



First Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

Standing Committee

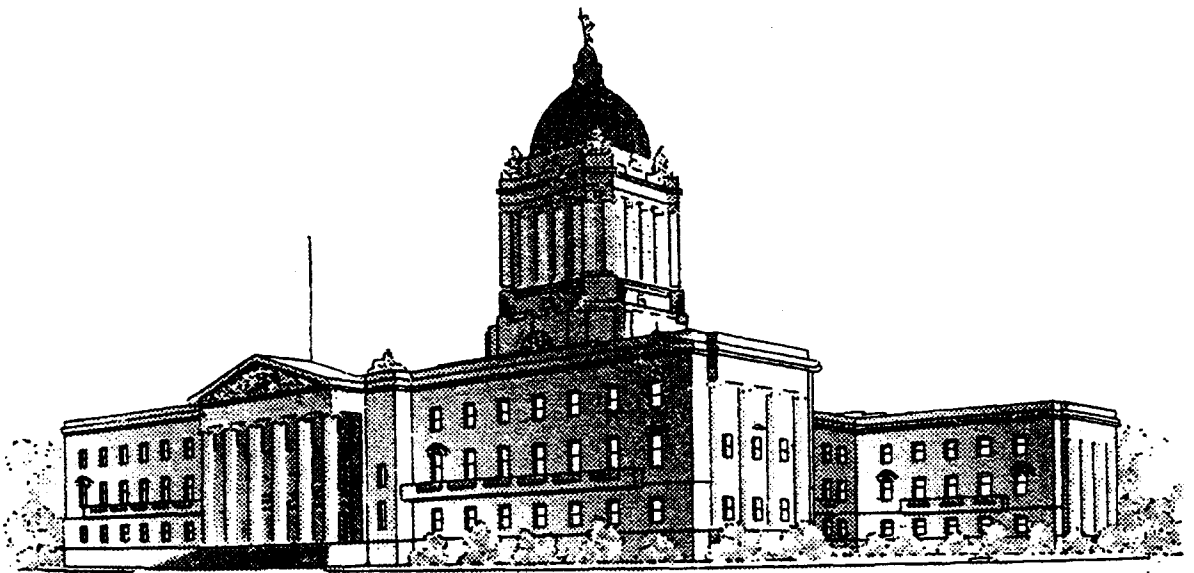
on

Economic Development

Chairperson

Mr. Mike Radcliffe

Constituency of River Heights



Vol. XLV No. 1 - 10 a.m., Thursday, September 28, 1995

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Members, Constituencies and Political Affiliation

<u>Name</u>	<u>Constituency</u>	<u>Party</u>
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
DERKACH, Leonard, Hon.	Roblin-Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary	Concordia	N.D.P.
DOWNEY, James, Hon.	Arthur-Virden	P.C.
DRIEDGER, Albert, Hon.	Steinbach	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
ERNST, Jim, Hon.	Charleswood	P.C.
EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
FILMON, Gary, Hon.	Tuxedo	P.C.
FINDLAY, Glen, Hon.	Springfield	P.C.
FRIESEN, Jean	Wolseley	N.D.P.
GAUDRY, Neil	St. Boniface	Lib.
GILLESHAMMER, Harold, Hon.	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McALPINE, Gerry	Sturgeon Creek	P.C.
McCRAE, James, Hon.	Brandon West	P.C.
McGIFFORD, Diane	Osborne	N.D.P.
McINTOSH, Linda, Hon.	Assiniboia	P.C.
MIHYCHUK, MaryAnn	St. James	N.D.P.
MITCHELSON, Bonnie, Hon.	River East	P.C.
NEWMAN, David	Riel	P.C.
PALLISTER, Brian, Hon.	Portage la Prairie	P.C.
PENNER, Jack	Emerson	P.C.
PITURA, Frank	Morris	P.C.
PRAZNIK, Darren, Hon.	Lac du Bonnet	P.C.
RADCLIFFE, Mike	River Heights	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack, Hon.	Niakwa	P.C.
RENDER, Shirley	St. Vital	P.C.
ROBINSON, Eric	Rupert's Land	N.D.P.
ROCAN, Denis	Gladstone	P.C.
SALE, Tim	Crescentwood	N.D.P.
SANTOS, Conrad	Broadway	N.D.P.
STEFANSON, Eric, Hon.	Kirkfield Park	P.C.
STRUTHERS, Stan	Dauphin	N.D.P.
SVEINSON, Ben	La Verendrye	P.C.
TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.

**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT**

Thursday, September 28, 1995

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Mike Radcliffe (River Heights)

ATTENDANCE - 10 – QUORUM - 6

Members of the Committee present:

Hon. Mr. Stefanson

Mr. Ashton, Ms. Barrett, Messrs. Dewar, McAlpine, Newman, Radcliffe, Struthers, Sveinson, Tweed

APPEARING:

Mr. Neil Gaudry, MLA for St. Boniface

Mr. Kevin Lamoureux, MLA for Inkster

MATTERS UNDER DISCUSSION:

Annual Reports of the Manitoba Lotteries Foundation for the fiscal years ended March 31, 1992, and March 31, 1993

Annual Reports of the Manitoba Lotteries Corporation for the fiscal years ended March 31, 1994, and March 31, 1995

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Madam Clerk Assistant (Judy White): Good morning. Being that we have quorum, I would like to bring the Standing Committee on Economic Development to order.

Our first order of business this morning is to elect a chairperson. Are there any nominations?

Mr. Ben Sveinson (La Verendrye): I nominate the honourable member for River Heights (Mr. Radcliffe).

Madam Clerk Assistant: The honourable member for River Heights has been nominated. Are there any other nominations? Seeing none, Mr. Radcliffe, please take the Chair.

Mr. Chairperson: Good morning, everybody. Our next order of business will be to elect a Vice-Chair. Is there a nomination for a Vice-Chair?

Mr. Sveinson: I nominate the honourable member for Sturgeon Creek (Mr. McAlpine).

Mr. Chairperson: The nomination is for the honourable member for Sturgeon Creek. Are there any other nominations? Seeing none, I declare the election of the Vice-Chair to be the honourable member for Sturgeon Creek.

We have a number of reports this morning for consideration. They are: the Annual Report for the Manitoba Lotteries Foundation for the fiscal year ending March 31, '92; the Annual Report for the Manitoba Lotteries Foundation for the fiscal year ending March 31, '93; the Annual Report for the Manitoba Lotteries Corporation for the fiscal year ending March 31, '94; the Annual Report for the Manitoba Lotteries Corporation for the fiscal year ending March 31, '95.

If members do not have copies of these reports, there are extra copies on the table behind me. Does everybody have a copy of the report that wants one?

At this time, I would invite the honourable Minister responsible for Manitoba Lotteries Corporation to make his opening statement and to introduce the staff from the corporation present this morning.

Hon. Eric Stefanson (Minister charged with the administration of The Manitoba Lotteries Corporation Act): Mr. Chairman, as you indicated, before I make my remarks this morning, I would like to introduce some representatives of the Manitoba Lotteries Corporation who are with us this morning.

This is Marvelle McPherson, the Chairperson of the Manitoba Lotteries Corporation; Mr. Bill Funk, the President and Chief Executive Officer; Mr. Peter Hack, who is the Senior Vice-President and Chief Operating Officer; and Brian Stepnuk, who is the Vice-President of Finance and Administration.

I am pleased to have the opportunity to make a few comments at the outset of this meeting. I note, we do have some old, outstanding reports. It certainly is my wish that if there are still some questions pertaining to some of those reports, we could deal with those first and get those reports out of the way.

I know there are some very current issues and timely issues that members will be interested in discussing, and I am very much prepared to have that kind of discussion, but I would hope it will be the direction of this committee to try and at least deal with some of those old, outstanding reports, but if there are any questions pertaining to them, I am sure the members have come here prepared to ask those questions.

Turning to the current report, as you all are aware, the 1994-95 report and the most recent quarterly report were released on September 15, 1995. The annual report details a significant amount of information about the corporation's operations for that year as well as detailing gross and net financial information by revenue source with comparative information from the previous year.

Because this information has been so recently released, I will not take up the committee's valuable time by restating what is available for the public to see for itself. However, I will note that in 1994-95, Manitoba Lotteries activities generated more than \$226 million to support provincial priorities and initiatives. It should also be noted that the report does detail the operations carried out by the corporation on behalf of Manitobans.

Manitoba Lotteries has been generating funds to make good things happen in our province for over 25 years. I anticipate this important organization will continue to generate those funds as a result of its well-managed corporate activities.

Over \$151 million of lottery and gaming revenue was approved by the Legislature to fund initiatives in the areas of health care and medical research, learning and education, economic development, community and family life, conservation and youth employment programs, as well as heritage, culture, fitness and amateur sport.

In addition, \$235 million of lottery revenue was approved for deficit reduction. It is clear that Manitoba lottery and gaming-funded initiatives support community and provincial endeavours which improve the quality of life in our province.

* (1010)

I am also pleased to note that information on community gaming revenue and the impacts of gaming have also recently been released, and earlier this month the Manitoba Lotteries Corporation released Canada's first replication prevalence rate study. The results of this particular research concluded that the province's total overall prevalence rate of 4.3 percent, compared to 4.2 percent in 1993, remains statistically unchanged over the past two and a half years. During that intervening period, McPhillips Street Station and Club Regent were opened and VLTs were introduced to the city of Winnipeg.

Manitobans and North Americans in general are increasingly demonstrating their interest in information about gaming activities. Our government's commitment to accountability is demonstrated by these initiatives. This increasing interest is due in large part to the increasing demand for gaming activities. A quick review of gaming offerings in Canadian provinces reveals the aggressive development of Las Vegas-style casino operations in eastern Canada and significant numbers of charitable casino operations in western Canada, and most recently, the development of the new Las Vegas-style casino in Regina.

Anyone who has read the local newspapers has seen the aggressive marketing and advertising campaign which has already been launched in the Manitoba market by the Regina operation and the casino is not even due to open until 1996.

In addition, there are video lottery terminals in every province, as well as lottery tickets, bingo raffles and horse racing. I have used these examples to demonstrate that Manitoba's operations are not unique or out of the ordinary. In fact trends in North America reveal that gaming is simply being viewed as part of a range of entertainment options.

Recent Manitoba Lotteries Corporation research revealed that 92 percent of Manitobans have gambled, and 86 percent of Canadians believe that casino gaming is an acceptable form of entertainment. Because of the youth of this industry, it suffers from a lack of empirical research data. Unfortunately, this has led some to confuse anecdotal information or personal philosophical views with fact.

I am pleased to have the opportunity to share with you this morning some factual information about the economic impacts of gaming in Manitoba. Studies by the international accounting and business firms of Ernst and Young, and KPMG have revealed some very interesting facts with regard to economic impacts.

In brief, some facts in Manitoba. In total, over \$544 million is spent as a result of MLC and related gaming activities. This spending results in \$403 million in gross domestic product for the province, and these expenditures result in \$301 million in labour income and the creation of almost 10,000 jobs.

