



**Second Session - Thirty-Sixth Legislature**

**of the**

**Legislative Assembly of Manitoba**

**Standing Committee**

**on**

**Economic Development**

*Chairperson*  
*Mr. Peter Dyck*  
*Constituency of Pembina*



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

**Members, Constituencies and Political Affiliation**

<b>Name</b>	<b>Constituency</b>	<b>Party</b>
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.
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PITURA, Frank	Morris	P.C.
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RADCLIFFE, Mike	River Heights	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack, Hon.	Niakwa	P.C.
RENDER, Shirley	St. Vital	P.C.
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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.
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TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.

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

**Thursday, October 10, 1996**

**TIME – 10 a.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Peter Dyck (Pembina)**

**ATTENDANCE - 11 – QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Downey, Gilleshammer

Messrs. Dyck, Jennissen, McAlpine, Maloway,  
Newman, Pitura, Sale, Struthers, Sveinson

*Substitutions:*

Ms. McGifford for Mr. Jennissen

**APPEARING:**

Mr. Gary Kowalski, MLA for The Maples

**MATTERS UNDER DISCUSSION:**

Bill 14–The Manitoba Trading Corporation  
Amendment Act

Bill 15–The Tourism and Recreation Amendment  
Act

Bill 27–The Museum of Man and Nature  
Amendment and Consequential Amendments  
Act

Bill 39–The Pari-Mutuel Levy and Consequential  
Amendments Act

Bill 71–The Manitoba Film and Sound Recording  
Development Corporation Act

\* \* \*

**Mr. Chairperson:** Good morning. Would the Standing Committee on Economic Development please come to order.

The business before the committee this morning is to consider the following bills: Bill 14, The Manitoba Trading Corporation Amendment Act; Bill 15, The Tourism and Recreation Amendment Act; Bill 27, The Museum of Man and Nature Amendment and Consequential Amendments Act; Bill 39, The Pari-Mutuel Levy and Consequential Amendments Act; and Bill 71, The Manitoba Film and Sound Recording Development Corporation Act. If members require a copy of any bills, please raise your hand and the Page can provide you with one.

It is our custom to hear the presentations from the public before the detailed consideration of bills. At this point we do not have anyone registered to speak to any of the bills. I would just like to canvass the room to check if there is anyone present who wishes to make a presentation. Seeing that there is no one, we will then proceed with clause-by-clause consideration of the bills.

Did the committee wish to consider the bills in the order that they are listed on the notice?

**Mr. Gerry McAlpine (Sturgeon Creek):** I think that, in the interests of staff that is here, I would ask the committee's indulgence to deal with Bill 27 and Bill 71 in that order, and then the other bills with regard to Mr. Downey, deal with them in numerical order as they appear on the agenda.

**Mr. Chairperson:** Is that the will of committee?

**Some Honourable Members:** Agreed.

**Mr. Chairperson:** It is agreed, then, that we will deal with Bill 27 and 71, and then we will proceed later on.

**Bill 27–The Museum of Man and Nature  
Amendment and Consequential Amendments Act**

**Mr. Chairperson:** Consideration of Bill 27, The Museum of Man and Nature Amendment and Consequential Amendments Act. Does the minister responsible have an opening statement?

**Hon. Harold Gilleshammer (Minister of Culture, Heritage and Citizenship):** Bill 27 does two things: it changes the name of a museum, and it establishes a new foundation. I understand that the opposition parties will have spoken in favour of this. There are no amendments, so we could proceed with the clause by clause.

**Mr. Chairperson:** We thank the minister. Does the critic from the official opposition party have any opening statement?

**Ms. Diane McGifford (Osborne):** The minister and I have discussed it several times, and I am satisfied and have no questions.

**Mr. Chairperson:** We thank the member. The bill will be considered clause by clause. During the consideration of the bill, the Title, Preamble and Table of Contents are postponed until all other clauses have been considered in their proper order by the committee.

Did the committee wish to consider the bills in blocks of clauses? [agreed]

We shall then proceed.

Clauses 1 to 5—pass. I am sorry 1 to 5(1).

Clauses 5(2) to 11—pass; Preamble—pass; Title—pass. Bill be reported.

#### Point of Order

**Mr. Tim Sale (Crescentwood):** Mr. Chairperson, on a point of order and procedure, I know there is a simple procedure for solving this, but I am informed that the critic for these bills, Ms. McGifford, is not on the list of members of the committee. I believe it would be appropriate that the committee membership be amended to include the critic. I am wondering if the Clerk can advise us on that issue.

