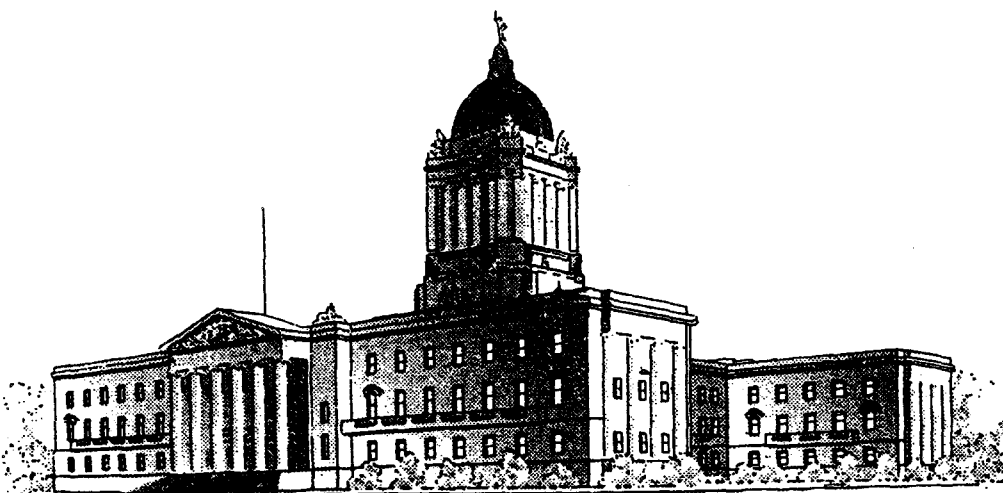




**Fifth Session - Thirty-Fifth Legislature**  
of the  
**Legislative Assembly of Manitoba**

**Standing Committee**  
on  
**Public Accounts**

*Chairperson*  
*Mr. Leonard Evans*  
*Constituency of Brandon East*



**Vol. XLIII No. 3 - 10 a.m., Monday, June 20, 1994**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Fifth Legislature**

**Members, Constituencies and Political Affiliation**

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

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**Monday, June 20, 1994**

**TIME — 10 a.m.**

**LOCATION — Winnipeg, Manitoba**

**CHAIRPERSON — Mr. Leonard Evans  
 (Brandon East)**

**ATTENDANCE - 10 — QUORUM - 6**

*Members of the Committee present:*

Hon. Mr. Stefanson

Messrs. Leonard Evans, Helwer, Laurendeau,  
 Maloway, McAlpine, Penner, Reimer, Santos,  
 Sveinson

**APPEARING:**

Gary Doer, MLA for Concordia

Jean Friesen, MLA for Wolseley

Kevin Lamoureux, MLA for Inkster

Carol Bellringer, Provincial Auditor

**MATTERS UNDER DISCUSSION:**

March 31, 1993, Report of the Provincial Auditor.

Public Accounts, Volumes 1, 2 and 3 for the year ended March 31, 1993

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**Mr. Chairperson:** I would ask the Standing Committee on Public Accounts to come to order.

This morning the committee will continue consideration of the 1993 report of the Provincial Auditor, and Volumes 1, 2 and 3 of the 1993 Public Accounts.

At the last two committee meetings where these matters were considered, the committee had agreed to ask questions from both the Auditor's report and the Public Accounts and deal with those reports in their entirety and consider passing the reports at the end of the meeting.

Do we have agreement from the committee to proceed in a similar manner for this meeting? Agreed? [agreed]

**Mr. Gary Doer (Leader of the Opposition):** Yes, I would like to first of all thank the Auditor for the two reports we have had pursuant to the previous Auditor reports, one dealing with the Hazardous Waste Corporation and the second one dealing with the interim agreement of the Winnipeg Jets, of the Winnipeg Jets funding agreement with the provincial government.

I also would want to note that we appreciate the fact it is our third committee meeting. I think we are all trying to make an effort to have this committee meet and do its work on behalf of the public of Manitoba, utilizing the offices of the Provincial Auditor.

I would like to thank the Minister of Finance (Mr. Stefanson) for that. We do not plan to unduly delay the number of meetings, but I do believe that we have other matters before us that we would like to explore possibly at one other meeting, the whole issue of Workforce 2000.