In addition, provincial gaming operations have contributed significantly to the viability of the local racetrack, Assiniboia Downs, and the health of the local hotel industry. Tourism is also viewed as an important consideration, and with about 30 established or developing casino destinations within several hours drive of Manitoba's borders providing an at-home alternative to those operations is good common economic sense.

Again, research reveals some interesting facts. Tourists spend about \$28 million on accommodation, restaurants and other retail goods and services during their visits to Winnipeg. Their expenditures generated 1,300 person years of employment and \$36 million in gross domestic product, and about 40,000 tourists came to Winnipeg exclusively for gaming.

Furthermore, on the question of cross-border gaming, 51 percent of the MLC patrons indicate they gamble outside of the province less often, and as a result almost \$67 million of casino spending was retained in Manitoba. Of course, like many other industries, gaming is not without its costs. Unfortunately, there is a percentage of the population which bets more than it

should. As I noted earlier in my remarks, in Manitoba the prevalence rate is 4.3 percent, a rate which has remained statistically unchanged during a period of expansion.

In assessing the risks associated with problem gambling, we must keep in mind that the majority of people who participate in gaming activities do not experience problems. However, the issue of addiction is serious for those who are unable to control their gaming behaviour, and we do have a responsibility to respond. As you are likely aware the Addictions Foundation of Manitoba delivers the problem-gambling education and treatment services in our province. Their programs and services, including a 24-hour help line, family counselling services, education and prevention programming, are directly funded by the Manitoba Lotteries Corporation.

AFM's program has been in place for just over two years, and during that time 872 gamblers have sought assistance through the treatment program. During 1995-96, total annual funding for the AFM for problem gamblers is \$916,500. Manitoba Lotteries also ensures information about the AFM services is readily available and accessible to individuals and their family members who may be experiencing problems. Posters and brochures are available wherever lottery and gaming activities are played, and the help line number is printed on all public information including lottery, break-open and instant tickets, VLT and touch-screen gaming, pay slips and promotional materials.

The pace of gaming expansion may not have met the desires of every interested group in the province. However, we have responded to public demand for more gaming in a careful and measured way, one that is responsible and responsive, is balanced and ensures fair play and public accountability. At this time there is a moratorium in place in Manitoba, and we are awaiting the results of the deliberations of the working group appointed earlier this year to review lotteries and gaming policy. With the current comprehensive information generated by the review, we will be well positioned to chart the future of lotteries and gaming in our province.

Mr. Chairperson: Thank you very much, Mr. Minister. I would now like to call upon the critic, Mr.

Ashton. Do you have an opening statement this morning?

Mr. Steve Ashton (Thompson): Mr. Chairperson, I first of all want to indicate how pleased I am that we finally have hearings on the Lotteries Commission, and I think it is rather bizarre that we are dealing with four annual reports of this particular commission. Quite frankly, this is absolutely unacceptable. This government has deliberately delayed calling this committee hearing for several years now. In fact, there has been a pattern of deliberately withholding information related to Lotteries that seems to pervade not only the government but some of the activities of the Lotteries Foundation itself.

What I find absolutely unacceptable—and I found it rather ironic because I was just reviewing the 1992-93 annual report of the Lotteries Foundation, which by the way is the second of the four that we are dealing with today—and the minister once again used the term which seems to be the buzzword that has been used in terms of Lotteries over the last number of years, and it appears twice in this particular document from the report of the chairperson, exact same words, and also from the CEO when it talks about responding to public demand for more gaming in a careful and measured way. That is on page 4 of the 1992-1993 report. The same term, public demand for more gaming in a careful and measured way appears on page 3 of the same report from the then chairperson's statement, and here in September 1995 we have the minister talking about responding in a careful and measured way.

Well, Mr. Chairperson, what has happened the last number of years? There has been a dramatic increase of gaming in this province, a huge increase. It has not been in a careful and measured way. The government in its search for general revenues has allowed a dramatic increase in gambling. It is not a careful and measured way at all. We have had a review underway of the past number of months into gaming. It is sort of rather interesting that it is after that, dramatic increase has taken place. The fact is for the minister to repeat this phrase again at this committee I think is absolutely unacceptable, and the minister knows it because he is in the unique position of being the Minister of Finance as well as the Minister responsible for the Lotteries Corporation.

I think it is applicable in a way that the minister is responsible for both ends of the equation because the Lotteries Foundation has basically been turned into a revenue-seeking organization for the government. That has been its prime focus. I want to state that for the record to begin with. That is why I consider it absolutely unacceptable with some of the dramatic changes that have taken place, dramatic increases in gambling, and we will get into what has happened. But this government has refused, has stonewalled calling this committee until now, conveniently some six months after the provincial election. That is the first statement I want to put on the record.

* (1020)

The second thing I want to point to as well, this has not only been the calling of this committee that this government and also the Lotteries Foundation has not been providing information. I want to get into the whole background of requests, repeated requests, that were made for breakdown of information by community. Some is of great concern in rural, northern Manitoba. It took this government until, conveniently, a number of months after the election to release that kind of information.

I will document today the numerous requests that were made by the media, the numerous meetings that took place with the Ombudsman's office, when it was involved in this process, numerous requests that were made in the House by both parties. Once again, that information, conveniently, was withheld until after the election. I say "conveniently" because, Mr. Chairperson, I think the facts show clearly—and in fact the Premier (Mr. Filmon), I think, has as much as admitted that it was deliberately withheld until after the election. So that is the second thing I want to be dealing with.

The third thing I want to deal with is the fact that in looking at some of the search for information that has been happening recently there seems to be a growing sense of paranoia, both with the government and unfortunately with the Lotteries Foundation itself. It is interesting, if you look at the four annual reports that are before us, the three are basically standard annual reports that deal with financial information, but the

fourth, the most recent, there are 70 pages in this, 38 pages of which are devoted to trying to defend the dramatic increase in gambling that has taken place.

Not only that, the foundation commissioned two reports, of which this, the 38 pages, are based on. I would like to thank the minister for sending me the KPMG report. I received that 15 minutes ago, and I received the Ernst & Young report about 30 seconds before the committee started. So the minister will forgive me if I have not had much time to go into it in detail, but I can assure him that I will be asking questions based on these various reports. I find it, quite frankly, unbelievable that one of these reports was specifically commissioned for no other purpose than to find fault with another report that had been done, an independent report, the Cyrenne report, no other purpose than that, Mr Chairperson.

Quite frankly, some of the quotes that had been taken out of the Ernst & Young and KPMG report and put into this annual report certainly have raised many eyebrows, certainly has created a lot of consternation by many people who have read it, particularly a suggestion that gambling can lead to reduced crime.

Quite frankly, I really find this level of paranoia that we are seeing develop to be very unfortunate because we owe the people of Manitoba to have a very clear discussion on what is happening in terms of gambling and a very clear discussion on the role of the Manitoba Lotteries Foundation. We have not had that in this province, and we have not had it for one reason. We have not had it because this government did not want to disturb its best source of increasing revenue, which was the Lotteries Foundation. It had one goal and one goal only. It was driven by politics, pure and simple. This government deliberately withheld information from the public, and it did so because of electoral purposes.

I find it unfortunate that the Lotteries Foundation has been caught up in this whole process, because I believe the government's actions have done a disservice to the Lotteries Foundation itself. I will be asking some very tough questions about what has happened the past period of time because I, quite frankly, Mr. Chairperson, feel that this whole thing has been a really

sad comment. When you have such an important issue, such a major producer of revenue for the government, increasing dramatically, not as the minister talked about before, a slow and measured pace. That just will not wash—1991-92 maybe, not in the year 1995, and the minister knows all too well how much additional revenue is coming from Lotteries.

The fact is, though, Mr. Chairperson, I really believe that this has done a disservice to the political process. I mean, it is absolutely unacceptable that this government has not given full information to the public and that this government has not, until now, six months after the election, even called the standing committee to deal with the Lotteries Foundation. This was not because there were not requests made. I know the member for Inkster (Mr. Lamoureux) has made repeated requests. We have made repeated requests. Let us consider the fact that it is the tradition of this House, and it is what the public expects, that we have annual review of Crown corporations. Why did the government select the Lotteries Foundation for the one Crown entity that would not appear before the Legislature? Why was this one singled out? Why have we not sat in this committee for several years? Why are dealing with four annual reports?

It is because, to my mind, and I find it interesting when we talk, and we will talk about this later in terms of looking at this, I think the biggest addict to gambling in this province is the provincial government. I think its behaviour in this whole episode here, in terms of the Lotteries Foundation, is evidence of that. It has been willing to do almost anything to prevent proper public discussion of the dramatic increase that has taken place in gambling, delaying legislative committee reports, delaying release of information.

Mr. Chairperson, that is unacceptable, and that is our bottom line. I can say to the minister that I hope that there will be several meetings of this committee scheduled because simply having one committee to deal with four annual reports after a delay of several years will not serve the public of Manitoba. In fact, I want to put that on the record, because we have numerous questions, in fact, numerous questions about the Lotteries Foundation of the last several years, so it will be very difficult for us, for example, to pass any of

the old reports. So this hopefully will be the first but not the last of the committee hearings during this session. We have waited long enough, and we would like the opportunity to ask some very serious questions of the Lotteries Foundation today.

Mr. Chairperson: I would thank the honourable member for his opening statement. Mr. Minister, would you care to introduce your staff at this time that are present with you at the table and invite any of them to make any opening statement that they would choose to do.

Mr. Stefanson: Mr. Chairman, I have introduced the staff that are here to assist with any responses. I do not think there is any need for them to make any opening statement. We can probably turn to questions virtually immediately, other than the fact I think there were one or two comments made by the member for Thompson that cannot be left on the record as he put them.

First and foremost, when he talks about the community breakdown information, and he knows full well from questions in Question Period and discussions publicly about that information, there was no deliberate withholding of any information, that the Lotteries Corporation acknowledged that late in the year they did have community-by-community breakdown, but, with the support of the Ombudsman, it was determined that, because of confidentiality, information with communities with less than four sites should not be made public, and the Lotteries Corporation had to make adjustments to their information processing as a result of that so that they would provide that information on that kind of a basis, but only communities that had four or more sites.

At the same time, we also made the decision that if you were going to provide that information, it should be comprehensive, and I am not only showing the revenue side, but we should be showing the utilization side, so that was the document that was ultimately tabled in June this year for '93-94, and, just a few weeks ago, we tabled the 1994-95 update of the same information. So I think that has to be corrected, Mr. Chairman.

Also, I want to assure the member for Thompson that there is absolutely no paranoia. The public is seeking

information. We are endeavouring to provide as much information on all issues that affect gaming and gambling in Manitoba, and we are doing just that. If he follows the last several weeks, we have made available the follow-up study by Volberg. We made available the community-by-community breakdown. I did undertake to release the KPMG and the Ernst & Young as soon as I possibly can, and I do apologize that it is just a matter of a half-hour before this committee, but I did undertake to be sure to get it here before this committee meeting, knowing that at least there would be the opportunity today to ask some questions on that information.

