are talking about. I do not understand. It says to December '88 initial approvals, the numbers and the amounts. There again, if that is the program the minister is talking about, it started in '85-86, but the operating loans under the Mediation Board did not start in '85-'86. I do not think that started until '87 or '88, did it not?

I do not know where those figures are, the comparable figures, to what the minister gave me just now in this annual report '89-90. If he can show me where they are, I can get a relationship.

Mr. Findlay: Madam Chairperson, we will be looking for the figure to complete the chart that you talked about on the new clients that have MMB guarantees.

What you are looking at is the Annual Report for MACC, not the Annual Report for Manitoba Mediation Board, which is where the figures I just gave you are from.

Mr. Plohman: Madam Chairperson, under MACC, these guaranteed loans are all given through MACC. Is the Mediation Board just simply doing the approvals, or is this money that is allocated to the Mediation Board as if they were acting as the lending agency? Can the minister clarify that?

* (2230)

Mr. Findlay: Madam Chairperson, I will refer back to my previous answer. Really we are talking two annual reports here. You have the MACC Annual Report in front of you. There is an MMB Annual Report wherein the figures I gave as to the draw and the amount of guarantee in place would be in that annual report, not in the MACC Annual Report,

broken down into categories that would be understandable with the kind of figures that I just gave.

Mr. Plohman: Madam Chair, I guess the minister is saying that the guarantees involve money other than MACC. This could be credit union dollars or banks or whatever.

Could the minister indicate who serves on the Peer Advisory Panels that the Mediation Board has under Part VI? The Peer Advisory Panels, could he give us a list of those panels? Are they the same as the members of the Mediation Board, or are these additional farmers involved in the mediation process? Could he table a list and a home address or location where these people come from?

Mr. Findlay: Madam Chairperson, I have a list here of about 75 or 80 people which I will send over to the member if I can get a copy. Can I get a copy tonight? It has the name and the town that they live in, who act as Peer Advisory Committee members. When the panel is being struck and you are dealing with a hog farmer, you try to find somebody who is a hog farmer and has some expertise. Obviously, you prefer to have somebody that lives some distance away so that there is not that conflict of a neighbour dealing with a neighbour. The farmer can say no. If it is somebody he would just as soon was not involved, he could say no; or if one of the Peer Advisory people is asked to sit on a particular case, he could say no. He may say, I have a conflict of interest or whatever.

If the clerk would take this and copy it, please. These two pages—a copy for each critic.

Mr. Plohman: Madam Chair, is the minister saying these are different people than form the panel of the Mediation Board that meets with the creditor and the client and tries to work out a settlement? Are these some of the same people drawn from that Peer Advisory board, or is that one and the same board, or is this another board that can provide advice quite separate from the formal mediation process of the board itself?

Mr. Findlay: Yes, you have the board of nine people. That is the Mediation Board. When a case comes forward, one board member will be designated to look after it. They will be the chairman. Then two Peer Advisory people are chosen from this list that I will give you—about 80 people, to form the panel of three. Then the board chairman who is the board member brings back

whatever the recommendation is for the board's consideration.

Mr. Plohman: I will not take this any further and perhaps ask some questions about it later on once I have the copy. In looking at the members of the board themselves, there is a fairly wide distribution. I know a few of them as being fairly major farm operators. I do not know Mr. Harrison, Owen McAuley. Don Dewar from Dauphin, he has a pretty good seed farm there and so on. I do not know about the rest of those members there, but those two certainly are large farmers.

Can the minister say, with any degree of certainty, that he has a broad range of farmers on these panels and even on the board that represent Manitoba's small farmers as well as the larger farmers? I mean, it is nice to have successful people who have successful operations, but many times circumstances are such that they maybe did not go through some of the experiences that some of the struggling smaller farmers are going through.

Just from the point of view of empathy and understanding and so on, it seems to me that it is important to have that kind of cross section. I am not sure he has that in this board. I am wondering whether he has that in his peer personnel that sit on the Peer Advisory Panels.

Mr. Findlay: I thought you were referring to the board members. You just ended up saying -(interjection)- With regard to the board members, the nine people who are on it, just the fact that some of them may have been deemed to be successful at this point in their career does not mean they did not go through some very difficult times in order to achieve that success.

Mr. Plohman: I am not saying that.

Mr. Findlay: I am glad the member is not implying that. I feel, looking at the membership of that board and the success they have had in terms of resolving incredibly difficult debt situations for many people, I think they have proven their worth. They have been tested under fire and have succeeded very well in terms of doing the best possible job of resolving debt situations.

I have heard farmers tell me they are very happy with the process. Without it, they would have been out of the business. I have heard the credit institutions say, you know, we did not like this process, but you know we do feel confident that what they do is in the interest of all involved. They

are not on our side. They are not on their side. They are truly professional mediators in the middle.

I have a lot of confidence in all the people there, partly because I know them as individuals to have been capable and responsible people and successful in their own right. I know that they have learned a lot along the way, and they are using that knowledge on a continuous basis to be able to be good mediators in the process. So I have all the confidence in the world in what they can do and how they have done it. I have no qualms in saying that.

Mr. Plohman: Finally on this, I raise this out of genuine concern that those farmers struggling with small operations, struggling to get on their feet—and the minister knows it is a very difficult time to start farming, even five or 10 years ago and start with virtually nothing, work off the farm, put a lot of sweat equity into setting up an operation and finding themselves on the verge of foreclosure or bankruptcy all the way along, just fighting to stay above water—it is important that there are some of those type of people who have managed their way through that on these Peer Advisory boards to really understand what these people are going through, so that you do not always choose only those who are financially stable at this time.

I am not saying some of these are not. I do not know that but I just point this out to the minister. I am not saying those who are successful now did not have a hard time of it somewhere along the line. They were not necessarily born with a silver spoon in their mouth. The point is, I raise this as, I think, a necessary part, a cross section of any kind of Peer Advisory Panel, that they have that kind of empathy and understanding so that they can put themselves clearly in the shoes of the individual who is going through the process. I think it is something that adds strength to their situation.