I would like to ask questions on the Jets, but raise that point publicly about the Workforce 2000 and, indeed, we believe that the minister should be here, along with the Provincial Auditor. The minister responsible for Education (Mr. Manness) should be here, as well, to deal with his comments, and the Auditor's report and our concerns, which are public concerns, about the accountability and operations of this program, just by matter of a process question.

**Hon. Eric Stefanson (Minister of Finance):** I guess at this point I would take that as notice. There were some questions asked at our last meeting, very specific questions from the member

for Wolseley (Ms. Friesen) in particular. Some of them, I believe, I took as notice at the time.

We can certainly, and we will, follow up on those particular questions. As the Chairperson has said before, if there are very specific questions in any area, I think it would be most helpful if they could be put in writing. Again, I would undertake to get the answers to those questions, and whether or not the minister is in attendance at any future meeting could be determined by the basis of that information, how many, what kind of questions are asked, what kind of information is necessary, and whether or not we can provide it with or without him, but it is certainly something that I will follow up on.

**Ms. Jean Friesen (Wolseley):** I did want to point out to the minister that when questions were asked in Estimates of the minister on Workforce 2000, he specifically directed us to the Public Accounts committee for information on Workforce 2000 grants which had passed.

His understanding was that he was only prepared to answer questions on Workforce 2000 for the current year. So I am specifically following the directions and commitment of the minister.

**Mr. Chairperson:** Perhaps to expedite matters by bit of information, the meeting was called on rather short notice, but given that this is near the end of the session, I guess that is not unusual. I did indicate to Mr. Ernst by way of telephone call that we would, or some members of the committee did want to speak, or to ask, rather, questions of the Minister of Education (Mr. Manness) regarding Workforce 2000. So the message was given, but I was not sure of Mr. Manness's timetable for today. [interjection]

I was just indicating to the committee that because we did not have much time, I did make a quick phone call to the government House leader, as Chair of the committee, to indicate that some members of this committee wanted to ask the Minister of Education (Mr. Manness) some questions specifically about Workforce 2000, but I have not heard back from that individual, so perhaps it was a matter of Mr. Manness not being available. I am not sure.

**Mr. Stefanson:** This is the first I am being made aware of that discussion you had with Mr. Ernst, so it appears the Minister of Education will not be here this morning.

As I have indicated before and you, yourself, outlined at the start of this committee meeting, it is advantageous and helpful if very specific issues are put in writing in advance and we can undertake to get that information. As the member for Wolseley (Ms. Friesen) says, if there are particular projects that cover the Public Accounts period of '92-93 that she has interest in, if she could provide detailed information on that, then we could undertake to get that.

**Mr. Kevin Lamoureux (Inkster):** On the same point, Mr. Chairperson.

Actually, I just wanted to express that in future Public Accounts meetings, I think there would be some benefit if all members of the Chamber would in fact know which ministers in particular might be attending the Public Accounts meeting because, no doubt, that could have an impact on who would be attending, representing the different respective caucuses, whether it is the government minister, whether it is the official opposition or the second opposition members.

I would appreciate in the future that that sort of correspondence or the paper trail, if you will, would be provided to all parties concerned.

**Mr. Chairperson:** Just on the points of procedure then. Ideally, according to the public accounts conference of Canada—have I got the right name?—the Canadian Council of Public Accounts Committees has come out with a document on the ideal way for Public Accounts committees to operate, and we followed some suggestions.

There was an indication in previous meetings that it would be productive or fruitful if specific ministers could be available. We have tried to do this, but normally it is the Minister of Finance (Mr. Stefanson) and his staff and, of course, the Provincial Auditor and her staff. In this case, because of the very short time notice, there were no memos; I just made a quick phone call to the government House leader indicating that at least one member I knew had some questions of that

minister. Certainly, I would do that for any other member, or even the member himself or herself could probably make the communication.

**Mr. Lamoureux:** The reason why I suggest it is that, for example, our post-secondary critic—if Mr. Manness was going to be here—no doubt might have also had some questions, and it would have been beneficial for her to have known that the Minister of Education (Mr. Manness) could be coming. So that is the primary reason, and I guess it is whether it is to establish a protocol just so that all members are in fact being treated fairly.