So I want to absolutely assure the member that there is no paranoia whatsoever, and, when you look at our annual reports, the Auditor herself has called the annual reports of the Lotteries Corporation as reliable and accurate and so on.

* (1030)

The last comment about careful and measured way, again, the member seems to forget that virtually every jurisdiction in Canada is expanding in a very aggressive way in gaming. We have gambling and gaming immediately south of our border into the United States, and that survey showed that 52 percent of Manitobans want the same or expanded levels of gaming, so the challenge for our government and all governments is to strike the right balance between the demand of the public, the economic return to our economy and obviously the social side of gaming. I think we have structured the right balance here in Manitoba. We now have a moratorium in place, and we will await the response of the Desjardins review committee. With that, I am pleased to answer any questions the committee has.

Point of Order

Mr. Ashton: I raise this as a point of order, but it is not normal practice to get into debate. The minister made a statement; I made a statement. If the minister makes another statement, I could counter that. I would just like to point that out. The only reason I did not respond to that is because I fully intend, through the questioning, to respond to some of the points that were put on by the minister, but his comments were,

according to normal practice, I would suggest, out of order.

Mr. Chairperson: At this point I would appreciate some guidance from the committee, how the committee would like to proceed with the consideration of these reports. Would the committee like to do it year by year or would there be a general discussion of all the reports?

Mr. Ashton: I would suggest that there be a general discussion of all the reports since a number of the questions will cross over different years.

Mr. Kevin Lamoureux (Inkster): I would think that we should be virtually going through report by report. Over the years we have not seen this committee being utilized to the effect that it should have been. Many would argue that this has been a corporation that has gone completely wild, and this government has not allowed members of the Legislature to hold it accountable.

In fact, yesterday I raised a question about a very valuable report, and I know I am not actually a committee member, Mr. Chairperson, but I do feel, and I know it would require leave of the committee, but I would like to move that the government House leader (Mr. Ernst) be instructed to reconvene the Standing Committee on Economic Development within seven days. With the Minister responsible for Lotteries making public the report of the lottery policy working group, if the committee did give leave for this to occur, I think that we could reinforce that there is some meaning to this standing committee.

The public does have a right to know that the important issue of gambling, both the benefits—and I listened to the minister's opening remarks, and in the minister's opening remarks he spent most of it speaking on the benefits. There is also the social cost, and we have not been hearing about that, and that is why we believe very firmly that when that report comes down, in addition to these annual reports, that that report should be coming before this committee, where all members would be given opportunity, members of the Legislature, not only members of this particular committee, to ask questions.

My preference, Mr. Chairperson, is to deal with these annual reports one at a time, and I would solicit leave to introduce the motion that I just read.

Mr. Chairperson: Is there leave to grant Mr. Lamoureux's motion?

Mr. Sveinson: I believe that all of us at this table are in fact members of the Assembly. I do not believe, though, that Mr. Lamoureux is part of this committee, and so I would think that his motion would be out of order.

Mr. Chairperson: Mr. Sveinson, I do not believe that is a point of order. I think your point is well taken but I do not believe that is a point of order.

* * *

Mr. Chairperson: Mr. Lamoureux is not a member of this committee and he has indicated that and therefore that is the reason he has to ask for leave of the committee to present his motion, and so I am now proceeding to ask, what is the will of the committee? Does the committee, and Mr. Lamoureux wants to speak to this issue and I will recognized him in a moment, but the committee itself must determine whether they will grant leave.

Mr. Lamoureux, you wish to speak to that?

Mr. Lamoureux: Mr. Chairperson, just so that all committee members are aware, this is a very important issue to me personally and in fact, our party, as the member for Thompson (Mr. Ashton) has alluded, both opposition parties have been calling for this particular committee to meet. Unfortunately, at no fault of mine or our party, we do not necessarily have representation on this committee. If we did have representation, I would have not required the leave. I would have just made the motion. Unfortunately, as a result of not being a member, I do seek the support of members just to allow this motion to be debated.

If they want to defeat it, they can defeat it, but at least allow the opportunity for members of the committee and myself to be able to debate the content of the motion itself. In order to do that, I require leave,

so I would ask that members issue me that leave to move that motion.

Mr. Stefanson: I guess there are two issues, whether or not we are going to proceed report by report or have a broader discussion. It certainly would be my preference to at least deal with some of the older reports, particularly the '91-92 report. I know there have been meetings of this committee subsequent to the '91-92 report, and I would assume that if members have questions about that report they could ask them first and we could deal with it and get it out of the way at some point.

We are obviously not opposed to having a more current, a broader discussion about current issues, but certainly that report has already been before this committee on at least one occasion. If members have any further questions they should be able to ask them this morning and we should be able to deal with that report, I would like to think. Part of the reason we end up with a backlog of reports is that we always go into the more current, immediate issue and set aside the old reports.

So the '91-92 has been at committee. At a minimum we should be able to deal with that.

In terms of the other part of the motion from the member for Inkster (Mr. Lamoureux), traditionally the House leaders of the parties decide on the timing and the meetings of committees and in terms of the issue that he raises I would suggest that we follow that same pattern. We are not, in terms of any follow-up process, after we receive the Desjardins report one part of that process might very well be coming to this committee and coming to this committee fairly quickly, but I think ultimately that should be a decision of our House leaders at that particular point of time without sort of prejudging what is in the report or what the process would be to follow-up.

So I would actually ask the member for Inkster (Mr. Lamoureux) to withdraw that preferably, but if he intends to leave it on the floor that we should leave that issue with the House leaders to resolve when we meet again to deal with that report once it is received and tabled and made public.

Mr. Chairperson: Mr. McAlpine, I believe you had indicated that you wished to speak to this issue, the issue being Mr. Lamoureux's motion.

Mr. Gerry McAlpine (Sturgeon Creek): Mr. Chairman, my suggestion would be to—and it is not unlike what the minister is suggesting, but I think that we can deal with the reports and to maybe accommodate Mr. Lamoureux's suggestion by dealing with the reports in the order that they appear and pass them. If there are no questions on the first report, then we pass that report and then proceed in the sequential order of the reports that we have before us. Then we can end up in general discussion on the most recent, the 1994-95 annual report, and complete that until the committee is satisfied. That would be my suggestion as a member of this committee.

Mr. Ashton: If I might be of some assistance, first of all, I think we can probably deal with the report that has been before a committee. Second of all, I do not think we should spend too much time on points of order after waiting long enough for this committee.

I appreciate the intent of the member for Inkster's motion and, as much as the government House leader is here, we could talk about House leaders deciding this matter. We have been on the opposition side calling for hearings for quite some period of time. So what really it comes down to is the government as in the government House leader deciding when further committees will sit. So regardless of whether this motion is put forward and whether it is voted on or not, it will come down to the government once again. So rather than spend a long time debating it, I think we could take the member for Inkster's motion as a statement of intent, which is certainly what we have already expressed, which is, we want further committee hearings, and I would just prefer that we get into asking questions rather than spend too much time on procedural matters.

* (1040)

Mr. Lamoureux: Mr. Chairperson, I do not necessarily want the motion to be misinterpreted. The motion is fairly clear. It is indicating that there is a very important report that is coming down. We believe

very firmly that this particular standing committee should be dealing with it. We are making the suggestion just to allow it to pass or give the leave so we can at least debate the motion, nothing more than that. All members will still have the opportunity to vote against it if they do not feel that it is necessary or they want to leave it to the House leaders to be able to continue the debate. I would specifically request that the committee be scanned to see if in fact there is leave to allow the motion to be at least debated.

Mr. McAlpine: No, Mr. Chairman, there is not leave to proceed on that basis.

Mr. Chairperson: There is no leave then to proceed with this motion. Is it the will of the committee then to proceed with the general discussion on the '91-92 report?

Mr. McAlpine: On the '91-92 report?

Mr. Chairperson: Yes.

Mr. McAlpine: Yes.

Mr. Chairperson: That is the will of the committee?

Mr. Lamoureux: Mr. Chairperson, just before we do that, I do want to express my dissatisfaction in terms of not being able to have a motion of substance being dealt with. I think that the public's interest would have been best served by having a consensus from this committee that would have allowed this very important report that was committed to being brought back to the government on October 1. I think that we are missing out on a very valuable opportunity here.

I hope individual members and particularly the member for Sturgeon Creek (Mr. McAlpine), who denied the leave, will reflect on just exactly what he has done.

Point of Order

Mr. Ashton: I appreciate the fact that the member asked for leave, but once leave has been denied, it is not in order for the member then to debate why it was not granted.

I would strongly urge that you point out to the member—I think he probably knows this—that his comments were entirely out of order and not helpful to the proceedings of the committee.

Mr. Chairperson: I do believe you do have a point of order on that, and I think the point has been made.

Mr. Lamoureux: My apologies, Mr. Chair.

Mr. Chairperson: The Chair acknowledges the apologies extended by Mr. Lamoureux, and I would urge the committee now to proceed with the questioning.

* * *

Mr. McAlpine: I would move that the annual report of 1991-92 be passed at this time.

Mr. Chairperson: Mr. McAlpine, would you submit that motion in writing to the Chair, please. Perhaps we could proceed with discussion, then, while that motion is being presented.

Mr. Ashton: I would like to ask the minister, first of all, when was the last time the Lotteries Foundation appeared before the committee of the Legislature?

Mr. Stefanson: I believe the member for Thompson was present at the time, and it was on June 17, 1993.

Mr. Ashton: That is right. I just wanted to refresh my memory, because it is quite some time ago. I would like to ask the minister what the revenues were in 1993, the previous annual report, as they were indicated, as compared to the current annual report of 1995; so, the year ending report 1993 versus 1995.

Mr. Stefanson: For the year ended March 31, 1992, which is the report that we are referring to, it is the oldest report we are dealing with, the earnings of the Manitoba Lotteries Corporation that year were just over \$72 million, \$72,018,000.

The earnings in 1994-95, the most recent annual report we have are just over \$226 million.

Mr. Ashton: So essentially, since this committee has last met, we have seen a tripling of gambling revenues in this province.

Mr. Stefanson: In terms of the annual reports that were before the committee on June '93 compared to today, that is correct.

Mr. Ashton: I guess that is why I had some difficulty with the phrase "careful measure." It seems the "measure" refers more to the tripling of the gambling increase.

I would like to ask some further questions as to the process that has taken place in that time and particularly the information available to the public as this tripling of gambling revenues took place.

First of all, I would like to ask what the basis of that increase has been. I have the annual reports available. It is not that I do not have the information myself. But for members of the public, where has that tripling of revenues come from?

Mr. Stefanson: Doing a comparison of the annual reports will show that the major areas were a replacement of the bingo halls with the McPhillips Street Station and the Regent Avenue facility, those two entertainment complexes, and the introduction of video lottery terminals into both rural Manitoba and the city of Winnipeg.

Mr. Ashton: I want to focus on the question of VLTs, because one of the ongoing concerns has been to obtain complete information on this particular area. I would like to ask the minister when the government or Lotteries Foundation received requests for information on the breakdown of VLTs by community in rural and northern Manitoba as well as the city of Winnipeg.