You know, Madam Chairperson, I think sometimes—and I say this without criticizing the present recipient of Farmer of the Year, Owen McAuley—big operator. He has a big operation that his family has. He is viewed to be successful and therefore he is named Farmer of the Year. Would you not like to see some little farmer who is on a much smaller scale of struggle be named "Small Farmer of the Year" sometime, some of these people who have had a completely different experience in farming?

* (2240)

You know, I am not talking about Century farmers. I am talking about the people who have come onto the land as pioneers and who would not be looked at that way at all, as successful, and yet they are probably as successful in their own right—what they have done—as a large operator who has taken a farm that was perhaps passed through the family for generation after generation and continued to make it successful, which is a feat in its own right in the changing times in agriculture.

I recognize that, but I would like to see that and I think the minister might want to consider some time establishing—I do not know who sponsors. The Red River Exhibition sponsors this farm, but just something to think about. I would like to see some of those smaller farms—I guess we would classify that as anything a section and under, for example, of operation—get some recognition, too.

I think that is why it is important to have those kinds of people on this board. That is all I am saying, and I certainly will know some of the people who you have sent across here and they are certainly some very good people who I know very well from up in my area, Richard Natrasony and Bev Prestayko, certainly good solid people on those boards. Again, I bring this to the minister's attention in terms of not forgetting about that side of it. I think it is important.

I am willing to turn this over now.

Mr. Findlay: Madam Chairperson, in terms of the people on the Peer Advisory Committee, I do not know the background of all of them either but I think it would be fair to say there are a lot there who have various sizes of operation and various levels of success. Some probably had some very difficult times and others maybe not so difficult. I think in the Peer Advisory Committee there is a good cross section, by and large, of different kinds of experiences, of different types of operations.

With regard to recognizing producers in terms of accomplishment, clearly Owen McAuley, Farmer of the Year—it is a process that is run by the Red River Ex. It is one of the ways in which they think they are doing a service to the farm community, and I congratulate them for their effort in that regard.

There also are—and I am just trying to go from memory now—other recognitions given: to the Beef Producer of the Year. There is the home garden process that recognizes producers of the year. The hog board recognizes their producers of

the year on the basis of farmers with the highest indexing hogs, and it does not mean the biggest farmer in any sense, the guy who produces the best, highest indexing hogs over the course of the year. Milk producers recognize their people, too.

There are a variety of types of recommendations in place and the Red River Ex—I am trying to think back to some of the people they have had in terms of their recognition. Last year it was the Charisons, turkey producers up in the Interlake. Certainly Ed Connery was one of those people, so one could criticize that they do not maybe sometimes recognize the small producers, but you know it is farmers' peers that nominate the people who are considered.

I just have to say I think that everybody gets some level of consideration, and maybe they do lean towards somebody who succeeds. I look at any of the Century Farms—Family Farms, as I know them, the fact that it passed through the family generation to generation does not mean that each generation did not pay full value for that farm to the previous owners, because that was their retirement policy. It is virtually very difficult to pass the land on debt free to the next generation. What are you going to retire on?

Each generation generally buys it, maybe at less than market value. You know, you take this year's Farmer of the Year, I would challenge you to find anybody who has worked harder over the last 20 years than that individual and that family. You are talking about sweat equity going into an operation. The fact that he succeeded should not be held against him. He is a model of hard work and dedication and they recognize that, and I congratulate them for doing it.

Mrs. Carstairs: Madam Chair, would the minister and his staff like a five-minute break?

Madam Chairman: Is it the will of the committee to take a five-minute recess?

Some Honourable Members: Pass.

Madam Chairman: Agreed. The committee will reconvene at 10:50 p.m.

* * *

The committee took recess at 10:45 p.m.

After Recess

The committee resumed at 10:52 p.m.

Madam Chairman: Order, please. The Committee of Supply, please come to order. The minister's staff, please enter the Chamber.

Mrs. Carstairs: Madam Chairperson, the amount of money that MACC has in its budgetary line each and every year seems to be getting smaller and smaller and smaller. The reason given, for example, as was the reason given last year and the reason given the year before that and the reason given the year before that is that of course there is a decrease in the allowance for doubtful accounts based on improved status accounts. When you see this amount of money getting smaller and smaller each year, there seems to be something more going on than just bad accounts or doubtful accounts being the salvage here.

Can the minister tell us why it appears that this amount of money for doubtful accounts is getting smaller and smaller? Is it because MACC is becoming less approachable? Is it because fewer and fewer farmers are choosing to access MACC, because they find that accessing MACC is even more difficult than accessing banks?

Mr. Findlay: Madam Chairperson, the figures the Leader of the Liberal Party is looking at are the budgetary costs of running MACC, and the technical difference is the allowance for doubtful accounts is less because the experience of the doubtful accounts that do get drawn in the year have been coming down.

In terms of what the level of activity in terms of the capital program that MACC is involved in, if we go back to 1987, direct loans were \$11.5 million; in '88-89, \$14.3 million; in '89-90, \$28 million; in '90-91, \$26.5 million; and projected for this fiscal year, \$36.5 million. So the level of loan activity is going up.

The number of young farmers involved in the Young Farmer Rebate Program are going up. I will get to the figures in a minute. The interest rates that MACC charges are by and large a percent seven and a half below the commercial lenders, so we are attractive from that point of view. Clearly we are the only game in town if you are a young farmer and qualify for the young farmers interest rate reduction. They all come to us first because of that opportunity.

So there is nothing devious in what we are doing. We are the same staff doing a bigger and bigger portfolio in terms of direct loans, more and more activity in terms of young farmers. The number of clients eligible for the young farmers interest rate

reduction program in 1988 was 1,286; in '89, 1,216; in '90, 1,192; and '91, 1,273. I will have additional information in a minute.

Mrs. Carstairs: In fact, Madam Chairperson, if the figures we just used for the young farmers, in 1988, there were 1,286 and in 1991 there were 1,273, with a drop in the two years of '89-90. So there has not been an increase in activity; there has actually been a decrease in activity as far as the Young Farmer Rebate Program is concerned.