\* (1010)

**Ms. Friesen:** I do not know whether this is a point or order, but I am simply responding to the Minister of Finance (Mr. Stefanson) where he says, put things in writing.

I have no objection to putting things in writing, but I think there is a different principle here, and that is the public record. The Public Accounts committee is an opportunity for the public record to investigate the past accounts of a department. The private exchange of memorandum between a minister and a critic is not the same, and so it seems to me that the public record and having the minister here is very important.

**Mr. Stefanson:** Mr. Chairperson, I was really clarifying a memo that went out from the Chairperson at the start of the first Public Accounts. It said it would be helpful to all of us if we get questions in writing, then we could have the appropriate minister here. That, obviously, he or she could come prepared with at least a substantial amount of the information that would be requested to then be put on the record.

Just to clarify it.

**Mr. Chairperson:** Just further clarification: At least two years ago, we agreed on a procedure for detailed questions, that it would be fruitful if questions requiring detailed, lengthy answers specifically could be provided in advance so that the staff, including the Provincial Auditor and staff, would be prepared to come with some answers.

That still puts everything on the record and does not preclude follow-up questions of any number. So this was not an attempt to thwart public discussion; it was simply a matter of expediting answers from the various staff that might have some answers for us or for the ministry to come up with those detailed answers required by those particular questions.

\* \* \*

**Mr. Doer:** I would like to move now to a report provided by the Provincial Auditor to the government and to members of the Legislature, a report submitted on June 3, 1994, to Minister Downey dealing with the Winnipeg Jets funding agreement. I would like to thank the Auditor, because it does deal with matters that are pursuant to the fiscal year in question and previous fiscal years plus fiscal years in the future. I would like to thank the Auditor for those numbers. It did, certainly, I think help the public understand what was available to the government at the time the agreement was entered into and for some of us in the Legislature was the first time we saw the original November 1991 projections that the government had. So I would like to thank the Auditor. I think that was very helpful.

I just want to ask some questions about both the process of this agreement and some of the assumptions that are contained within the briefing note which is of course attached to the Auditor's report that was submitted to us. The first question is the government's motivation in entering into the discussions in 1991 derived from the fact that the 1985 partnership agreement between the team's majority owners and the Winnipeg Enterprises had left the majority owners unencumbered. It goes on to note a number of facts dealing with the city's liability and Winnipeg Enterprises liability, and the fact that the Winnipeg Enterprises would not necessarily have a benefit if the team was relocated pursuant to their own agreement with the hockey team.

I was curious to note this point in the I, T and T briefing note attached to the Auditor's report. I want to know, or ask the question, was the province liable for any losses under the '85

agreement between the City of Winnipeg and the Winnipeg Enterprises? Why would the Province of Manitoba, as opposed to the City of Winnipeg, be motivated in changing this original 1985 agreement? So I guess my first question, what was our provincial liability to this agreement?

**Mr. Stefanson:** Mr. Chairperson, there was no provincial liability. It was completely a liability of Winnipeg Enterprises and thereby, as well, the City of Winnipeg for losses in excess of approximately \$200,000. One of the provisions of that agreement was if—and I think the Leader of the Opposition knows this issue fairly well—in any given year Winnipeg Enterprises or the City of Winnipeg did not fund those losses, then the hockey club could be sold and relocated, and you could conceivably end up with a situation whereby the team was in effect sold with Winnipeg Enterprises still having a 36 percent interest in a relocated team.

Some of the other motivation at the time of the entering into of this agreement—and we are stepping back in time to the summer of 1991—was a great deal of discussion around the whole issue of an arena in Winnipeg and Manitoba and the need for that to sustain the Jets in the long term, to keep them here as a viable operation in our province. That was an issue that had to be addressed and potentially required the involvement of other levels of government. So that was a very significant issue.

But probably another very significant issue that has been forgotten by many people was at the time the owners of the hockey club had a bona fide offer on the table to sell and relocate the hockey club. We were faced with the situation whereby something had to be done to allow us as a provincial government, the City of Winnipeg, the federal government, the business community and Manitobans, the time necessary to make a reasoned decision in terms of what the long-term future of the Jets could be in Manitoba.