* (1050)

Mr. Stefanson: We are now outside of this report that we agreed to deal with first of all, I thought, the '91-92, but the timing of that request was, I believe, around May 5, 1994.

Mr. Ashton: What I would like to ask, and this is within several months, just close to a year, since the

previous committee hearing, I would like to ask what the response was to that request for information on that breakdown.

Mr. Stefanson: Mr. Chairman, at the time of the original request, the capability did not exist within Manitoba Lotteries Corporation to prepare that information, and it was not until later in the year that that capability was in fact in place that I referred to earlier, but, even once that capability was in place in late 1994, again, as I referred to earlier, it was determined that was on the basis of all the communities and did not have the protection for confidentiality. As in agreement with the Ombudsman, it was determined that to protect confidentiality only communities with four or more sites should be made public, and then that required an additional adjustment to how the information was going to be prepared by Manitoba Lotteries Corporation.

Mr. Ashton: Well, the response the minister gave me was the initial response that was given to the Free Press, which led them to contact the Ombudsman, I believe on July 10, 1994, and my understanding is that from the correspondence we have from the Ombudsman, on August 17, 1994, the MLC advised the Ombudsman the records showing weekly revenues on a site-by-site basis was available.

I would like to ask the minister: What prevented the Lotteries Foundation at that time from doing what it did about 10 months later, which was combining those revenues in such a way that no community with less than four operators of VLTs could be identified? What prevented the Lotteries Foundation at that particular point in time from providing that information?

Mr. Stefanson: Mr. Chairman, at that time, we did have site-by-site information, not community information, and were not in a position to put in place a record to meet the FOI request. Later the record keeping was adjusted, based on recommendations from the Ombudsman, to provide the information which ultimately was released in June of this year, which provided the confidentiality that is required for communities with fewer than four sites.

Mr. Ashton: I am wondering here, when we are looking at the Lotteries Foundation, which has now up

to a \$220-million budget in terms of revenues it had brought in, why, on August 17, August 30, September 2 and September 12, 1994, the Ombudsman was told that the information could not or would not be available—I suppose "could not" was the suggestion by Lotteries Foundation—but when the Ombudsman's office met directly with computer personnel in November 8, 1994, a prototype record of the kind of information requested by the Free Press was identified as being producible.

I am just wondering what the difficulty was with the foundation here, with as significant a budget and resources, of taking information that was available and as was determined in a November 8 meeting, easily compilable in a form that had been requested by the Free Press and had been requested by members of the Legislature.

Mr. Stefanson: Mr. Chairman, the situation was this, that MLC produces weekly reports on site by site—VLT revenues had never generated any kind of an annual revenue report site by site. I believe, they were not even aware that that kind of capability necessarily existed. There had been no need to ever produce that information, no requirement, no benefit to doing so. It was ultimately determined that the system did have the capability to do it site by site, not community by community.

Ultimately, that additional change was put in place to then do it community by community and then, with the recommendation and advice of the Ombudsman, to do it on the basis of protecting confidentiality. So that was the process, that was the reason why some of the confusion that the member is referring to, in terms of discussion the Ombudsman had and so on, occurred at that particular point in time.

Mr. Ashton: At what point was information made available to the Ombudsman's office on a community-by-community basis?

Mr. Stefanson: Mr. Chairman, the member for Thompson asked specifically, when did the Ombudsman receive the community-by-community breakdown? It would have been in June of this year. In terms of being made aware of the capability that the information was there, it would have been back in

December of 1994, but, as I said, at that particular point in time, it was agreed that there was a need to protect the confidentiality of less than four sites, and the information was then ultimately adjusted and prepared on that basis and released in June of this year.

Mr. Chairperson: Ladies and gentlemen, I hesitate to curtail discussion on this point, and I have allowed some discussion to proceed in questions and answers, but we do have a motion before the committee at this point from Mr. McAlpine.

The motion that is before the committee is, I move that the Annual Report of the Manitoba Lotteries Foundation, 1991 and 1992; 1992 and 1993, be passed, following general discussion at the sitting of this committee, September 28, 1995.

Mr. Lamoureux: I find that absolutely amazing arrogance of government to have a committee not sit for over two years, come before us, likely sit for two and a half hours, and then try to pass through a majority all of the reports that should have been coming in here on an annual basis.

I would appeal to the member personally and to the government to withdraw that motion. It is highly undemocratic and is definitely not in the best interests of Manitobans to see a motion of that nature.

Before it comes to a question, I am sure I will have many more opportunities to speak to it, but at this time would more so give the floor and hope that the member would withdraw that motion. It is ludicrous.

Mr. Chairperson: Mr. Ashton, I believe you had indicated the will to speak to this motion.

Mr. Ashton: Yes, the only report that this refers to is the report that was dealt with at the 1993 hearing. Just to assure the member for Inkster, we are not in support of passing any other reports at this time. This motion, I believe, refers strictly to the 1991-92 report.

Mr. Chairperson: I believe, just for point of clarification, Mr. Ashton, this refers to the '91-92 report and the '92-93 report. There are two reports involved here.

Mr. Ashton: We only supported the one, not the second, since some of the questions do cover that period.

Mr. McAlpine: As the mover of the motion, I would be willing to alter that. The intent of the motion is to do this in an orderly fashion and to have general discussion. If you notice, the discussion that we have been dealing with now has not been with the reports of 1991-92 or 1992-93, but they have been dealing with the current, 1994-95, so that is the purpose of this motion, in order to provide some order to this committee, to the meeting. I felt that after the discussion of this morning, which we have proceeded with, but we have dealt only with the '94-95 reports instead of doing it in an orderly fashion.

* (1100)

That is the only reason for the motion, not to limit debate on this at all. As the member, who is not a member of this committee, incidently, but has given some indication that I am limiting debate on this, and that is further from the truth. I would, with your permission, Mr. Chairman, change the motion to 1991-92, but I would think that we should have some order in terms of the discussion, that we deal with the 1992-93 report first and then move on to the 1994-95 reports. That is my suggestion for this committee.

Mr. Chairperson: Thank you very much, Mr. McAlpine. The motion has now been amended to read, I move that the Annual Report of the Manitoba Lotteries Foundation, annual reports, 1991, '92 be passed following general discussion at the sitting of this committee September 28, '95.

Mr. Ashton: Mr. Chairperson, I was just going to revert to the general discussion.

Mr. Chairperson: Perhaps if we could just finish with this motion and then I will recognize you. Is the motion in order? Is it agreed?

Mr. Lamoureux: I do not agree, Mr. Chairperson.

Mr. Chairperson: I will recognize you in a moment, Mr. Lamoureux.

Point of Order

Mr. Lamoureux: Well, on a point of order, if the motion is in fact agreed to, I believe then we go on to the questioning of that particular report. Even though I am not a member of the committee, I do believe I am still entitled to be able to speak to a particular motion that is before us. So I would still like to speak to the motion before it passes.

Mr. Ashton: I think actually the motion does not pass the report. There is a qualification to the motion. That is why I was suggesting I am returning to general discussion on it, to general discussion. The report made reference—we are passing the motion which does not pass the report.

* * *

Mr. Chairperson: The motion is that the report be passed after this general discussion. I am sorry, Mr. Ashton, do you wish to be recognized after the motion?

Mr. Ashton: Yes.

Mr. Lamoureux: Mr. Chairperson, I still choose to speak on the motion itself. In the past what I have seen in terms of committees and dealing with annual reports, if there is in fact a sense of good will that prior to the meeting getting underway, at the very beginning there generally is a consensus that is achieved that at the end of the day we will pass this particular report or couple of reports. All parties should recognize that in the past it has been on a sense of good will, if you like, and the member is suggesting that that is what this particular motion addresses.

It does maybe facilitate a particular report, but as a member of an opposition I have felt very frustrated in the sense that it has been so long since this particular committee has met that if there was more good will and co-operation from the government that you would not have needed to move a motion of this nature. I am pleased that the member for Sturgeon Creek (Mr. McAlpine) has agreed at the very least to deal with one report at a time, but whether this report passes today or all four reports pass today, it is still the principle of the matter, that the member, after years of this committee not sitting, was quite content to see reports passed, whether members had questions on those reports or not.

Point of Order

Mr. McAlpine: A point of order, Mr. Chairman, I think that we are here to discuss the annual reports of the Manitoba Lotteries Commission and not to discuss procedure. It is a matter of trying to facilitate this committee, but the member for Inkster has chosen to filibuster this committee and I take exception to that. My time and this committee's time would be more valuably spent talking about the reports and this commission, and I take exception to that and I rise on that order.

Mr. Chairperson: The motion before the committee is to pass the '91-92 report after general discussion. The question has been called.

Point of Order

Mr. Lamoureux: On a point of order, I believe I was midway when you acknowledged the member on a point of order, so I should be able to continue my discussion.

Mr. Chairperson: I acknowledge that he has a point of order. Would you conclude with your remarks, Mr. Lamoureux?

* * *

Mr. Lamoureux: Yes, I will be very brief because contrary to what the member might believe, it is not an attempt to frustrate the process, in fact it was the member who brought in the motion. There was positive dialogue going between the minister and the member for Thompson prior to the introduction of that particular motion. There is no fear in terms of dealing with the report, but even though I will not be able to record a vote on the motion, I would still vote against it primarily because, whether or not the report passes or not or all of them pass, it is a matter of principle and this government has not been co-operative in bringing reports to this committee for full debate. So I will just leave those as my comments.

Mr. Chairperson: The question has been called. What is the will of the committee? [agreed]. The motion is passed accordingly. We are now back to general discussion.

Mr. Ashton: Before the last 10-15 minutes of discussion, the minister had indicated that information had not been available until June of this year. Correct me if I would ask in terms of the Ombudsman. Was that the statement the minister made when it was released?

Mr. Stefanson: Mr. Chairman, the community by community in the form that it was released was obviously released in June, and it was at that point in time that it was provided to the Ombudsman.

Mr. Ashton: Can the minister not confirm that, according to the Ombudsman's office, in a letter dated December 19, 1994, to Ms. Susan Olynik of Manitoba Lotteries Corporation, they indicated that the corporation has now produced for our review electronic records which disclosed revenue by community in Manitoba for the years 1992 and '93?

Mr. Stefanson: Mr. Chairman, I think I indicated that, that the Ombudsman was made aware in December that the information community by community at that point in time did exist, but it did not provide for the confidentiality on the basis of communities with less than four sites. It was the decision at that point in time that that was fundamental to the ultimate preparation and release of information and then that is the information that was worked on after that date, then released in June of this year and provided at that point in time, obviously to the Legislature and to the Ombudsman and made public.

Mr. Ashton: I want to get down to the bottom of when this information was available, because on November 30, 1994, Mr. William Funk, President and Chief Executive Officer of Manitoba Lotteries Corporation, advised the Ombudsman's office that the requested information was included in a submission to cabinet and could not be released.

So I would like to ask the Lotteries Foundation when they received the request for information from the cabinet and when they provided that information to the cabinet, obviously prior to November 30, 1994?