The MACC indicates that one of its expected results is a loan program of over \$225 million. What was that figure over the last four years?

Mr. Findlay: I gave you the numbers of young farmers the first time, and I gave you the dollars involved in the Young Farmer program. In '88, it was \$1.56 million; in '89, \$1.64 million; 1990, \$2.28 million; and in 1991, we are projecting \$2.48 million. So the dollars are rising. The number of clients stayed relatively constant, but the dollars are going up.

Mrs. Carstairs: Madam Chairperson, this would appear to indicate the cost of farming as opposed to necessarily the increased activity of the actual bank, MACC. I think every banking institution would show that in fact the overall farm loan per farmer has increased somewhat dramatically. That does not mean that there is increased activity, because it in fact takes no more to administrate a loan for Farm A if the loan is \$400,000 than if the loan is \$200,000; it is exactly the same amount of administrative work. What I was actually referring to is the Expected Results, page 45, and it says: ". . . a total outstanding loan program of over \$225 million for over 6,000 Manitoba farmers." Does he have that figure for the last four years?

* (2300)

Mr. Findlay: While we are looking up the figures she wants, we may not have them here, but just in the general sense in the terms of lending activity, there is in the last year, maybe even the last two years, certainly the cost of land, the value of land has come down to some degree. Some indications will say it is starting to go back up. There has been a lower desire on behalf of farmers to owe money because debts are not something that one is proud of nowadays. You want to keep the debts down, so loan activities should have gone down fairly substantially.

I think that, overall in agriculture, loan activity has been slower in the last two years than, say, it was in the two years before that. We see still, by and large, our loan activity remaining fairly constant and rising somewhat both in terms of total dollars in young farmers and total dollars involved. I think it is fair to say that in the next two or three years if the economic situation of agriculture improves somewhat, the loan activity will take off.

We, as I said earlier on, are the best game in town in terms of interest rates overall and in particular for the young farmer in terms of the interest rate reduction program, which we doubled the benefit in 1989 from \$50,000 to \$100,000.

We are still looking for the figures for the first question, and we may have to wait until tomorrow to get those figures.

Mrs. Carstairs: Can the minister indicate—he gave the level of direct loans from 1987 up through to 1990, but how many farmers were receiving those direct loans in that same period of time? Has that figure also increased proportionately to the amount of money that has gone from 11.5 to 36.5?

Mr. Findlay: In terms of the number of loans involved in the Direct Loan Program: in '87, 213 producers involved; '88-89, 282 producers involved; in '89-90, 475 producers involved. That was the year we had roughly 28 million of activity. For '90-91, it was 458 producers. So the number of producers involved has basically been rising and levelled off in the last two years.

Mrs. Carstairs: Madam Chairperson, can the minister tell me of the 54 personnel that will be working for the Manitoba Agricultural Credit Corporation this year, how many of them above the administrative support level are women?

Mr. Findlay: Madam Chairperson, at this point in time, we have one female field representative, one credit manager and one account supervisor in the females above the secretarial category.

Mrs. Carstairs: Madam Chairperson, of that, how many males would you have in a comparable position?

Mr. Findlay: One. In field reps, it is 15 male, one female. The one female is at Shoal Lake, in case you are wondering. In the credit manager, there are four—three male, one female. The account supervisor is one person in total in that category and it is a woman.

Mrs. Carstairs: Madam Chairperson, of the farmers now who are looking at loans, what would be the percentage of female farmers who are looking for loans with MACC?

Mr. Findlay: Madam Chairperson, in terms of the applicants, there are lots of applications where there is joint application between husband and wife, between two individuals, who will be living together. In terms of women by themselves making application, we do not have a figure or a number. Certainly, there are some, but I would have to venture that percentage is very low. We do not have it. If you really want it, we could go back through the records to see what the figure is.

Mrs. Carstairs: Madam Chairperson, can the minister tell me what kind of affirmative action program is going on at MACC in order to draw more female participants into employment at higher level positions such as field reps and credit reps in the corporation? How successful has it been over the last couple of years in attracting female staff?

* (2310)

Mr. Findlay: Madam Chairperson, in terms of the two Crown corporations, we have a female individual who is working with the two corporations to try to be sure that we are maximizing the probability of attracting female candidates to the various positions that are advertised. I dare say it is safe to—in most cases with the jobs that are advertised, there are 40, 50 and 60 applicants. There are many females in those applicants, in any of the ones that I have seen.

In terms of MACC and the process of the move to Brandon, there will be jobs opening up. There will be an attempt to attract qualified females to apply.

In terms of females who are agrologists, over the last five, eight years, there has been quite a number of graduate female agrologists in this province, a very considerable number, in fact. The university, the Faculty of Agriculture, has more and more women all the time. So there are lots of qualified women out in the system overall. I see them not only in government, but I see them in the private sector, too.

There are qualified women. We look forward to the possibility that some of these positions that we have filled in the process of vacancies becoming available through the decentralization process, we will end up with a more positive ratio of women in the more senior positions of the corporation.

Mrs. Carstairs: I am glad the minister does recognize that there are more and more graduates of the Department of Agriculture. There are more and more trained female personnel. Therefore, there should, in fact, be a gradual increase. It will not happen overnight, but as positions open up, there should indeed be the employment of more and more women in a Crown corporation like MACC and, particularly, when new jobs are opening up because of the transfer and others will not move into those positions.

I want to congratulate Mr. Shaw on his new appointment, and I want to congratulate the minister on having had an open competition, something that I think needs to be done in a number of other jobs, quite frankly, that the government is opening up. I think it bodes well for getting the best and most talented into positions. Whether those best and most talented are female or males, one has to recognize that the most important criteria is ability, always, for any position which opens up.

In the list of Peer Advisory Committees, the minister has not done very well in terms of women on that particular list either. Of the 80 individuals on the list, nine of them I can identify by female first names, although sometimes that can, in fact, be a male or vice versa. It would look to be about 11 percent of the Peer Advisory Committee is made up of female participation. I know that I sent a list of individuals to the minister for positions last year which were culled, not just from my party membership, but quite frankly by asking people in the communities to put forward names of good women.