I think in many respects that time has served us well with what we have seen happening in professional hockey, not only here but throughout the NHL, with what is happening with players'

salaries and many other issues that are affecting the long-term viability of many franchises not only here in Manitoba but in many cities.

**Mr. Doer:** I think that the I, T and T note which is contained in the Auditor's report states that it is worth noting that the province's motivation in entering into the discussion derived from the original 1985 partnership agreement. It is an answer we have been given by the Premier (Mr. Filmon) on many occasions in the Legislature. It was our assumption that there was absolutely no provincial liability to that 1985 agreement, that it was the City of Winnipeg who was responsible under the private act, The Winnipeg Enterprises Act that was a private act, not a public act, that was responsible for the losses of Winnipeg Enterprises.

It was Winnipeg Enterprises that had entered into negotiations with the private owners. It would be Winnipeg Enterprises that potentially had been liable if they had not secured in writing in contract form some kind of return if decisions were made by the private owners dealing with their arrangement with the private owners of the hockey team. In no way, shape or form was the province liable, and therefore one would have to question why there was a "motivation" to change. From the provincial taxpayers' perspective, why would we want to change the agreement, or why would we be motivated to change that agreement if we had no liability of it?

**Mr. Stefanson:** It was just pointed out to me. The Minister of Education (Mr. Manness) is actually unavailable today. He is away today, I believe, with the knowledge of the other parties. So, again, we will follow up on the concerns raised. If there are any later this morning, any questions that members want to put on the record or any other questions they want to provide us with, we will undertake to follow up on that issue.

**Mr. Doer:** We appreciate the fact that this committee is now meeting, as we think it should, as opposed to maybe one meeting or two meetings and then disappearing into an unscheduled state for a year, year and a half. So we are pleased, as members of the Legislature, this committee is sitting on a more regular basis. We have, in fact,

even asked that this committee sit past the next sitting of the Legislature, if the hockey team issue is not resolved.

I am not sure whether the Auditor knows this or not, but we have suggested that any details of a future deal even, in fact, go to this committee before cabinet deals with it. So we would like to see this committee function in and outside of the session on a more regular basis, but that does not mean to say that we want to just use it as a forum to have perpetual meetings. So I would suggest that we undertake to have one other meeting at least with the Minister of Education, and that would make four meetings this session. I think that would certainly be a positive step forward from where we have been in the past, and we would certainly appreciate that as members of the opposition. We recognize that this is working a little bit better than past years, and I think that is good.

**Mr. Chairperson:** On matters of procedure, this committee has met outside of session time, so it is not that the committee has to meet during the session. It has met in the past on occasions when the House was not sitting. So it is up to the committee, of course, and the House itself.

**Mr. Stefanson:** Mr. Chairperson, I am certainly not opposed to that as well, if we are meeting outside of session, subject to the comments made by the member for Wolseley (Ms. Friesen) in terms of the undertakings of the Minister of Education (Mr. Manness) which he indicated, I believe, if I understood her correctly, that he himself said this was the appropriate forum for questions about '92-'93 and particular projects and so on. Subject to that, I will follow up on this specific request and undertake to meet on issues around Workforce 2000.

\* (1020)

**Mr. Chairperson:** Thank you.

**Mr. Doer:** I believe I asked the question in terms of motivation. If there was no liability, why did the province enter into negotiations to alter an agreement which essentially gave us a liability, if there was no liability on the Winnipeg Enterprises

issue contrary to what the briefing note said which was attached to the Auditor's report?

**Mr. Stefanson:** I said it in my first response, Mr. Chairperson, and I think one of the best things we could all do with this issue is to try to go back to 1991 and get as much information as we possibly can and read previous press coverage and so on. At that time, anybody who followed the issue will recall very clearly a great deal of controversy around the whole need for a new facility here in Winnipeg and what that would do to the long-term viability of the hockey franchise and comments being made from the majority owners that without that, hockey in Manitoba was not viable, and that they felt that that issue was not being appropriately addressed and there was need to be moving forward on that issue. So that was one of the areas of motivation.