* (1110)

Mr. Stefanson: Mr. Chairman, the information, I think again, as I have indicated, was basically completed at the end of November. The Ombudsman was made aware of that in mid-December again, but the information was on a total community-by-community breakdown and did not provide the protection for third-party confidentiality which was agreed to with the Ombudsman and had to be fundamental in terms of any ultimate release of information. It was available at the end of November on a community-by-community basis, but the decision was made that that confidentiality had to be protected, then the adjustments were made to the computer program, the production of the information. It was part of the release that was provided in June of this year.

Mr. Ashton: Mr. Chairperson, the minister has not answered the question. My question was in regard to when cabinet requested this information and received it, because on November 30, 1994, Mr. Funk refused to provide that information on the basis not strictly of what you are talking about, in fact it was to do with cabinet confidentiality. This was the argument that was put forward, and in fact the Ombudsman's office, in correspondence to the Lotteries Corporation, December 19, 1994, dealt with the specific section that was being relied upon, 38.1, in terms of cabinet confidences.

What I would like to ask the minister is: When did cabinet request this information? When did it receive it?

We know it is prior to November 30, 1994. We know from subsequent events that this request and this information was provided after the Free Press made the initial request, because this is one of the reasons why this grounds, 38.1, was rejected.

I am just asking a very straightforward question to the minister, when cabinet asked for the information and when it received it.

Mr. Stefanson: The information was requested in the middle of November and provided by the end of November.

Mr. Ashton: So we have a situation where, despite the initial protestations that this information was not

available, cabinet had this information in November. Is that correct?

Mr. Stefanson: Mr. Chairman, I have indicated that the Manitoba Lotteries Corporation provided the information at the end of November, but it did not provide the protection for confidentiality. That was agreed to with the Ombudsman in the middle of December that was fundamental to the release of any information, that you had to protect individual site holders and third-party confidentiality. The decision was then made to ultimately release the information with communities that had less than four sites.

Mr. Ashton: Can the minister confirm though, in fact, or else the foundation itself, that one of the arguments that was used following that, was that of cabinet confidentiality? In other words, the Lotteries Foundation was refusing to release this information because it had been provided to cabinet, and in fact that this led the Free Press, by January 10, 1995, to proceed to launch a court challenge to this refusal to provide that information.

Mr. Stefanson: Mr. Chairman, I am not entirely clear with the member's request and probably being repetitive here that the information in the form of the community by community did not exist prior to the end of November. In a very short period of time, by mid-December, it was decided that the information should be released but on the basis of protecting third-party confidentiality, that was then work done for the period of time and became the document that was released in June of this year. I do not know what else I can say.

Mr. Ashton: Well the point, Mr. Chairperson, is that there seems to have been a whole series of attempts to delay the release of this information. The minister even a few minutes ago said that this information was first available in June of this year when in fact I have in writing—and if the minister wishes to refresh his memory—from the Ombudsman's office, clear documentation, that not only was this information available at that time but that cabinet had requested this, as has been confirmed by the Minister of Lotteries in November. That, I think, is an important point.

I would like to go further because I just want to lay out this in terms of the next step in this whole process.

Well, if the minister wishes to clarify exactly what happened—but the fact is, this information was available to the cabinet in mid-November according to the minister's own words and according to statements made to the Ombudsman's office and according to the Lotteries Foundation's own efforts to prevent the release of the information. The Lotteries Foundation said this information could not be made available because it had been provided to cabinet prior to November 30, 1994.

Mr. Stefanson: I just want to clarify what the member for Thompson (Mr. Ashton) is saying. There is nothing new in terms of where he is heading with this discussion. It has been known for a long period of time that the information on a community-by-community basis was available on November 30. Within a matter of a couple of weeks, based on discussions with the Ombudsman, it was determined that the kind of information that would ultimately be released and made public had to protect third-party confidentiality, and that was on the basis—the decision was made that any communities that had less than four sites should not be shown individually, that it had to be four sites or more.

That information then had to be produced and required adjustments to the processing by Manitoba Lotteries Corporation, and at the same time, as we have said publicly—again, he is revisiting an issue that has been discussed in length, and I do not mind discussing it again—at the same time we indicated that if we were going to show half of the issue, we had better show the whole issue. We also undertook the detailed analysis that was required to show where funds went back directly into communities through programs like the REDI program or the Grow Bond or the Community Places and to allocate to communities their per capita share of any program spending within our budget, and also to allocate, on a proportionate basis, communities' contributions to deficit.

But we felt it was important that, if you were showing the revenue side, Manitobans would want to know, and I am sure members of the opposition would want to know, the utilization of those funds. So that led to the ultimate document produced in June that protected the third-party confidentiality and also showed the distribution back to communities and the

contribution from communities towards deficit reduction here in Manitoba.

* (1120)

Mr. Ashton: Mr. Chairperson, I think we are getting to the root of this, because it is very clear this information was available in terms of the VLT community-by-community breakdown. It is very clear that early in the new year the suggestion this could not be released for reasons of cabinet confidentiality had been rejected because the request predated it being provided to cabinet. It is also very clear from the minister's comments that they then used the excuse of providing the so-called other side of the ledger to delay releasing this until June of 1995 when in fact the original request, and this is from the Free Press, and the requests made by members of the opposition were very clear, and that was for a breakdown by community of VLT revenues. In fact, the minister can refer to the Ombudsman's correspondence which I have available to him if he wishes to refresh his memory in terms of what was requested.

Not only that, the Premier (Mr. Filmon), as a matter of fact, indicated in March 1995 that gave an undertaking of releasing that. Even in the election the Premier suggested that he might be able to do it prior to the end of the election. Then in June of 1995 we got this one-page sheet.

I would like to ask the minister if he seriously expects anyone to believe that it took six, seven months, from the November 30 date I was talking about previously, to get this sheet which identifies by community, 26, 27 communities, when the information was clearly available.

Is he suggesting that the Lotteries Foundation did not have the competence within staff, or the Lotteries Foundation which had the funds to go and commission the Ernst & Young and KPMG reports—and we will get into that in a few minutes, about how much that cost them to bring in that outside expertise—is he seriously suggesting that it took from November 30 until the latter part of June of 1995 for the Lotteries Foundation and the government to be able to assemble this one-page piece of information?

Mr. Stefanson: Mr. Chairman, that is the amount of time it took and was obviously required for a couple of reasons. One, while there was agreement that there was a need to protect third-party confidentiality, the method and approach continued to be discussed with the Ombudsman early into 1995 and finalized. Obviously that then required the preparation of the information, adjustments to the processing, manual input in terms of providing the information on communities with four sites or more with VLTs. At the same time, in terms of breaking down all of the other sources of revenue for the Manitoba Lotteries Corporation, that obviously took a lot of time and effort, to breakouts, 6/49s and lottery tickets and so on and so forth on a community-by-community basis.

At the same time, as I have indicated to the member, it was determined that to do justice to the entire issue, and in terms of the kind of information that most people were requesting of us, you had to show a complete and comprehensive package, and that is the package that is ultimately produced. It shows VLT revenues with communities with four sites or more. It shows their share of other gaming revenue from communities. It then shows the disbursements back to individual communities and contributions they make to deficit reduction in Manitoba. The ultimate package that was produced, made available, made available to members of this House, was much more comprehensive and much more useful information as a result of the final document that was produced.

Mr. Ashton: Really, Mr. Chairperson, the minister, his inventiveness in answering my questions is getting—he is getting beyond himself. I asked about VLT revenues. I want to remind the minister that the initial request was—and I will quote it, and if he would like a copy again of the Ombudsman's letter, this is the original application, this is when application was made in May of 1994: for a breakdown by community of VLT revenues in Manitoba in 1992 and 1993, for a breakdown of VLT revenues by facilities operating MLC VLTs, either community or facilities.

It did not request other items that the minister made reference to, 6/49s, et cetera. That was not requested. It did not make a request for this rather inventive sheet of paper that came out and worked out a formula

whereby, if you did not get money back in a community from Lotteries, you were then put down as having made a generous contribution to the Manitoba deficit. It did not request that. The request was for information on VLTs.

I would like to ask the minister once again: Is he seriously expecting anyone to believe that the Lotteries Foundation and the government of Manitoba did not have the expertise to produce this piece of paper, which it finally brought out in June of 1995, well before that date, certainly well before November of 1994 and certainly once all the legal arguments had been rejected, in particular the cabinet confidentiality and particularly given that the concerns over confidentiality were easily dealt with when this government netted out any community that has three or less VLTs?

Is he seriously suggesting for the record, for the people of Manitoba, that it took them until June of 1995, just conveniently a few months after the election, for them to produce this document when the first request was very clear, VLT revenues by machine or by communities?

Mr. Stefanson: Mr. Chairman, on February 17, the Minister responsible for Lotteries indicated at that time that the information would be made available after basically coming to a solution in terms of the protection of third-party confidentiality, and from that date the information was ultimately produced in 90 to 100 days. I do not think that is unreasonable based on the kind of work that the Lotteries Corporation had to do.

Mr. Ashton: Mr. Chairperson, after the government and Lotteries Foundation had stonewalled from May of 1994, in February it said it could produce the information. Perhaps under other circumstances it would not be considered unreasonable, but I would like to ask the minister, let us go back to the original application in May 1994. Is he not aware of the fact that clearly site information was available and always has been available? I mean, is the minister not aware of what mechanisms are in place in terms of the control of that? Certainly hotels themselves, talk to any hotelier. They are subject to those controls. So how did it take from May of 1994 until June of 1995 to move beyond site information, which was clearly

available, certainly in May of 1994, and was clearly documented in November of 1994? Why did it take that length of time?

Or was it perhaps, Mr. Chairperson, a political agenda? When I look at this sheet of paper, was it perhaps that the government was embarrassed to put on paper going into an election just how much money it was taking out of rural and northern communities? I could go through community by community as to how much is being taken out. Was it more to do with the political window dressing, first of all, of delaying this beyond the election, and, second of all, of trying to work out these other statistics on this paper, these fanciful statistics, and again how lucky people were to contribute towards the Minister of Finance's deficit?

Is that really not the true agenda, Mr. Chairperson? I really ask the minister, I mean, if he would just come up front on this, I think we could probably move on, but I do not think anybody in the province believes that they could not assemble this information. Everybody believes it was political. Why does not the minister just admit it?

Mr. Stefanson: Mr. Chairman, no, it is not political. His political agenda might have been to have a system that produces information community by community. He always seems interested in what is going into every individual community or comparing communities against one another, and has that kind of an agenda, which in most cases, I think, is not a healthy agenda. Most people look at Manitoba on a province-wide basis and want to do what is best for our province, not sort of trying to pit one community against another. That seems to be the agenda of the member for Thompson and the NDP party.

* (1130)

What I said to him, and I am repeating myself, is information was available based on invoices on a weekly basis, based on site holders, not community by community, but site holders, which does not necessarily even show a community—it is an individual facility and site. As I indicated to him, it was determined in November that the capability was there to produce it on a site-by-site cumulative basis, which

had never been produced by Lotteries Corporation because there was no need or value to producing that kind of document on an annualized basis. The capability was there to do it on a site-by-site; it was then determined in discussion and conjunction with the Ombudsman that you had to protect third-party confidentiality. Therefore, that became the basis ultimately of the document that was produced, Mr. Chairman.