Has the minister been trying in his own boards and committees to put more and more qualified women into positions as they open up?

Mr. Findlay: Yes, I have, and very recently we appointed Gwen Parker to the Manitoba Crop Insurance Board, a very qualified woman who worked for WI for a number of years. I will have to say to the Leader of Liberal Party that I have, on occasion, attempted to talk directly to women to get them to get involved. The answers—there are two or three different answers that I get. One is that, well, I am too busy, why do you not ask my husband? I say, well, it is you I want. Well, he knows more. They want to say, I will look after things at home, he has more free time. The other one that I have heard is, yes, I would be very interested but not at this time. Because of financial

circumstances, I have to carry more of a workload at home. We cannot afford to hire help. I am doing a lot of that. Together with running the home and looking after the children and doing some community work, I just do not have time. Ask my husband.

So that is a discouraging comment to get quite often, and I will tell the member that before we got Gwen Parker, I did have to speak to two other women, and they both said no to me. I am not saying that Gwen was third choice, but it was just the process. That meant that there was no sense in calling those other two women for any other appointment, because I had gotten those excuses: not at this time, or I would sooner you took my husband than me.

So in agriculture, I am having some difficulty in getting women to come forward or have the freedom to come forward, or the time. Let us say we will continue to attempt to appoint women more and more and have women involved in the corporations and in terms of the department. The percentages I gave out the other day showed that the percentage of women in the department had gone up from 47-point-something percent up to 49 percent, so we are almost half and half in the department overall, but I will recognize that in the managerial positions we are still a long ways away from being anywhere close to half and half.

Mrs. Carstairs: The arguments that the minister is getting from women are not any different from the arguments he was getting from women last fall. I recognize that because, as a woman political Leader, I have trouble even attracting women, who will say to me, I do not have time, try to talk to my husband about being a candidate rather than talk to me as being a candidate. So I do recognize what the minister is saying in terms of attracting women.

I have always found that a good argument to use and one he might like to use is that they have to serve as role models for the next generation coming along and, if they are not prepared to take it, then there is a lack of role models for the younger generation, and that tends to appeal to their conscience if nothing else.

The minister has indicated in his overall budget that he is losing one staff year reduction associated with the Fishermen's Loan Program. Yet we were told in other Estimates that the Fishermen's Loan Program, and I do indeed have a letter from the

minister indicating that the Fishermen's Loan Program is still very much a part of MACC and will remain there for at least the immediate future.

Can the minister tell us why this particular staff reduction took place in this program if in fact MACC is going to still maintain the responsibility at least in the immediate term?

Mr. Findlay: At this point in time we are not in a reduction of one because, yes, the Fishermen's Loan Program continues to be administered by MACC and will continue to be administered by MACC until an appropriate transfer over to CEDF can occur. It may take months; it may take most of this budget year for that process to finally get completed but, until that process is completed, there is not a real reduction at this time in that one staff year.

Mrs. Carstairs: From the perspective of MACC, do they believe that this will provide the same kind of loan program that was available under MACC? I mean, are they going to literally turn this over along with all of the staff when it happens, along with all the technology and the development that has taken place in MACC, or is it envisaged that it will be a different program when it goes to the Communities Economic Development Fund?

Mr. Findlay: Madam Chairperson, the terms of the Fishermen's Loan Program—there is a total of six staff associated with delivery of the program. Natural Resources has the appropriation for capital; we are the administrators of it. There is a joint committee going on between MACC and CEDF to analyze the process, what would be the most effective process of the transfer of the administration by them. That is an ongoing process right now. What it will end up being, time will tell.

Mrs. Carstairs: The concern that I would like to express to the minister, and I know my critic did it also with the other minister involved here, is that it is a well-established program with well-established banking policies, if you will, in its present mode of operation. We have some concern that because it is not a substantial amount of money in relationship to the overall budget of MACC, are you going to be able to put the same kind of controls in place with a much smaller operation that you have vested now in a larger operation, therefore, with the appropriate controls in place?

* (2320)

The debate is obviously ongoing, and I just want the minister to know that we have these concerns and that we are basically redlining them so that the decisions are not made when they might not be in the long-term best interest of fiscal policy.

Mr. Findlay: Madam Chairperson, in the analysis that is going on, all those factors will be taken into account to determine if the process—and I do not dispute that the process that we have involved, the banking process and all that, is very good. It may be deemed in the final analysis that maybe it will stay where it is. Maybe the whole thing will be transferred as a unit. We will see as time goes on.

We recognize the process as we administered it. We would not want to say anything else. We have done a pretty good job. I would like to believe that that will be taken into account before any final decision is made, that it should, or could be transferred in this fiscal year or any future fiscal year.

Mrs. Carstairs: Madam Chairperson, we have a new executive director of MACC and often with a new mandate comes a new broom and we can brush up on some of the techniques and the processes.

Is it the intention of the new head to look at the way in which MACC is functioning in an overall way and to take that fresh look at what has been essentially a good Crown corporation, but which—every Crown corporation, every business, everything needs new blood on occasion. Will that kind of evaluation go on as to practices, procedures, modus operandi, if you will, of this Crown and give it that fresh look that every business needs from time to time?

Mr. Findlay: Madam Chairperson, yes, it is an opportunity with a new general manager and a move to Brandon, and some people are retiring, some are not going, so it allows an opportunity to rejuvenate, if you want to use that word, the corporation and to do a number of things in facilitating the process.

One of the things that farmers look at is turnaround time for applications. I have often heard it said that they go to FCC and they can get an answer like right away; at MACC it is a dragged-out process. It does not seem to have the turnaround time that farmers would like.

We have already done a financial systems review with the Auditor and the Department of Finance, and some elements of that are presently being implemented in the corporation. So there is no

question that under the new general manager we will see a streamlining of process and the evaluation of the entire operation.