The second one, as I have already pointed out, was that because of the frustration and other issues, the owners were undertaking serious consideration of offers to sell and relocate the team. In fact, at a particular point in time, in 1991, they had a bona fide offer to do just that, to sell the Winnipeg Jets and relocate them from Manitoba. I think, judging by comments the Leader of the Opposition has made over the last two or three years, I have always sensed that he has shared our objective to attempt to do everything reasonable to keep the Winnipeg Jets in Manitoba, not at any cost, but obviously that for the economy of our province, for the reputation of our province, for a series of other issues, we were all motivated by trying to find a reasonable solution to keeping the Jets here in Winnipeg.

That was the situation in 1991. Something had to be done to get us to the point of being able to make a final decision on long-term viability on a new facility, and it was with that in mind that the agreement was put in place with particular cutoff dates where decisions have to be made, and we are rapidly approaching the June 30, '94, cutoff date which has certain decisions. So that was the situation in 1991. I would hazard to suggest, if something had not been done, it is very likely that the Jets may not be in Winnipeg today and we might not be sitting around this table having the

opportunity to make any decisions about the long-term viability and the retention of the Jets in Winnipeg.

**Mr. Doer:** Yes, can I ask the Provincial Auditor, how long did the negotiations take place in 1991 between the various entities involved in the final partnership agreement or Jets funding agreement? Certainly there was not a lot of public information at that point in terms of the negotiations. When did they start and how long did they take place?

**Ms. Carol Bellringer (Provincial Auditor):** I am sorry. I do not know. I do not know the answer to that question.

**Mr. Doer:** Can I ask the minister?

**Mr. Stefanson:** Mr. Chairperson, he is really testing my memory, but I would have to go back to the specific dates, but certainly even around May-June of '91, I believe, right through till October-November of '91, but I would even have to review some of my background information to say that with absolute certainty.

**Mr. Doer:** I would like to ask the Provincial Auditor, was the cabinet or Treasury Board briefed of the various options available to them prior to the final recommendation made by the Premier and the mayor to the various authorities? If the negotiations started May-June of 1991, were there options that were taken before Treasury Board and costed prior to the interim agreement being signed or the undertaking agreement being signed by the Premier and the mayor? Often in negotiations a set of options are taken to Treasury Board and cabinet and then the negotiating parameters are given back to the principals that are involved in negotiations, and there is a certain set of parameters developed for those people who are representing the Crown at these negotiations.

I was wondering, in the review, in the Auditor's review, the Auditor has contained or attached projections of losses as the province had them in 1991 for the six operating loss years of the agreement. Were there any options that went to cabinet about the various options that were available prior to the operating loss agreement entered into by the province and the city, but certainly from the provincial perspective?

**Mr. Stefanson:** Mr. Chairperson, maybe just in advance of any comments by the Provincial Auditor, there were various briefings of cabinet on this issue. Again, the Leader of the Opposition knows the sensitivity we always get into when we talk about what is and what is not at cabinet, but there were various briefings, and the briefing paper that he has in front of him that has been reviewed by the Provincial Auditor really summarizes the core of the information that was provided to cabinet.

**Mr. Chairperson:** Ms. Bellringer, did you want to make a comment?

**Ms. Bellringer:** In answer to the question as to whether or not cabinet received any other briefing, I do not know. It was not something we looked for.

**Mr. Doer:** Is the minister then saying that cabinet was briefed prior to the Premier signing the letter of intent which I understand, the letter predated the cabinet approval. So you had a set of negotiations going on from May till November. You had, and I asked the minister whether there were any briefings with cabinet or Treasury Board with costings prior to the letter of intent being signed by the Premier and the mayor. Were there any specific numbers brought to Treasury Board or cabinet as part of those briefings prior to the letter? I am sorry, it is the letter of endorsement. Just to clarify, the letter of endorsement.

**Mr. Stefanson:** So what date is the Leader of the Opposition referring to?

**Mr. Doer:** Well, the minister has mentioned between May and June of 1991 the negotiations started with the principals to deal with the issue of the Jets and the issue of the Enterprises agreement.