**Mr. Chairperson:** Thank you, Mr. Sale.

**Mr. Sale:** I think we only have four members. Is that not correct? Is that not what we need?

**Mr. Gilleshammer:** I think we can proceed. The member can speak to the legislation without being a committee member.

**Mr. Chairperson:** Is that the will of the committee that the member then can proceed?

#### Committee Substitution

**Mr. Sale:** Will she be noted then as present? I wonder if you would be prepared to canvass the committee. Would they allow a motion to substitute critic member for Osborne (Ms. McGifford) for the member for Flin Flon (Mr. Jennissen)?

**Mr. Chairperson:** Agreed? Is that the will of the committee? [agreed]

#### Bill 71—The Manitoba Film and Sound Recording Development Corporation Act

**Mr. Chairperson:** The committee will proceed with consideration of Bill 71, The Manitoba Film and Sound Recording Development Corporation Act. Does the minister responsible have an opening statement?

**Hon. Harold Gilleshammer (Minister of Culture, Heritage and Citizenship):** This bill restructures Manitoba Film and Sound's governance and administrative framework and clarifies its relationship to the province. This has come about after widespread consultation and, similarly, I believe the members of the official opposition have spoken in favour of this and have no difficulty with proceeding with the bill.

**Mr. Chairperson:** I thank the minister. Does the critic from the official opposition party have an opening statement?

**Ms. Diane McGifford (Osborne):** I made a statement in the House yesterday and I do not have a different statement for today, so I am satisfied. Thank you.

**Mr. Chairperson:** I thank the member.

The bill will be considered clause by clause. During the consideration of the bill, the Title, Preamble and the Table of Contents are postponed until all other clauses have been considered in their proper order by the committee. Does the committee wish to consider the bill in blocks of clauses?

**Some Honourable Members:** Blocks.

**Mr. Chairperson:** Blocks, thank you.

Clauses 1 to 2—pass; Clauses 3 to 6—pass; Clauses 7(1) to 8—pass; Clauses 9 to 11—pass; Clauses 12 to 15(2)—pass; Clauses 16 to 20—pass; Preamble—pass; Title—pass. Bill be reported.

\* (1010)

**Bill 14—The Manitoba Trading Corporation Amendment Act**

**Mr. Chairperson:** We will then begin with Bill 14, The Manitoba Trading Corporation Amendment Act. Did the minister responsible have an opening statement?

**Hon. James Downey (Minister of Industry, Trade and Tourism):** Mr. Chairman, basically, my opening comments were made when the legislation was introduced. There has been nothing changed in that particular time, and I am prepared to proceed with the bill.

**Mr. Chairperson:** We thank the minister. Does the critic from the official opposition party have an opening statement?

**Mr. Tim Sale (Crescentwood):** Mr. Chairperson, we support the bill and I have so indicated in the House. My brief comments will be to put on the record concern, and I do not know whether the minister would accept a question now rather than during clause by clause in regard to the concern I raised in the House. Is the minister prepared to have a question in general at this point?

**Mr. Chairperson:** Mr. Sale, would you—

**Mr. Sale:** Mr. Chairperson, we have raised in Public Accounts and—

**Mr. Chairperson:** Okay, just a moment, Mr. Sale. I think we should just ask the committee if they would agree with that. [agreed]

**Mr. Sale:** I thank the committee for that agreement. Mr. Chairperson, the minister will know and many other members will know that we have repeatedly raised in Public Accounts and in Estimates our concern about the

integrity of the audit function. I am referring to Clause 14. I want to again state very clearly that our concern here is not with the competence or capacity of the private sector to undertake adequate audits but, as government moves in the direction which it has in the last few years by establishing SOAs and by establishing enhanced functions for groups like, for example, the Manitoba Trading Corporation, trade and investment corporation now, increasingly the ability of the Provincial Auditor to have full scope in his or her audit, a full sense of government's business and expenditures and revenues, it is impaired by contracting out specific pieces of departments to the private sector.

The issue here is not the private sector's role; it is the question of who controls the contracting out. I believe that it is appropriate that if government wishes to direct that the private sector be used, that is a policy question which we would have differing views on, depending on the issue at stake, but the question of the integrity of the audit, I think, is a very important question. Therefore, we continue to believe that the role of the Provincial Auditor in following government policy to either undertake all audits through the staff of the Provincial Auditor or to, where possible, contract out such audits if that is the policy of the government of the day, is an appropriate function.