I do not think any member at this table in front of me knows, but at suppertime I went to a reception downtown where there was a discussion of the farm finance question overall. One of our new employees at MACC came up and spoke to me. He said, I came to work for MACC about a year ago because I could see that things were going to change. I do live in Brandon, and I am glad that it is coming there.

He has come from the financial community, and he looks forward to significant improvements in the way the corporation is run. He had worked for another financial institution, and he saw some problems, but he thinks that they are going to be resolved in the process of the new general manager, the move to Brandon and the fresher and more energetic faces that will be at the tables or at the desks in the corporation.

So they are seeing that opportunity from within, and we see it from without, too.

Mrs. Carstairs: In the press release, which the minister issued on June 12, 1991, he said, Gill Shaw of Winnipeg has been appointed as the new general manager. One assumes that Gill Shaw of Winnipeg is now going to become Gill Shaw of Brandon. Is that in fact going to happen?

Mr. Findlay: Yes, Madam Chairperson, in the process of recruiting the individual, or the individuals we interviewed, clearly it was made very obvious to them that the location of the position was in Brandon, and Mr. Shaw will be in Brandon when the decentralization move is completed.

Certainly, we are expecting it to be completed in this calendar year—as I had said earlier, a new building located on the south side of Brandon, I believe that is where it will be. They have looked at floor plans, so the process is moving along, and I certainly expect by the end of the year that move will have been completed.

Mrs. Carstairs: I thank you, and I hope that Mr. Shaw manages to draw himself a nice new office on those floor plans while he is at it.

I just have one final question. Can the minister tell me if it is a custom in MACC, as it is with the banks, to move staff and field officers around? Do they have any regular posting of individuals? It used to be that the local bank manager remained in

a community for years. Now they seem to stay about a year and a half. I think they have gone to the opposite extreme, quite frankly, but I think there is also a certain amount of freshness that comes into an area with a certain amount of change.

What is the custom at MACC with respect to field officers and their movement from district to district?

Mr. Findlay: Madam Chairperson, there is not any planned process of moving people from field office to field office or position to position. I am just looking at the figures, the stats. If somebody has worked for the corporation up to 10 years, it seems that, on average, there are about three moves involved over a 10-year period. It is a voluntary process. They move for different reasons. It may be an advancement. Maybe an equal position came open somewhere else, and that is maybe where they prefer to live. They apply and maybe are successful there. There are a number of moves that are happening on an unplanned basis.

* (2330)

The member for Dauphin (Mr. Plohman) mentioned Brad Magnusson who was in Dauphin. A credit manager position came open in Shoal Lake, and he applied, and he is now living in Shoal Lake. Four credit managers have decentralized, so there are four. He is one of them, so he moved from Dauphin to Shoal Lake. Three others moved from other locations, at least one or two from the city out to rural Manitoba in this process. There are moves, and there are staff living in different places at different times. It is more a voluntary, happen-as-it-may situation rather than a planned process.

Madam Chairman: Resolution 8: RESOLVED that there be granted to Her Majesty a sum not exceeding \$11,392,300 for Agriculture, the Manitoba Agricultural Credit Corporation \$11,392,300 for the fiscal year ending the 31st day of March, 1992—pass.

Item 4. Agricultural Development and Marketing Division (a) Administration: (1) Salaries \$100,100—pass; (2) Other Expenditures \$7,900. Shall the item pass?

Mr. Findlay: Madam Chairperson, what would be the will of the committee to pass the Mediation Board, which is 6.(e)? We have had considerable discussion and the staff is here. You would pass 6.(e)(1) and (2) at this time.

Mr. Plohman: We would be willing to pass that at this time, so that the staff who were involved with the MACC would not have to return for that.

Madam Chairman: Page 18, item 6.(e) Manitoba Farm Mediation Board: (1) Salaries \$258,200—pass; (2) Other Expenditures \$499,400—pass.

Mr. Findlay: One other area that involves this staff is 10, Emergency Interest Rate Relief Program. If there are any questions, it would be the appropriate time.

Mr. Plohman: Yes. This might take a little bit more time than the other ones, perhaps not—well, first of all, I just want to indicate that the minister had agreed to look into some cases and bring the information back. Even though we are passing the Mediation Board, I trust that that undertaking will be done as expeditiously as possible, and perhaps before we finish these Estimates, even though it comes under other areas, perhaps tomorrow, hopefully tomorrow. The minister has given to undertaking to get that information by tomorrow.

I understand No. 10, Emergency Interest Rate Relief Program is the old Interest Rate Relief Program that was put in place by the previous government, as opposed to the Manitoba Interest Rate Assistance Program, which was the minister's program of last year for operating loans. We have more questions on that one, I think, than the old No. 10. Does the minister say that his staff who are involved with the Emergency Interest Rate Relief Program are not involved with the Manitoba Interest Rate Assistance Program?

Can the minister indicate, is this the final allocation that will be needed in this Emergency Interest Rate Relief Program? Is it a write-off of final amounts that were extended to farmers, or what does this \$550,000 represent?

Mr. Findlay: The staff have to come back to deal with the questions we have raised here. Let us leave the Interest Rate Assistance Program until tomorrow and deal with it then, and they will get some more detail on particularly the question you just asked. We are into No. 4.

Madam Chairman: Item 4.(b) Animal Industry Branch: (1) Salaries \$1,300,100.

Mr. Plohman: Could the minister indicate where the reduction is projected of some \$358,000 in this area?

Mr. Findlay: The reduction of \$358,000 consists of six SYs under feed analysis, three SYs under milk inspection and one SY out of livestock protection.

Mr. Plohman: Madam Chairperson, does the minister expect that he will be implementing fully this reduction? In other words, has the reduction taken place up to this point in time? Is this only for a partial year, the dollars that are removed, or is this for the whole fiscal year starting April 1, 1991?

Mr. Findlay: With regard to the feed analysis lab, the process right now is seeking alternative individuals who will want to run the service. The feed analysis lab will be continued by the Department of Agriculture until such time as that happens. There is an indicated reduction here of \$175,000 in this fiscal year. Obviously, that is not happening at this time. They are still paying the salaries and running the feed analysis lab.