My question was, was there any—during negotiations, my brief experience with some negotiations dealing, for example, with The Forks—I was responsible for The Forks and the Core and I had to bring a number of proposals forward to cabinet before I could proceed with any kind of signatures or agreements with other levels of government, so a number of parameters were brought forward by myself as Minister of Urban Affairs on the different scope of The Forks agreement, and I would have to get approval prior



to going and signing certain parts of and certain documents on behalf of the province. So I would always have a certain mandate asked for and given by cabinet prior to making an agreement, including the operating losses of The Forks, which we also anticipated through the plan, so that is one example of where we went back and forth at least for a couple of months with documents going back and forth to cabinet and cabinet was apprised of all the numbers.

I just want to know, did the Premier and the minister who was negotiating this agreement get a certain mandate based on numbers and options from cabinet prior to the letter of endorsement, which was signed November 12, 1991?

**Mr. Stefanson:** The short answer is yes, Mr. Chairperson, on the basis of the information as provided in the summary document.

**Mr. Doer:** Yes, the numbers contained within the I, T, and T briefing for the Jets fiscal year projections of future losses used by the province in 1991 were as follows, which add up to some \$43.5 million. Were those numbers given to cabinet and Treasury Board prior to the letter of endorsement being signed by the Premier November 12, 1991?

**Mr. Stefanson:** I think the best way to put it is, as I have already said, Mr. Chairperson, that the information summarized in the briefing note that has been reviewed by the Auditor was all shared with cabinet prior to the entering into of that agreement referred to on November of 1991.

\* (1030)

**Mr. Doer:** So the projections as we see it today, of \$43.5 million, were made available to cabinet and Treasury Board prior to the letter of endorsement being signed on November 12, 1991?

**Mr. Stefanson:** Mr. Chairperson, again, I am just repeating myself. This document that we have before us, the information in this document was all shared with cabinet prior to the November '91 agreement being entered into.

**Mr. Doer:** The \$43.5 million on the years indicated was specifically given to Treasury Board and cabinet prior to the letter being signed on November 12, 1991.

**Mr. Stefanson:** This is a fascinating discussion we are having here.

**Mr. Doer:** I am just trying to find out what is going on.

**Mr. Stefanson:** Well, I have said to you—I do not know how I can say it more clearly to you—this briefing note that you have a copy of, the information provided in this briefing note, all went to cabinet prior to the signing of the agreement in November of 1991.

It includes financial information in terms of projections of future losses to potentially be shared in between the City of Winnipeg and the Province of Manitoba. Additional information was obviously provided as that date became closer because we knew at the time that the projections for June '92 and June '93 were probably not going to come in as projected because of discussions that were taking place in terms of expansion of the NHL and, sure enough, that ended up being the case, that the projection of a \$3-million loss for June '92 did not materialize or ended up being no loss in June '92. June '93 was projecting a \$4.5-million loss. Again there was no loss, because of financial compensation to the Winnipeg Jets for expansion and for, I believe, an undertaking to relocate to another division within the NHL. So beyond what it is in here in terms of projections at that particular point in time, as the issue progressed, more current information would become available about how the hockey club was performing financially.

**Mr. Doer:** Did the government have other options it was looking at besides just the operating loss option that it was looking at, and were they costed as well by Treasury Board and cabinet?

**Mr. Stefanson:** Mr. Chairperson, what specifically is the member referring to?

**Mr. Doer:** Well, I just want to know whether there were any other options—I mean, this is a set of negotiations that resolved itself in an operating loss or a funding agreement which was basically an operating loss agreement for a period of time to develop certain decision-making points at a certain future point.

I am just asking whether there were any other options available to Treasury Board and cabinet other than the option of just going with the operating loss agreement pursuant to the Jets funding agreement that was available to the province in November 1991.

**Mr. Stefanson:** Mr. Chairperson, as we have already discussed, negotiations took place with the Winnipeg Jets Hockey Club, with the private sector, the private sector interim committee, with levels of government over a period of several weeks and months and concluded with the recommendation around the information that is provided in this briefing note.

**Mr. Doer:** Who negotiated on behalf of the Province of Manitoba?

**Mr. Stefanson:** Mr. Chairperson, maybe not an appropriate terminology, but lead negotiator for the province would have been Mr. Mike Bessey who was I believe at that time Acting Deputy Minister of Industry, Trade and Tourism.