Mr. Ashton: Mr. Chairperson, I gave the opportunity for the minister perhaps to allow us to move on by admitting the political agenda of this government. If the minister does not wish to do that when everybody else in the province knows what the reality was—certainly the municipal officials requested this information, hoteliers know it, I think any and everybody knows the real agenda of the government. It defies belief that the Lotteries Foundation, which has the money to produce two consultants' reports, did not have the in-house resources or the ability to contract someone to produce a simple printout, which is what we got in June of 1995.

For that reason, Mr. Chairperson, since it is very clear that this minister has not listened to the people of Manitoba, has not admitted the real agenda of this government, I move this committee censure the minister for the deliberate action of this government to repeatedly delay release of information on VLTs in the province of Manitoba.

Mr. Chairperson: The motion before the committee is in order and reads as follows: I move that this committee censure the minister for deliberate action of this government to repeatedly delay release of information on VLTs in the province of Manitoba.

This motion has been presented by Mr. Ashton. Is there any discussion on the motion?

Mr. Lamoureux: Mr. Chairperson, this is, in fact, something, the release of information, which both opposition parties have been calling for for a great deal of time. I can recall last May and June suggesting to the government that this information should be released so that Mr. Desjardins and his committee, which was reviewing the social costs of gambling, would have this

very valuable information prior to even hearing the final comments from the public—very valuable information.

I do believe that the minister might be truthful in what he is saying. There is no doubt about that. I think it is a question of priorities. No doubt, if this issue would have been a priority of this government in terms of releasing this information, they could have done it overnight. The truth of the matter is that it was not a priority of this government, because the political optics of the day said that if this government made it a priority and released this information, they knew that there would be a backlash from a number of different communities that have been milked as a direct result of VLT revenues. So, having known that it was an issue which they would receive sound, legitimate criticism over, this government put it on the back burner and was able to come up with all sorts of excuses and to be able to rationalize why it was not making this information public.

The member for Thompson (Mr. Ashton) is quite right in his assessment, I believe, that all Manitobans are not going to be—no Manitoban is going to be fooled, except for the government members of this caucus, that this information could not have been provided for earlier. If the government had the will, the political will, to put any sort of a priority whatsoever on this, we would have had this information over a year ago, Mr. Chairperson; but, ultimately, this government believed that it was in their best political interest to prevent these numbers from coming out prior to a provincial election. That is somewhat unfortunate and sad, and the reason why, if I could vote, I would vote in favour of this particular motion. I look forward to hearing the minister's response.

Mr. Stefanson: Mr. Chairman, needless to say, I am disappointed in the motion from the member for Thompson (Mr. Ashton). I have answered all of his questions here this morning. He seems to not want to listen to the answers because of his own agenda, I believe. He also does not seem to recognize the need to protect third-party confidentiality. I guess that is something that he does not necessarily believe in. I am told that we are the only province in all of Canada that releases this kind of information on this kind of a basis

and makes it available showing community-by-community breakdown. In fact, I am even told that in Saskatchewan they will not release community numbers because that is third-party information and exempt from the Freedom of Information laws. I know he has some friends in Saskatchewan. He should maybe be having some discussions with them in terms of the kind of approach they have taken in that province.

We have provided extensive information, Mr. Chairman, in terms of community-by-community breakdown while protecting third-party confidentiality, and have provided information on funds going back into the communities. If he has watched over the last few weeks, with the release of information from Manitoba Lotteries Corporation, whether it has been the Volberg report, the very quick follow-up with the '94-95 community breakdown, the earlier release of the annual report, tabling with him this morning the KPMG and the Ernst & Young reports, I think, certainly, our record over the course of the last many months and years speaks for itself in terms of a willingness to provide information to have an open and healthy discussion on gaming and gambling in Manitoba.

* (1140)

I certainly believe and our government believes that the more information we can make available, the more informed we can all be, as we have to make decisions in the weeks and months ahead, and the better discussion we can have, that do not make our decisions based on anecdotal information or biases, that we do it based on quality information to be sure that at the end of the day we make the decisions that are in the best interests of Manitobans. So I am very disappointed with this motion from the member for Thompson. I would have thought he would not introduce such a motion and would certainly ask him and encourage him to withdraw it but, if not, for members of the committee to obviously vote against it.

Mr. Ashton: I will be very brief on the motion, but I would suggest that probably the best words I could quote in support of this motion were made by the Premier (Mr. Filmon) himself, because the Premier himself stated just recently that the question, this is to

do with the disclosure of VLT revenues, the question, this is a quote, is whether or not the government is releasing the information should do so blindly without consideration of the consequences and we chose not to do it.

He went on to say that he was concerned about some of the factors the minister talked about, the other items that were put on the sheet, but the fact is, the Premier, himself, in his own words, has as much as admitted that this government had this information. It had the information in November. It had the means to be able to do it satisfying any of the concerns that were done. This information has been available for years on a site-by-site basis.

The bottom line here is, this government deliberately delayed the release of this information until after the election because this government knew that when people in rural and northern Manitoba saw the amount of money being taken out of their community that they would be greatly concerned. In fact, following the release of the information in June 1995, that is exactly the reaction of many people in the communities.

This government knew and the Premier himself has all but admitted that they deliberately delayed the release of this information and, quite frankly, that is absolutely unacceptable. I realize it is a growing pattern with this government, which has failed to release all sorts of information until after the election, whether it be the amount paid to politically appointed board members or the Jets.

Since we are dealing with the Lotteries here, let us deal with the fact that this was probably the most overt, the clearest example of the government deliberately stonewalling and covering up information, a government that has not even called this committee for more than two years. When it had this information available, it chose not to release it and that is why we moved this motion.

We are not only not going to withdraw this motion, I can tell you we are going to take this frustration and concern out to many communities throughout Manitoba, because I think they know the truth. They know the truth that they were—and I cannot use

unparliamentary language, but they were not told the truth. That is as far as I can go.

That is absolutely unacceptable. That is why we moved the motion. That is why we urge anyone with any kind of open mind on this, if they will not listen to me, they can listen to the Premier, who himself has admitted it.

Mr. Stefanson: Almost everything the member for Thompson says is inaccurate and incorrect, and absolutely his comments about any deliberate delay by the Premier or anybody else. Again, he fails to recognize why the information on a community-by-community basis could not be released. He seems to have no respect for third-party confidentiality. He seems to have no respect for communities wanting to know the funding that is coming back into their communities for contributions being made by communities to deficit and all of the reasons that that information in its raw form on a community-by-community basis could not and should not have been released, and ultimately the kind of information that was released is the most appropriate. It protects third-party confidentiality, and it provides the comprehensive information that I believe Manitobans want to see and individual communities want to see.

They do not want to see just what is being contributed by their community, they also want to see what is coming back into their community. That is the kind of report that was prepared. Once the '93-94 report was prepared and tabled in June, we undertook as quickly as possible to prepare the '94-95 report, which we tabled just a couple of weeks ago. That was a very quick turnaround.

Again, I am disappointed with the fact that the member for Thompson does not want to listen to answers, he does not want to listen to reality. He has his own version, his revisionist version of history which the NDP do on several issues. You are doing that on several issues and that is a common pattern that is being recognized by Manitobans. Manitobans know the truth and see through what you might be attempting to do in these kinds of situations. I would certainly encourage everybody to defeat this ridiculous motion.

An Honourable Member: Question.

Mr. Chairperson: The question has been called. All right, the motion before the committee is as follows:

I move that this committee censure the minister for the deliberate action of this government to repeatedly delay release of information on VLTs in the province of Manitoba. Agreed?

Some Honourable Members: Agreed.

Some Honourable Members: No.

Mr. Chairperson: All those in favour of the motion, say yea.

Some Honourable Members: Yea.

Mr. Chairperson: All those opposed to the motion, please say nay.

Some Honourable Members: Nay.

Mr. Chairperson: In my opinion, the Nays have it.

Mr. Ashton: I ask for a recorded vote, Mr. Chairperson.

Mr. Chairperson: All those in favour of the motion, please raise your hand and the Clerk will count. All those opposed, please raise your hand and the Clerk will count. Yeas, four; Nays, five.

The Nays have it; the motion is defeated.

Mr. Ashton: Before proceeding with further questions, I would like to ask what the will of the committee is in terms of time of adjournment.

Mr. Chairperson: It is now a quarter of 12. What is the will of the committee for the hour of rising?

Mr. Ashton: We are certainly prepared to sit here until 12:30; 12 p.m. has been suggested as well. I assume we are coming back for further hearings, and we are certainly not going to be passing reports by sitting an additional half an hour.

Mr. Chairperson: All right, Mr. Ashton. You have made a suggestion of 12:30 p.m. If there is no other suggestion, then perhaps that is the will of committee, 12:30 it is. [agreed]

Mr. Ashton: I will have some further questions related to some of the matters we have dealt with, particularly the involvement of the Premier's staff and others in the communications section and also in the minister's own office in terms of this whole question of information and release of documents, but I would like to move on to further questions at this point in time and return to those questions at a later point in time.

I was just given copies of the Ernst & Young report, the KPMG Report earlier today. I would like to ask the Lotteries Foundation how much it cost for the June 1995 Ernst & Young report, and I will quote the title of it: A Report to Manitoba Lotteries Corporation Reviewing Analysis of the Net Social Benefits from Legalized Gambling in the Province of Manitoba.

Mr. Stefanson: Mr. Chairman, Ernst & Young are the auditors for the Manitoba Lotteries Commission and I am told the cost of this report was approximately \$43,000.

Mr. Ashton: Yes, I would like to ask a further question and it is in regard to the other report, the KPMG Report, September 1995, and it is entitled An Assessment of the Benefits and Costs of the Manitoba Lotteries Corporation.

Mr. Stefanson: I am told the cost of the KPMG Report is approximately \$75,000.

Mr. Ashton: The annual report, which we are dealing with later on, I do not want to deal with the actual report itself. I am dealing with cost factors here. Can the Lotteries Foundation give some sort of indication of the cost of producing the 38-page supplement, because it essentially is a supplement to the financial information here which quotes the KPMG and Ernst & Young studies fairly extensively?

Mr. Stefanson: Mr. Chairman, I am told the cost of the '94-95 annual report, including the supplement, was approximately \$18,000 and that was down from the previous year of '93-94.

Mr. Ashton: I would like to ask, first of all, dealing with the Ernst & Young report which I just received this morning, if the Lotteries Foundation can—and I

appreciate that. I would have preferred it somewhat earlier, but I appreciate that fact. Can the Lotteries Foundation confirm that the sole purpose of the Ernst & Young report was to comment on the report authored by Dr. Philippe Cyrenne, a document with independent research that documented some of the costs as well as the benefits of Lotteries activities in Manitoba?