What is not appropriate is that the government politically decides who shall audit and who shall not audit specific pieces of the government's function. So if the government wishes to direct the Provincial Auditor to follow a policy, that is within the government's legitimate role. But we believe that the Provincial Auditor is the appropriate body to tender for private-sector audits, if there are going to be such audits. Then, by virtue of the role of having been the contractor for such audits, the Provincial Auditor is in a position to ensure that the consistency, integrity, appropriateness, the value for money, if you wish, of the audits that have been so undertaken.

So, Mr. Chairperson, our concern about this bill is not the amendments to The Trading Corporation Act. I think they are basically in order. Our concern is the one clause which permits the contracting out of this audit. I want to ask the minister, first of all, if he might respond to the general concern about the integrity of the overall audit function being no longer under the hands of the

Provincial Auditor, but potentially separated because he has a number of SOAs in his department, as well, which can be audited by various groups; and, secondly, specifically in that clause, is it the minister's intent to have this audit contracted out at any time in the next several years?

**Mr. Downey:** Mr. Chairman, the whole issue which is raised by the opposition party is one of which I think is pretty much philosophical and I think he would admit that. What we, I think, are making sure that we are doing is to make sure that there is an adequate and effective audit carried out on the Manitoba Trading Corporation in the public interest. That is really what the main overall objective should be and that is what we are making sure will, in fact, take place.

How that is carried out, we believe, because it is a corporation that will operate to further advance and promote trade somewhat maybe a little differently than what has been done in the past, with all the kinds of activities that the work has been done that the flexibility for outside audits, we believe, is not in any way going to diminish the public's information as it would be provided through an audit. As well, I think it is important to note that if there is some concern which the Provincial Auditor may have, then an overview of that audit could in fact be called for by the Provincial Auditor. So it not a matter of totally removing the Provincial Auditor from any responsibilities. That capability would still be there, but it gives the corporation or the government the flexibility to have the corporation audited by an outside auditor. The bottom line is an accurate and accredited audit will be carried out for the corporation.

**Mr. Sale:** The issue of private sector versus provincial auditing is the philosophical issue, and we can legitimately disagree on that issue. That is not the point that I am raising. The point I am raising is the integrity of the overall audit function in government, and the appropriateness of having the Provincial Auditor directed, if the government wishes to so direct, to use the private sector for audits under the Auditor's control. The current situation does not put contracted-out audits under the direct control and supervision of the Provincial Auditor which is what we believe ought to be the case. With those comments, we are prepared to move to clause by clause.

**Mr. Chairperson:** The bill will be considered clause by clause. During the consideration of the bill, the Title, Preamble, and the Table of Contents are postponed until all other clauses have been considered in their proper order by the committee. Does the committee wish to consider the bill in blocks of clauses? [agreed]

Clauses 1 to 5—pass; Clauses 6(1) to 6(2)—pass; Clauses 7(1) to 9(3)—pass; Clauses 10 to 15—pass; Preamble—pass; Title—pass. Bill be reported.

### Bill 15—The Tourism and Recreation Amendment Act

**Mr. Chairperson:** Consideration of Bill 15, The Tourism and Recreation Amendment Act. Does the minister responsible have an opening statement?

**Hon. James Downey (Minister of Industry, Trade and Tourism):** Basically, Mr. Chairman, the comments were made that I wished to make initially at the opening of the introduction of the bill. I think it is important to note that since that time we have appointed our tourism commission. We have, in fact, a lot of activities that are underway, and this is with keeping with what the introductory comments were made.

**Mr. Chairperson:** We thank the minister. Does the critic for the official opposition party have an opening statement?

**Mr. Tim Sale (Crescentwood):** Mr. Chairperson, I have one question. We support the legislation, so I have no opening statement. But I have one question.

**Mr. Chairperson:** The bill will be considered clause by clause. During the consideration of the bill, the Title, Preamble and the Table of Contents are postponed until all other clauses have been considered in their proper order by the committee.

Did the committee wish to consider the bill in blocks of clauses? [agreed]

Shall Clauses 1 to 4 pass?

**Mr. Sale:** Mr. Chairperson, it is a question to the minister. There was an Order-in-Council passed a year or so or two years ago which changed the responsibility

for the act administration. It used to be under the Minister of Tourism. Now I believe it is under the Minister of Natural Resources. There is no reflection in a bill, of course, of which minister is responsible, but am I correct that the effect of this act really changes the function of the Minister of Natural Resources and essentially removes all of these functions from the Minister of Tourism at this point? Is that where we are at?