In terms of the interest in it, we are negotiating with one particular option right now and there are a number of other individuals, organizations across Manitoba that have shown considerable interest in the feed analysis lab. The discussion as to what level of interest the different inquiries are about is an ongoing process right now.

The three SYs in milk inspection and the one SY on livestock protection, those reductions have occurred.

Mr. Plohman: Could the minister indicate whether the reductions in the feed lab have occurred to this point in time and what the projected date is if they have not?

* (2340)

Mr. Findlay: In my previous answer I said the feed analysis lab reductions have not occurred. The feed analysis lab is still being run as it was, and will continue to be run until an alternate owner of, or deliverer of the service is obtained. So that is ongoing and will be ongoing in our hands until that occurs.

Mr. Plohman: Could the minister provide some rationale for eliminating this service from this section? My understanding is that it is fully cost recoverable, so I do not know whether the answer can be dollars from the budget. Can the minister give some rationale why he has chosen to eliminate this valuable service from the government's service?

Mr. Findlay: Madam Chairperson, I think the member said that there was cost recovery, that was not a consideration. I would just give the member some idea as to what cost recovery has been. We go back to the period 1980 through 1982, cost recovery was 11 to 13 percent, get into '83-84, it is in 21, 24 percent, '85, '86, '87 it got up to 35, 40 percent, '88-89 it was 68 percent and '89-90, 76 percent recovery. That recovery does not include any costs for space, utilities, like heat and light. It does not consider any overhead costs. It does not consider any costs of management, in other words, any staff above those that are in the lab itself.

The figures I have given for cost recovery do not include a lot of costs that should have been applied to the lab. There is nowhere near cost recovery in the way it is operated right now.

Mr. Plohman: He said it was going up. He stopped at '89. I believe there were increases in 1990 as well. What was the final cost-recovery up to last year, and what are the costs for space, utilities, management, staff, and other overhead that are not included, so we could have a true picture of the actual cost recovery of this operation?

Mr. Findlay: Madam Chairperson, we do not have the hard figures for the costs of the elements that are not included that I just gave like space, overhead, utilities and management. If the member wants, we can sit down and go through it and determine what those costs are. It would be fair to say that, instead of going from having roughly three-quarters cost recovery, you would probably be back to 60 percent or 55 percent or 50 percent of cost recovery in the present process.

If the member for Dauphin (Mr. Plohman) actually wants those figures, we will attempt to generate them in terms of the other costs not included right now.

Mr. Plohman: The minister started with a figure from 1980 of some, I believe, 11 percent or so of cost recovery. They went up to 1989 and said it was 76 percent. You did not give 1990 figures.

Mr. Findlay: I gave you '89-90.

Mr. Plohman: '89-90 figures. In 1990-91 figures—the minister maybe will want to give us those, and could he please explain what is included in that percentage? I understand that it was now over 90 percent cost recoverable with the latest increases in 1990 budget. What costs were included in that cost recovery? You know, the

minister says, well, space, utilities and overhead, and management was not included. What was included in that? Why would he have presented to me just now, and to this House, figures on cost recovery that were not accurate, that did not include those? Is it cost recovery 76 percent as of 1989 or over 90 percent at 1990 or is it not? What does that figure include, since the minister used those figures?

Mr. Findlay: In the previous answer, I asked the member if he wants me to break down all those hard costs in those other areas that are not included in the figures. The figures include the salaries for the individuals running the lab and all the supplies that are consumed in the lab in the process of running analysis. That gives the 76 percent figure for '89-90. The '90-91 figure we do not have at our fingertips at the moment. The last increase in terms of fees occurred between '89 and '90. There was no increase '89-90 to '90-91 so the 76 percent figure we gave for '89-90 would probably be very similar in the subsequent year. It would not have gone all the way to 90 percent.

Mr. Plohman: So the minister has no costs for the previous full fiscal year that the lab is operating in terms of recovery?

Mr. Findlay: We will get that figure for the member for tomorrow.

* (2350)

Mr. Plohman: Can the minister indicate who the clientele for the feed lab is? We know that the Manitoba Crop Insurance Corporation is a major client. From the information I received from the minister earlier, I understood he said some 3,800 test samples are done per year for Manitoba Crop Insurance out of 8,000 tests that are done. So just a little short of half are done for one client. Who are the remainder? I would understand, probably producers or one of those. Can the minister indicate if there are any others?

Mr. Findlay: It is fair to say that the rest of the clients would be with the producers, dairy producers, poultry producers, hog producers, cattle producers. Some of it may have been done for a feed company, but basically on behalf of a producer. So the rest of them would be producers wanting feed analysis done for one reason or another. Generally just to know the nutrients so that they would know what additional to add. As I recall, poultry people use it pretty much on an ongoing basis to monitor

their feed so that they know that they have the right level of TDN or the right level of energy and the right level of protein.

Mr. Plohman: Would the Brandon research lab and University of Manitoba also utilize these services?

Mr. Findlay: If the Brandon research lab is using it, Madam Chairperson, it would be very little. The university probably will be using it to some extent but, again, the numbers will not be great.

Mr. Plohman: You know, earlier I had asked the minister why he had chosen—well, I do not know if I asked him why he had chosen this one to privatize, but I had mentioned that only not even a year ago, the feed analysis lab was honoured and recognized by the Association of Official Analytical Chemists—won a major award for outstanding achievement. It goes on, the news release, to talk about Wanda Young, the president-elect of the Mid-Canada Association of Official Analytical Chemists, who said, Manitoba's agricultural feed analysis lab was chosen for the important role they play in evaluating feed quality and in helping to give producers an edge to maximize agricultural production.

This was a news release put out by Agriculture Communications from the minister's own department. It even included a picture of the minister, perhaps presenting or participating in the ceremonies. I would be rather embarrassed if I was the minister just one year ago being part of a major honouring of part of the section of this department, and now he has somehow made a decision that it no longer should be operated the way it has been over the last number of years, and we see progressive steps towards full cost recovery that the minister provided to us.