Mr. Stefanson: Mr. Chairman, I would ask the member to, if he were to look at the Ernst & Young report, about three or pages in, under the introduction in the scope and purpose, Ernst & Young clearly outline what the purpose of their review was. The report is intended to provide a third-party point of view regarding the Cyrenne report's contents, and particularly with respect to the application of economic techniques and with respect to statistical data used. Obviously it was a report that had been released. It had received a fair bit of coverage through at least one media source. As a result of that some other jurisdictions were asking for copies of the report.

* (1150)

The Manitoba Lotteries Corporation also wanted to determine the validity of the report in terms of utilizing anything from it themselves in terms of future policies, future decisions and so on, but felt it important to have the third-party point of view, particularly from their own auditors, who were Ernst & Young, and that was the basis of having the review performed.

Mr. Ashton: Is it not a fact that basically this report was initiated by the Lotteries Foundation at a cost of \$43,000 for one purpose only, and that was to comment on that report I referenced earlier by Dr. Cyrenne?

Mr. Stefanson: Mr. Chairman, I want to make it clear that it was undertaken to confirm or determine the validity of that report, that if that was going to be a report that was going to be put out to the public, utilized by the Manitoba Lotteries Corporation in any way, they wanted to have assurances with the validity and accuracy of the report in terms of future policy decision making of the corporation and, therefore, I undertook the review by Ernst & Young.

Mr. Ashton: I would like to ask whether this was an initiative solely of the Lotteries Foundation or whether

this minister or other ministers or other members of the government were consulted on this particular contract?

Mr. Stefanson: Mr. Chairman, it was solely being done by the Manitoba Lotteries Corporation for the purposes that I have already outlined for the member.

Mr. Ashton: I would like to move on to the KPMG report which we just found out cost \$75,000, and I would like to ask whether the minister can indicate what the purpose of this particular report was and whether in fact it was also, at least partially, brought in by the Lotteries Foundation who contracted out, I guess is the proper term, to deal with some of the same issues that had been raised by the Cyrenne report?

Mr. Stefanson: Mr. Chairman, I realize that the member has just received this report this morning, so I know he has not had the opportunity to go through it in any great degree of detail. So I would turn him to page 9 of the KPMG report, if he is not on that page already, and it outlines very clearly the objectives of the study. There are really four fundamental objectives. First and foremost is to respond to the Crown Corporations Council recommendation that an independent and objective study be conducted of the economic impact of gaming in Manitoba. That is a recommendation that the Crown Corporations Council has made and made in various reports from the council.

The second objective was to provide the Manitoba Lottery Policy Review Committee with current and objective information. Obviously, the kind of information being provided by this report is useful and important information for that Desjardins committee that is reviewing both the economic and the social impact of gaming in Manitoba.

The third objective is to assess and summarize quantitative and qualitative information concerning economic benefits and cost of gaming in Manitoba. I would like to think that would be something that everybody would support. There has been a lot of discussion about those kinds of issues as they relate to gaming, and I think the more quality reputable information we have around those kinds of issues, it not only, obviously, enhances the level of discussion but also allows the Manitoba Lotteries Corporation and

governments to make decisions based on sound information.

The fourth objective is to critically review the recent report, an analysis of the net social benefits from legalized gaming in the province of Manitoba, the Phillipe Cyrenne report. Again, as I have indicated, that report was being utilized publicly. It was being requested by some other jurisdictions, and obviously it was important to the Manitoba Lotteries Corporation if they were going to be utilizing that report in any way in terms of their future decisions, that they have a further analysis as it related to all of the elements that this KPMG report would be doing.

So those were the four objectives, and obviously very important objectives to the Manitoba Lotteries Corporation.

Mr. Ashton: Well, I wonder if the minister can also confirm—and this is in the report itself, the KPMG report. It cites that the background was that during the campaigns leading up to the recent election, the Winnipeg Free Press ran a series of articles entitled Manitoba election issues, the hidden cost of gambling. A number of these articles reported on a study commissioned by the Winnipeg Free Press entitled: An Analysis of Net Social Benefits from Legalized Gambling in the Province of Manitoba. It then cites further background on the Cyrenne report.

So essentially what the Lotteries Foundation decided to do was to commission two studies, with the sole purpose of each study—it is very clear. In fact, I think the Ernst & Young is probably the clearest because it states in the accompanying letter: As requested, attached is our commentary on the report authored by Dr. Phillipe Cyrenne.

So the Lotteries Foundation, in response to a report that was quoted extensively in the Manitoba election, decided to spend a grand total of \$118,000, notwithstanding the cost of producing a 38-page supplement to this annual report, to essentially deal with criticism from a report, criticism that was outlined during an election campaign in the Winnipeg Free Press.

I want to ask the minister first to confirm that and then if he could indicate whether he as minister feels

that is an acceptable use of money that could have otherwise gone to, for example, producing the VLT revenue breakdown that we referred to throughout the earlier part of this committee or if that \$100,000 might not have been better spent on putting some benefits back to Manitobans. Does the minister not find it rather an unacceptable expenditure of money to spend that amount of money in response to the one independent report we have seen on this particular issue by a University of Winnipeg professor?

* (1200)

Mr. Stefanson: Mr. Chairman, I get the distinct feeling that the member for Thompson is not listening to my answers. I hope everybody else in the room is, because in terms of KPMG, the fourth objective in terms of the utilization of the Cyrenne report was really auxiliary to the report being done by KPMG.

I have already read to the member the objectives. He can go back to reports of the Crown Corporation Council where they very clearly state that there should be an independent and objective study conducted of the economic impact of gaming in Manitoba. We have an independent policy review committee with 14 representatives from across our province reviewing the economic and social impacts of gaming here in Manitoba. The member himself has asked me questions about that committee, the work that they are doing. Obviously it is important that they have again accurate and quality information in terms of whatever recommendations they are going to ultimately make.

So I do not want him to distort the issue by trying to leave the impression that all of this was because of one report prepared and run exclusively in the Winnipeg Free Press. But I also want to restate to him that that report was commissioned, was prepared, was covered extensively through at least one local media source, has been asked for by other jurisdictions, is a report that the Manitoba Lotteries Corporation is looking at. Surely he would expect the Manitoba Lotteries Corporation, if they are going to use reports for future policy, future direction, they have a comfort level that they are accurate, they are useful reports.

I guess what I find more than a little ironic and a little strange is, I think even the member himself has asked

on many occasions for more information. He said, I believe he has said, or some have said, there should be more information. There should be more information on community breakdown, there should be more information on economic impact, there should be more information on social impact. And when you get the Lotteries Corporation acknowledging and recognizing that and doing those kinds of things, then he is one of the first to criticize that they should not be doing it.

I mean the reality is, Mr. Chairman, you cannot have those kinds of things both ways. You cannot call for more information day in and day out, week in and week out, and then when you get the information say, well, what are they doing spending money to provide this information? I do not like the information they are getting, I am not happy with the results. The whole idea is you have two international, reputable auditing, accounting firms doing work on behalf of the Manitoba Lotteries Corporation, providing useful data on economic and social impacts, relationships to problem gambling, relationships to crime and so on, and that will be very useful information in terms of formulating future policies of the corporation. I am sure it will be very useful information for the Desjardins committee as they work on preparing their report back to government.

Mr. Ashton: Well, Mr. Chairperson, the minister can throw out all the comments he wants, but the bottom line is that the Lotteries Foundation spent this money on two reports that were brought in for one purpose only and that was to deflect the criticism from the Cyrenne report. They were not brought in as independent reports, and in fact if the minister doubts that, perhaps he should read the document itself, the KPMG report indicates very clearly that the MLC has retained KPMG Management Consulting to undertake a critical review of the Cyrenne report, not to provide information, not to conduct an independent study but to do a critical review of the Cyrenne report.

In fact, Mr. Chairperson, I wonder if there had been more academic studies on Lotteries, how much more money the Lotteries Foundation would have spent trying to deflect that criticism as well. I am wondering as well, given the statements right in the KPMG report too, if a lot of this was not because this actually, God forbid, came up during an election campaign.

I suspect, Mr. Chairperson, that as the member for Dauphin (Mr. Struthers) points out, this was partly damage control. I suspect there is something of a vendetta going on against Dr. Cyrenne. I mean, they spent \$118,000, \$118,000 to produce these two reports. I would like to ask the minister further and I think he has referenced this earlier, but can he also confirm that these—certainly Ernst & Young is not exactly independent of the Lotteries Foundation, in fact does other work for the Lotteries Foundation, and I was wondering if he could indicate why, when the Lotteries Foundation decided to spend \$118,000 on these studies, that it did not do so with independent contractors that had no other relationship with Lotteries.

Mr. Stefanson: There are a few things that have to be corrected, Mr. Chairman. Firstly, the Manitoba Lotteries Commission commissioned this work subsequent to the provincial election. Secondly, the member for Thompson I think uses the word "critical" out of context. A critique of any document provides both the pros and cons, and if you read the executive summary and the analysis from KPMG, they indicate they were asked to undertake an objective assessment of the report, examining the methodology employed and the conclusions reached. Not to be critical, a critique is something that gives you the pros and cons. Certainly many aspects, if you read the KPMG report, I mean, they do acknowledge certainly the positive aspects from their perspective and their analysis of the Cyrenne report, but they also point out from their analysis and their perspective what they consider our weaknesses. So it is, from my point of view, a balanced report. I know the member might not have had all the time to go through the report in detail, but when he does he will see that it is a balanced analysis.

KPMG, not unlike most of the major auditing/accounting firms probably have almost all had some relationship or done some work for either Manitoba Lotteries or the Western Canada Lotteries Corporation. They have done some previous work on economic analysis back in 1993. They are familiar with that issue as it relates to gaming, and certainly the most efficient and effective way to then move forward and to have this kind of analysis done was to utilize their previous expertise and knowledge of gaming in Manitoba.

Mr. Ashton: Mr. Chairperson, I did not take anything out of context. I will read the statement again. It is not my statement, it is KPMG's. MLC has retained KPMG Management Consulting to undertake a critical review of the Cyrenne report. The minister can interpret that in whatever way he wishes, but that is a statement from KPMG.

I also would note the statement in the annual report that we will be dealing with shortly which quoted the KPMG and Ernst & Young studies and basically said that the study by Dr. Cyrenne was full of methodological deficiencies as well as errors and omissions, that they were so numerous and significant that they cast serious doubt on the accuracy and validity of many of the study's findings, both quantitative and qualitative, and on the author's objectivity in developing his arguments and conclusions. In fact, if you read the annual report you will not find a heck of a lot in there about the Cyrenne report on the other side of the ledger.

So we have the Lotteries Foundation spending \$118,000 to conduct two studies to come up with a conclusion that the Cyrenne report was full of deficiencies. Two studies that were done by consulting groups that are not exactly arm's length either from this foundation or even from the government, given the large amount of work that certainly I know KPMG has done for the government in various different areas.

So I am asking the minister again, was this an appropriate expenditure of money? He cannot go and throw this argument out that we want information and we are against this, and this is somehow information. This was not, I repeat not, Mr. Minister. Just read the reports you just gave me a few minutes ago. I would like to ask, by the way, Mr. Chairperson, if that is available to members of the committee. I notice there are reports here and there have been requests from members of the committee to access that.