**Mr. Downey:** That is correct, Mr. Chair.

**Mr. Chairperson:** Clauses 1 to 4—pass; Clauses 5(1) to 7(2)—pass; Clauses 8 to 9—pass; Preamble—pass; Title—pass. Bill be reported.

\* (1020)

#### **Bill 39—The Pari-Mutuel Levy and Consequential Amendments Act**

**Mr. Chairperson:** Consideration of Bill 39, The Pari-Mutuel Levy and Consequential Amendments Act. Did the minister responsible have an opening statement?

**Hon. James Downey (Minister of Industry, Trade and Tourism):** Basically, Mr. Chairman, my introductory remarks at second reading still hold, and I know that the member of the opposition had some questions during his period of time, which I am prepared to deal with as we get to those areas within the act.

**Mr. Chairperson:** We thank the minister. Does the critic for the official opposition party have an opening statement?

**Mr. Tim Sale (Crescentwood):** Mr. Chairperson, again, we support the legislation and I have so indicated. It would probably facilitate passing the bill if the minister would agree and the committee would agree to have the questions in a group at the beginning, rather than trying to find the specific clause and go back and forth. I do have a few questions if the committee so agrees.

**Mr. Downey:** Mr. Chairman, I would be prepared to recommend to the committee we agree to that process.

**Mr. Chairperson:** Is that the will of the committee? [agreed]

**Mr. Sale:** Mr. Chairperson, my questions are largely related not to the substance of the bill itself but the effect, the overall effect. Under the bill, there will be an annual plan proposed by the Manitoba Horse Racing Commission that will receive revenues directly now from the levies rather than receiving them through the department, previously having provided those amounts of money to the commission through grants, which came from Finance as a consequence of the levies that previously were in force. So there will be an annual plan under the new act. The minister will approve this plan, and the plan will be a public document. Am I correct so far, Mr. Chairperson?

**Mr. Downey:** Mr. Chairman, the minister has the option of approving or disapproving. It would be, as far as I am concerned, part of the commission's report and the public.

**Mr. Sale:** Yes, I agree, the minister under the act will have not only the approval but the capacity, I expect, to direct a change if the minister feels there is a need for such a change.

The question then becomes the relationship between the horse racing commission and the operator of a particular track, and the case in point where the largest amount of involvement is with Assiniboia Downs and with the Manitoba Jockey Club. Now, Mr. Chairperson, the plan for distribution of the proceeds of the levy which will come to the horse racing commission is going to be public. The Jockey Club is a nonprofit corporation. Will the operations of the Jockey Club be a transparent part of that plan, so that the public will have an understanding of what subsidies are being provided or not?

**Mr. Downey:** As minister and a member of this government, I would think that would be appropriate, and it is my understanding that the Jockey Club would have no difficulty with it either.

**Mr. Sale:** Mr. Chairperson, I am very glad to hear the minister say that. I requested, during my preparation for this bill, the statements of the Jockey Club, and was refused access to those statements. I believed that—and still do believe—it was not possible to know the appropriateness of the distribution of the levy or the scale of the subsidy of public funds to this industry unless you can see the actual proportion of the industry that is being subsidized by public dollars.

Mr. Chairperson, I wonder if the minister would be prepared today to make available the most recent statements of the Manitoba Jockey Club for the committee's review.

**Mr. Downey:** Mr. Chairman, I would proceed to attempt to get the information that the member is requiring or requesting, I cannot guarantee it, but I would certainly say that it would be my desire to accomplish that goal.

**Mr. Sale:** Mr. Chairperson, I very much appreciate that, I think that is the appropriate road to go.

I just would say for the record that I think this was the difficulty that we got into when we began to subsidize a certain professional hockey team, that we had no knowledge of the details of that hockey team's operations. We got into the situation where the subsidy to a corporation from the public purse escalated and escalated and escalated, and you get into the difficulty of good money chasing after bad and not knowing—

#### Point of Order

**Mr. Downey:** On a point of order, Mr. Chairman, I can appreciate what the member is trying to accomplish, but I would think there is an appropriate time and place for the matter which he is raising and would ask that he do so. We are here to deal with the bill that is before us, which is the pari-mutuel bill. I am not trying to be difficult, but I am just trying to ask for your direction as to whether it would not be better debated in another setting and deal with the matter that is before this committee.