I know that the former minister under our government, Bill Uruski, advised me that was the intent in a lot of these areas, including which we will discuss tomorrow perhaps the Semen Distribution Centre and the veterinarian drugs and the soils lab. The intent was to move towards cost recovery.

It seems to me that when you have peers and others in the scientific community recognizing the work that was done here, and you know if you go through this news release, glowing statements about their work and the minister, having put this out under his department's Communications department, I wonder where he has changed his

opinion on this lab. Why did he select this operation for privatization when they are doing such a good job and it is obviously needed to ensure impartiality on tests. It is so important, particularly in soils testing, it would seem to me, but also in feed testing.

I ask the minister to explain that kind of abrupt turnabout in terms of this operation.

Mr. Findlay: The member tries to imply that, because the lab received a reward, somehow we are abandoning them, and that is absolutely not the case. In the process of finding somebody who is interested in running it outside of government, my expectation is that the same people will be running it, the same process. There is no less independence involved. In fact, I would say there is more independence involved run by the private sector.

Similar operations are run in Saskatchewan at the University of Saskatchewan, and Alberta by the private sector. They are not run by government, and to somehow imply that the private sector is not independent and cannot do a good job, is not being fair at all. The lab, from a technical point of view, has done a very good job and, on that basis, they will be able to run that lab even better when they get away from the control of government. I believe that very strongly.

In the process of attracting business, producers make a choice whether they will use the techniques of that lab or they go to another lab outside the province or outside the country. When we look back over the last 10 years, the number of samples submitted by producers has actually gone down and down and down.

I think it is an opportunity for allowing job creation in the private sector to have the lab run by the private sector. I think it is good for the industry, and it will be a viable commercial operation, I am sure, for those who will choose to run it in the future.

There is no indication that the quality of the technology that will be used will be in any way affected negatively by a private sector running the lab in the province of Manitoba. It has been run very effectively in that direction in Saskatchewan and Alberta. I see no reason why the same will not apply here. Last year we went through the privatization of the milk recording lab, and it is running very, very well right now outside of government.

Mr. Plohman: The minister's release said that the award recognizes the contribution of the lab to

analytical fields through educational and training workshops for various agencies such as universities and industrial, private, federal, and provincial laboratories. How can he expect, if this lab provides training and education for the private labs, that they are going to do the job better than this lab, if they are the ones providing the training to the private labs?

* (0000)

Mr. Findlay: Madam Chairperson, the business of being able to train—I do not know why the member would say only government can do training. Private sector can do training just as well whether they are under government or outside of government, the same delivery of services. Whether it is sample analysis or whether it is training, or technology transfer, it can happen just as well. There is no reason why it cannot happen just as well.

Universities are there to provide training, technology development, also. The university works well with the private sector. There is nothing magic about being in government. I think it is magic to be away from government.

Mr. Plohman: Madam Chairperson, I ask the minister where is the private industry now? Why is it that the government lab is training and providing expertise, education, training to the private labs? Where are they now, that this minister talks so glowingly about? Are they in competition with the public lab at the present time?

Are you going to go past 12:00?

Madam Chairman: Is it the will of the committee to continue? Is it the will of the committee to continue to 12:15? Agreed.

Mr. Plohman: I would ask the minister where the private sector labs are now? Are they in competition? Do they have the same services, the same kind of equipment? I understand that the NIR system is very advanced and is not present in a lot of labs in Canada, if any. The minister said all of this stuff can be done by the private sector. Yes, if they are handed this on a silver platter.

This is a valuable service and resource here, valuable equipment, it seems to me. Where is this private sector that is supposed to be so good at doing this analysis now and this training and everything else? What are they doing now? They have an equal opportunity now, perhaps a better than equal opportunity, to gain access to this business. The minister said that the number of tests

are going down, down, and down at this lab. That would mean then that the private sector in Manitoba should be gaining some of this business. Where are they?

Mr. Findlay: The private sector can hardly get involved competing with a government lab that is heavily subsidized. It is not fair competition at all. The government lab—the customer is not paying full cost in delivering the service, how can the private sector compete with them? The private sector can only get involved if government is not there competing with a subsidized product.

I said earlier there are private labs operating outside the province who are obviously stealing off some of the business because the number of samples being analyzed in the last 10 years has gone from some 6,000 down to 3,800. The presence of the government lab is not stimulating more use, it is causing less use to occur.

As in the soils lab, we are losing business because the client who is buying the service is somehow thinking he is getting more of the kind of service he wants elsewhere and sending the samples there. To say that the private sector can compete with a subsidized lab inside the province is just not likely to happen.

Mr. Plohman: The minister is talking on all sides of the question. He is now saying these are highly subsidized labs. We just determined that they are nearly fully cost recoverable in terms of the costs.

Let us look at the fees. What are the alternative fee structures? I understand from the fee structure that the minister gave us that they charge \$26 per sample for forage. I have read somewhere, Madam Chairperson, that this service is offered in the States at a much lower cost. Now the minister has increased the rates. He said that the number is going down, down and down. Earlier on I asked him, who sets the rates? He said, the feed lab. Then I said to him, well is it not correct that the minister sets the rates through regulation and he admitted that was true.

Now, he is the one who sets the rate. It is at \$26. Is it not a fact, Mr. Minister, that the alternatives are only half that cost at \$12 to \$15 in the States for that same service? How can he say that this is a subsidized service that is taking away the business unfairly from the private sector when they are already priced lower than this?

Mr. Findlay: The very comparable jurisdictions where the services are supplied, in Saskatchewan at the university—not by government, by the university—we are talking \$26 a sample. Saskatchewan, \$28 a sample for analysis, and Alberta \$25. So very similar.

Mr. Plohman: Well, the minister has chosen a couple of examples from other provinces that I understand do not even have the dry feed analysis, the NIR system, which is the near infrared reflectance analysis. If they do not have that service and that is a much simpler service, then how can he compare costs? This lab has that service. I am talking about American labs that have the NIR system and they are offering that service, as I recall—and the minister can indicate, and if he does not know, he can say he does not know—at half the cost of what Manitoba is charging. They are making a buck at it.