I would like to ask the minister whether he feels this is an acceptable expenditure of funds to spend \$118,000, not on an independent objective study of the issue, but on an attempt to discredit an academic independent study that just happened to have been cited by the Free Press during the Manitoba election. That is

not me that is making that connection; it is KPMG. Quite frankly, I do not understand why they would put that in other than the fact that maybe this was the real agenda here.

Maybe some people did not like the fact that somebody dared to criticize the Lotteries Foundation and dared to criticize the government. Perhaps, you know, it is unreasonable. I mean, this is the government that did not call this committee for two and a half years, delayed information on VLTs, but is that not the real agenda? I will just ask the minister again: Does he not think this is an inappropriate expenditure by the Lotteries Foundation, \$118,000, on these two reports?

* (1210)

Mr. Stefanson: Mr. Chairman, the member for Thompson is fixated on one reason for the report and chooses to continually, with his rhetoric and questions, ignore the study objectives that I pointed out to him. If he were to look at page 9 of the report, he would see the overall study objectives. I have indicated to him that the Crown Corporations Council has recommended that this kind of study be done some time ago. I have indicated to him the Lottery Policy Review Committee is doing a review. I believe they have had access to the Cyrenne report. They will have access to this report, and any information that can and should be made available. So all I can do is continually encourage him to read the study objectives and to realize that those were the overriding reasons for the KPMG report. Again, I guess I have to remind him that the word "critical" is a form of saying critique, and critique represents pros and cons.

If he goes to page 10 of the report and sees KPMG's approach to the report, they employed three consultant principles in this study. They employed a balanced and credible approach, investigated and analyzed both benefits and costs; they used secondary resources; and, they also utilized original research for quantitative economic analysis. I will not read him all of the subelements of that, but they do conclude that they recognize the need for a well-balanced assessment that decision makers can rely upon with a sufficient level of competence to make policy decisions. I think the

responsible thing for any organization to do is to be sure that the information that they have at their disposal and access to is information that is well balanced and provides quality, reliable information, Mr. Chairman. That is the approach.

I mean, if the member for Thompson wants to continue repeating and trying to put his own interpretation or his own belief on that it is only because of Cyrenne, I guess I cannot stop him from doing that. But all I can do is encourage him to read the study objectives, to read the whole report and to realize that this report was much more than a critique of the Cyrenne report. It was to respond to a legitimate request made by reputable organizations like the Crown Corporations Council but, more importantly, to be sure that any information that any Crown corporation is using is accurate, reliable, useful information, and I think that is fundamental on the part of anybody. Certainly it is the kind of approach that we bring to government and we expect our Crowns to bring forward. I know that is not the kind of approach that existed here in Manitoba when the member for Thompson was part of a previous government.

Mr. Ashton: Mr. Chairperson, talking to the minister has been part of the previous and the previous, previous government, we can get into previous, previous, previous governments if he wants. The fact is, his report from the KPMG is very clear. In fact, I would also point out for the record that KPMG did not even bother to contact Dr. Cyrenne directly. That is also in the report. These two reports were brought in for one purpose and one purpose only.

I would like to ask some further questions in terms of expenditures, because another issue that has come up in the way of concern has been in terms of advertising, Mr. Chairperson.

I would like to ask the minister if he could provide information on the amount of money that has been spent on advertising in each of the four years covered by the reports, the fiscal years, going from 1991 through to the current year.

Mr. Stefanson: Mr. Chairman, the member for Thompson referred to not making contact with Mr.

Cyrenne. They obviously had the opportunity to review his report and I am sure KPMG and Ernst & Young are prepared to provide their own comments on the reports that they have prepared.

In terms of advertising, I can certainly undertake to provide a summary for the member going back over the four years. It is outlined separately within the components of the annual reports, broken down by each category, business unit. If you start on page 57, as an example, of the '94-95 report and then run through by each business unit, you will see under the video lottery terminal, beneficiary advertising of \$899,000.

You then move forward to page 59, the McPhillips Street Station, advertising at \$257,000. Go to page 60 and you see Club Regent, advertising at \$259,000. Go to page 61, you see the Casino advertising at \$345,000, and then the old bingo halls, there was about \$3,000. So including the total advertising and beneficiary awareness the expenditures for 1994-95 were \$1,763,000, and of that \$899,000 was the beneficiary awareness advertising that was done, Mr. Chairman.

I would certainly undertake to provide the same kind of summary analysis going back to the previous three annual reports and undertake to provide that summary to the member for Thompson rather than walking through each and every report now unless he wants to do that, go back to each report, and we will find the pages and go line by line.

Mr. Chairperson: I noticed that it is now just shortly after 12:15, and I believe there had been some discussion on the committee that some other members of the committee or MLAs would have an opportunity to speak. Mr. Ashton, you have indicated that you have one more question?

Mr. Ashton: I have one further question, and the member for St. Boniface (Mr. Gaudry) has some questions as well.

My further question is that the minister made reference to the beneficiary awareness advertising, and that is rather interesting terminology. I assume it is the PR ads that were done by the Lotteries Foundation in conjunction with the government.

I know the Premier (Mr. Filmon) has already indicated that certainly there was contact in terms of these various ads, and I would like to ask if he can confirm once again the cost of those ads because, I must admit, when I was writing it down, the term threw me off. It took me a while to translate the jargon there, but I assume those are the straight PR ads that were put out, if he could just confirm, not only the cost of the advertising, but the cost of production of those ads as well and the breakdown between the cost of production and the placement of those ads.

Mr. Stefanson: Mr. Chairman, I believe information around the costs of beneficiary awareness has been provided in the past, but the \$899,000 for '94-95 was the beneficiary awareness information provided, and what it is, it is information on how the lottery dollars, VLT dollars are in fact being utilized. Manitobans want to know where the dollars are being utilized. Members of the opposition, I believe, want to know where the dollars are being utilized. That was the purpose of that expenditure, to inform Manitobans, to keep them well aware of where the dollars that are being generated through gaming in Manitoba are being put to use here in our province. I think that is important.

* (1220)

It is back to the same point I raised earlier, Mr. Chairman. We have had a lot of interest from the public, a lot of discussions around gaming, and I believe the more information, the more quality information, the more discussion, that is healthy to any issue. It is certainly healthy to the gaming issue, and keeping Manitobans informed where money is going is an important part of that. I would hope members of the opposition would agree and recognize that that is something that is important and should be done.

Mr. Sveinson: Mr. Chairman, in order that this committee fulfill the content of—

Mr. Stefanson: I am sorry—

Mr. Chairperson: Sorry, I believe the minister was not through with his answer.

Mr. Stefanson: I was not clear then. I guess the member was asking for the cost of production. The

899 is an all-in cost. I do not have that detail now. I will undertake to obtain that.

Mr. Sveinson: Mr. Chairman, in order that this committee fulfill the content of the motion made by the member for Sturgeon Creek and passed by this committee, I move that the Annual Report of the Manitoba Lotteries Foundation, 1991-92, be now passed.

Mr. Chairperson: Well, I believe that the original motion which was passed envisaged that the report would be—that this committee agreed that the report was passed at that time, subject to general discussion, which is still ensuing, and I believe that we have a little more discussion which members would like to put on the table.

Mr. Sveinson: If that is the understanding of that motion, then I withdraw this one.

Mr. Neil Gaudry (St. Boniface): Mr. Chairperson, the member for Inkster had to leave for a meeting. Therefore, I have replaced him here. But I was asked by a member of the government side to be kind, and I will try to do that.

Looking at the video lottery terminals, it says very clearly it was launched in November of '91 in an ongoing effort to boost the rural economy. Morris was chosen. Was it tendered out as far as the building that was concerned or to which community the lottery terminals would be allocated?

Mr. Stefanson: Mr. Chairman, I am told that at the time that decision was made the Lotteries Corporation looked at several of the surrounding communities in close proximity to Winnipeg, and it was not tendered on a community basis. Ultimately, land was provided in Morris, I am told, at no cost by the community, and the construction of the building was then tendered out. [interjection] Yes, the building was then tendered out.

Mr. Gaudry: As far as employees were concerned, were the employees hired on locally or were there people relocated out of Winnipeg?

Mr. Stefanson: Mr. Chairman, there are approximately 45 employees in Morris. While I cannot

give the detailed breakdown really, all elements happened. Some were hired from Morris and surrounding community. Some people actually moved out from Winnipeg to Morris and are working at the facility, and there are still some people that commute from Winnipeg to Morris. So we ended up with some of all of those kinds of approaches. As I say, there are about 45 people employed there today.

Mr. Gaudry: The employees that were located, was that part of the decentralization program the government put into place?

Mr. Stefanson: Mr. Chairman, the decentralization by Lotteries Corporation was a conscious business decision in terms of the cost of operation that they could put in place in Morris, I am told. There were other examples of similar things happening in other provinces, decentralization of some aspects of their gaming. So it was a decision of the Lotteries Corporation.

How it related to the government's Decentralization Initiative, I would have to get more details. I believe, today, when we talk about decentralization, we talk about government direct, but I think, on occasion, individuals also point to any other initiatives, whether it be Crowns that have also decentralized some of their activities to locations outside of Winnipeg.

Mr. Ashton: I believe we are close to adjournment, but I have some further questions on the advertising aspect. I was wondering if the minister could, either now or at the next meeting of the committee, give an indication of the various people involved in the preparation of the ads, which companies were involved in production, and in terms of any other role in the advertising that we just referenced about 10 minutes ago.

Mr. Stefanson: Mr. Chairman, the agency of record for Manitoba Lotteries Corporation is Palmer Jarvis, but I will undertake to provide further details for the member.

Mr. Ashton: Just to clarify further what I had asked. I had asked for a breakdown of complete costs in terms of what the replacement costs are, what the production costs were, et cetera, and any information the minister can provide, or Lotteries Foundation can provide, in terms of who was not only contracted but who were the subcontractors, et cetera.

Mr. Stefanson: Mr. Chairman, I am told that our breakdown is on the basis of agency fees and production costs, and we will certainly undertake to provide that information. In terms of what individual organizations then do in terms of their own subcontracting, that is not something we are necessarily able to provide or even necessarily always made aware of in some cases.

Mr. Chairperson: As the hour is now near to 12:30 and the committee has previously agreed to rise at 12:30, we are at the conclusion of today's meeting.

To clarify again for the committee, it was also agreed earlier by motion that the committee pass the Annual Report of the Manitoba Lotteries Foundation for '91-92, after the general discussion which has now occurred at the sitting of this committee today. Therefore, as we are now at the conclusion of today's sitting, the 1991-92 report is passed.

The hour being 12:30—[interjection] Yes, Mr. Ashton?

Mr. Ashton: It would require agreement of the committee to pass it. Even despite the motion, I think we should make sure that it is done properly—agree to it, and we certainly agree to it.

Mr. Chairperson: All right. The 1991-92 Lotteries Foundation annual report—pass.

The hour being 12:30, as previously agreed, the committee shall rise.

COMMITTEE ROSE AT: 12:30 p.m.