**Mr. Chairperson:** Thank you. I would ask the member to try and zero in on Bill 39, please.

\* \* \*

**Mr. Sale:** Thank you, Mr. Chairperson.

Can the minister confirm the level of revenue to the Jockey Club in the most recent year from its operations of VLTs and the 75 percent split that government agreed to for the profits from the VLTs?

**Mr. Downey:** Approximately \$2.8 million. I am told by the department, approximately \$2.8 million.

**Mr. Sale:** Mr. Chairperson, I thank the minister for that response. The point here is that while this bill accomplishes some increased transparency in terms of how the Horse Racing Commission functions and how public monies are used and distributed, it does not go the whole distance by requiring that those bodies receiving funds from the commission also make public their operations, at least in a summary form.

Now, the minister has committed that he will use his best efforts to make public, to disclose the operation of the Jockey Club in this situation, but I would ask the minister if he would not think it would be appropriate to provide an amendment to require that those groups receiving funds also make public their operating statements as a consequence of receiving those public funds.

Given that in this situation we are talking about a club which is receiving something in the order of \$4 million from subsidies related to their revenues, between \$3 million and \$4 million, and approximately another \$3 million from a special arrangement with the Lotteries Corporation, approved by government, which is another form of operating subsidy, since I do not know of any other organization in the province that gets anything better than a 20-80 split, to give a 75-25 split is clearly an additional subsidy meant to rescue that particular operation from insolvency, which is where Assiniboia Downs has been several times in the recent past and may be there again if it were not for approximately \$7 million in public subsidies at the present time.

**Mr. Downey:** Mr. Chairman, I guess I should have put it in a little broader context when I answered. I just want to make it absolutely clear that the support that is being provided was never in any way not known publicly. Secondly, there are at least a thousand jobs, if not more, that are directly related to the operations and the activities of the horse racing industry at the Downs.

It was known, it was certainly, the previous owners had extreme difficulties with it, did not walk away with a lot of money, in fact find themselves in considerable personal distress over the past. It was not a profitable operation. It does employ a lot of people. It is a major entertainment centre. It is a major tourism draw.



If you wanted to ask the former Leader of the Liberal Party as to the thoughts of the horse racing industry in the past election, that is probably one of the reasons that he is not in the Legislature to maintain his role as Liberal Leader or be a member of the Legislature. The public spoke and the public spoke pretty soundly as to what they thought about removing support from that industry.

\* (1030)

Now, we have to do it responsibly. We believe what we have done in a period of time where there would probably have not been the operation of that entertainment activity, there probably would not have been the maintenance of the jobs and an industry. Of course, I can tell the member that we are interested in those jobs. Hopefully, he would be as well.

The direct question that he asked, and I will try and deal with it specifically, and that is the appropriateness of putting an amendment into this act as it relates to the further disclosure. It is my understanding this is the only group that is involved, as the rest of the horse racing and the harness industry in this province come under The Agricultural Societies Act, which are open and certainly information is available.

I have given the member the assurance that I will attempt, and I think we will have the co-operation, from the indications I am getting through the department, that we will have the co-operation in making that information available. If not, we still have the opportunity of coming back and putting that into the legislation.

I would probably, Mr. Chairman, like to accept the information that I have at this particular time and proceed. Again, the transparency I have no difficulty with. I think the public should clearly understand, though, that this was an industry and is an industry that quite frankly still has some challenges, as does the harness race industry have some challenges. He is fully aware of the report that was done by Mr. Ron Johnson; I think it is a fairly substantial report which clearly indicates that the entertainment practices, or the habits, of the public in gambling have changed substantially in the past few years of which the harness and the thoroughbred industry has not enjoyed the continued support. We are at a time when we have to make some assessments. Again, I am prepared to continue to assess the amounts

of money that are going in as it relates to the VLTs—or the other gaming activities. I think that has to be an ongoing process. I would hope the member would support that, that we are not just sitting here making a statement: this is an industry getting an unfair amount of support.

Let us try and look at some positive solutions as it relates to the industry because, unless he wants to and his party wants to take on the elimination of a thousand jobs or the directly related jobs, as did the Leader of the Liberal Party in the last—pre the last provincial election.