Mr. Findlay: Yes, the American labs can and will run them cheaper. They are working on obviously much higher volumes, maybe they have a greater level of efficiency. Is the member arguing in favour of private labs in the United States being able to do the same services for much less costs than what is done in Manitoba, Saskatchewan or Alberta? If he is, he has obviously made the point that it can be done at a lower cost at the same level of service. As to whether Saskatchewan and Alberta have NIR spectrophotometer, I cannot answer. They may or may not.

We will try to find out. We understand Saskatchewan has the NIR spectrophotometer, but Alberta, we would have to inquire.

Mr. Plohman: Is the minister now saying the Saskatchewan lab does have the NIR system? How long have they been operating it then?

Mr. Findlay: It would appear about the same time that we have had it, for the last three years.

Mr. Plohman: The minister said, well, I am arguing for the private labs. No, on the contrary, what I was arguing for was that the rates should be competitive so the volume would increase in Manitoba. The minister just said, the samples have gone down and down and down. Why have they gone down? Is it because the producers do not have reliance on the service from this lab?

I would think not, not if the Crop Insurance Corporation has just said they are doing a fine job for them earlier in the Estimates. The only thing that

I can think of is that the price is not competitive. Who set the price? The minister. The minister set that price. They have priced themselves out of business. He could say that the numbers went down, down and down, so he has to turn it over to the private sector. Why did he set the price so high that they cannot be competitive and, therefore, keep the volume of business up?

Mr. Findlay: Madam Chairman, I heard the member say, well, I was glad to see you are moving toward cost recovery. We are in the vicinity of 50 percent or 60 percent cost recovery. We are not even there to cost recovery, and you say, lower the charges. You cannot have it both ways. You cannot go both ways at the same time. The producer makes the decision of where he gets his samples analyzed. I have heard from the people who do get soil analysis and feed analysis and for a number of reasons they are sending them elsewhere. Cost may be one of the factors, but reliability of the results and the kind of analysis they get that they want is better in their eyes elsewhere.

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Mr. Plohman: The minister is now trying to leave the impression that reliability of it results. Is he saying to me, to the House at this time that the results from the lab here in Manitoba, the feed lab which is in his department, which he wants to privatize, are not reliable and as reliable as the private sector or any other competitor?

Mr. Findlay: I am relaying to the member what farmers have told me. They are making that decision of whether they want them done here. They are getting the appropriate analysis they want done. It is their own decision. Certainly in the soils lab and the feed lab that is one of the reasons why the number of samples is not as high as it used to be.

Farmers are choosing to go elsewhere for a variety of reasons, and cost may be one of them but, in terms of the analysis they want done, they are making the choice to go elsewhere, and we are losing the business. I would think in the hands of the private sector they will have a chance to compete to get it back. A lot of farmers think that the private sector running the business will be more responsible to the client. The client wants something; they will try to accomplish the task of delivering that kind of analysis. They do not believe

the government is as responsive as they would like to see us.

Mr. Plohman: Madam Chairperson, would the minister indicate, the closest he can give us, the information from the staff that are here, what the cost is to do a sample under this NIR system? What does it cost to do a sample? He is charging \$26 for forage. What does it actually cost to do that?

Mr. Findlay: Well, we would have to consider total cost, and the figures I gave you earlier of 76 percent cost recovery, not including the other elements of space, management, overhead, utilities, you add them in and let us say that brings our cost recovery down to 60 percent. You would obviously have to almost double the charge in order to have full cost recoveries. Instead of \$26, it would be up in the vicinity of \$40 to \$45. It would be full cost recovery to do a forage analysis.

Mr. Plohman: Madam Chairman, I think the minister is way off with that cost figure that he has given us of \$42 for a test such as this. Is it not correct that the cost recovery could be achieved by the lab much quicker if the minister would drop the charges and increase the volume? The minister knows there are two ways in any business—there are many ways—to make a profit.

One of the ways is to increase your price, but if the market will not take it anymore, you have to be competitive. You have a sale. You can drop your price, and then the volume will pick up and it will offset—you make less on each unit but you make enough because of the volume that you actually have closer to full cost recovery than you would under the present system of the high charges when you have labs charging half as much for the same service.

The minister is now telling us his lab cannot do this for less than \$42 for a sample, and yet the American labs are doing it for \$12 or \$13 and are making a profit at it. How does he explain that? Is

the explanation that this is just because it is government?

Mr. Findlay: Well, the member has a pretty simple ideological approach to this question. There are certain fixed costs for any analysis in terms of the reagents that go in, the use of equipment, the labour costs—they are fixed. The only way you are going to make the overall cost on the per sample basis less is if you can spread your costs, your risks of running the lab over a lot of different analyses, between feed analysis, soil analysis, pesticide analysis, water analysis, a number of other services.

You can deliver the same staff, the same equipment, rather than say, I am going to make or break it on just doing one analysis, feed analysis. You have to get volume up. Even so, if you cut the rate from—I said \$42—you bring it down to \$20, your fixed costs in terms of labourers, reagents and equipment are maybe even \$25 in that situation. You are going to lose money on every sample. It is a combination of getting your costs down, your volume up, and having more services you can deliver in the lab so that you are doing more with existing staff and equipment than just one analysis.

I think in the private hands you will find that they will find a way to put that all together. In Alberta, \$25, it is in the private hands, and they would not be in business if they were not making a buck at that. In some way it can happen, in a combination of the way they run the lab, the prospective analysis they do and satisfying the client at the same time.

Is it the will of the committee to rise?

Madam Chairman: Order, please. As previously agreed, the hour being past 12:15, committee rise. Call in the Speaker.

IN SESSION

Madam Deputy Speaker (Louise Dacquay): The hour being past 12 a.m., this House is adjourned and stands adjourned until 1:30 p.m. (Tuesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 17, 1991

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