**Mr. Sale:** Mr. Chairperson, I will just conclude my comments by saying a couple of things. One is that the key issue of transparency that the minister has, I think, properly identified, and I am glad to hear his strong support for it. I do not think that the public was generally aware of the level of subsidy going into the Jockey Club's operation, because I do not think the public was aware of the 75-25 split of the lottery proceeds. So having that on the record, I think, is helpful. The question that any government, this or any other, always has to answer in a case of where there is a government subsidy is: Is the level of subsidy escalating and the level of benefit from that subsidy declining, because we all make public policy choices?

My concern is that the government recognize that Mr. Johnson's study, I think, raises very serious questions about whether the minister is correct that there are a thousand jobs still there. I do not think we know that, and, specifically, I do not think we know that because the level of betting is down by 80 percent, as the minister knows. The level of purses is down by 60 percent. So how a decline of 80 percent in betting and a decline of approximately 60 percent in total purses can still support that level of employment is very questionable to me. A public subsidy of \$7 million would support something in the order—at the average wage of around \$22,000 or \$24,000, which many people at that track do not even make that amount—would support more than half of those jobs that are claimed to be there. So we are asking, obviously, not to get rid of jobs—that is not the issue. The issue here is, how long and how deep will our subsidy go before we recognize that this whole industry is in serious difficulty across North America? We need to take some steps other than simply mounting increased annual subsidies if we are going to see it have a positive future.

With those comments, Mr. Chairperson, I am prepared to pass the bill.

**Mr. Downey:** Mr. Chairman, I do not want to prolong the debate, but I would disagree, and I want the record to show that it is not \$7-some million subsidy. The member wanted to put that on the record. I would say that the money that the levy generates is industry money and has been for some time, under his government, previous party which he represents. The additional monies which could be considered subsidy would be the 75 percent split coming off of the other activities. That would raise another point. It was never, to my knowledge, any intent not to have the public aware of it. I know that many individuals within other areas, particularly the harness race people, were fully aware of it. Again, the point I want to make is there was no attempt not to have it public knowledge, and I have no difficulty with it, as I put on the record here this morning.

**Mr. Chairperson:** We will then proceed. The bill will be considered—

**Mr. Gary Kowalski (The Maples):** I just have a question about one of the clauses, if I could just go now. It is in regard to the Offences section, Onus of proof, and I understand we are dealing with all the clauses according to what the committee has recommended. I am always concerned when we have a reverse onus that opens us up the Charter challenge, and here it is definitely a reverse onus on the accused to prove that he did pay the levy or collected the levy. Has the minister received advice on whether this is going to open the legislation up to a Charter challenge?

**Mr. Downey:** I am told by the learned legal people within the room that legal advice has been sought on the Charter issue, and we are within the limits of which we are able to act—but a good question.

**Mr. Chairperson:** The bill will be considered clause by clause. During the consideration of the bill, the Title, Preamble and the Table of Contents are postponed until all other clauses have been considered in their proper order by the committee. Does the committee wish to consider the bill in blocks of clauses? [agreed]

Clauses 1 to 2(1)—pass; Clauses 2(2) to 5(1)—pass; Clauses 5(2) to 6(3)—pass; Clauses 6(4) to 8—pass; Clauses 9(1) to 10(2)—pass; Clauses 10(3) to 12—pass; Clauses 13(1) to 15(2)—pass; Clauses 15(3) to 19—pass; Clauses 21 to 21(3)—pass; Clauses 21(4) to 24(2)—pass; Clauses 25 to 27(3)—pass; Clauses 27(4) to 27(7)—pass; Clauses 28 to 31—pass; Clauses 32 to 32(4)—pass; Clauses 33(1) to 34—pass; Clauses 35(1) to 35(5)—pass; Clauses 36 to 37—pass; Clauses 38(1) to 41—pass; Preamble—pass; Title—pass; Table of Contents—pass. Bill be reported.

Before we rise, one moment please. We need to do some housekeeping here.

**Mr. Sale:** Mr. Chairperson, can I move, with leave of the committee, that the honourable member for Flin Flon (Mr. Jennissen) replace the honourable member for Osborne (Ms. McGifford) as a member of the Standing Committee on Economic Development effective October 10, at 10:42 a.m., with the understanding that the same substitution will also be moved in the House to be properly recorded in the official records of the House?

I move that, seconded by the honourable member— [interjection] No, I do not need—not in a committee, okay. There we go.

**Mr. Chairperson:** Is it the will of the committee to accept that? [agreed]

The committee shall rise.

**COMMITTEE ROSE AT: 10:40 a.m.**