**Mr. Doer:** Who did Mr. Bessey report to, the minister and the Premier?

**Mr. Stefanson:** His normal reporting relationship would be through the minister.

**Mr. Doer:** Yes, I understand his normal reporting relationship. This is not a normal agreement because ultimately the endorsement was signed by the Premier. The minister knows that from time to time there is a negotiating committee established by cabinet of more than one minister, a group of ministers who would have a lead negotiator report to them. Was the Premier involved in the body that was negotiating or was being briefed by the lead negotiator with the minister, and were there other ministers involved?

**Mr. Stefanson:** Not unlike many issues—and the Leader of the Opposition has served in government so he knows how government functions. At various stages the Premier, other ministers, and as I have already indicated, cabinet were kept informed.

**Mr. Doer:** I just did not hear the trailing off of the—

**Mr. Stefanson:** He is hanging on every word I am saying.

**Mr. Doer:** I am, Eric.

**Mr. Stefanson:** I indicated not unlike many issues, a combination of the Premier, certainly another cabinet minister, and as we have already discussed, cabinet at some various stages were kept informed of the issue.

**Mr. Doer:** I believe the previous Minister of Finance was the chair of Treasury Board pursuant to, if I am recalling the dates correctly, September of '91. I am just going by memory here, but was the previous Minister of Finance who was then the chair of Treasury Board, if my memory serves me correctly, was he involved in the reporting by the lead negotiator to the Minister of Finance and chair of Treasury Board at the time?

**Mr. Stefanson:** At various stages he would have been kept informed, yes.

**Mr. Doer:** The letter of endorsement was signed November 12, 1991. Can the Auditor tell us when this matter went to cabinet?

**Ms. Bellringer:** I do not know the date that cabinet reviewed it. What I saw was a series of overheads that were dated October '91. It was the submission that went to cabinet, and I did not look at the actual cabinet minute so I do not know what date that was presented.

**Mr. Doer:** Did the overheads include the \$43.5-million losses over the six years they were outlined in the I, T and T briefing note?

**Ms. Bellringer:** Yes. In fact, if you look at the way they are set out in the briefing note with the Jets fiscal years, they are shown identically, the same numbers with the same year-ends.

**Mr. Doer:** Following the endorsement letter of November 12, did Treasury Board review the matter prior to going to cabinet?

**Ms. Bellringer:** I do not know the answer.

**Mr. Stefanson:** Mr. Chairperson, subsequent to that then was the conclusion of the actual agreement which was—again I do not have the dates in front of me—finalized obviously sometime in '92; May, June of '92, when the

actual agreement was put in place. Obviously that agreement ended up at cabinet as well.

**Mr. Doer:** So cabinet was fully aware of the projected losses of \$43.5 million at the time that the letter of endorsement was signed, and this agreement was made public, I believe, on the same date of November 12, 1991.

**Mr. Stefanson:** As I have already indicated on three or four occasions, that was all part and parcel of information provided to cabinet as outlined in the briefing note.

**Mr. Doer:** Can the minister indicate why, if this information was available in October of 1991 and again available in November of 1991, it was not made public on November 12, 1991, when the letter of endorsement was signed?

**Mr. Stefanson:** Mr. Chairperson, certainly the objective and the outline of the agreement was made public. The issue of covering losses now from base zero instead of from \$200,000 was made public. As I have already indicated to the Leader of the Opposition, the numbers were already changing. The numbers had in fact changed for June '92 and June '93 that did not end up resulting in losses.

\* (1040)

So not unlike we are seeing today, it is a somewhat volatile industry. These were at the time of preparation outer-edge parameters of what could conceivably occur. As the Leader of the Opposition knows, we are almost concluding the third year of the agreement, and to date, the provincial government has paid out, as outlined in the report, \$2.36 million, not anywhere from \$7 million to \$13 million, as outlined in the overall summary.

So they were just that. They were outer-edge projections which are done in many instances, and the more important message was the fact that the province would be, along with the City of Winnipeg, covering operating losses of the team and many of the other issues that were important around the long-term viability of the team.

**Mr. Doer:** Yes, but you had the numbers. You had the \$43.5 million. Clearly in October, again in

November, they were a matter of the internal record. I am looking back at some of the debate even in September of '91, when we called for a public disclosure of all information. I think we said, if you could have a public hearing on Omand's Creek, we could have public hearings on all the—this was in September of 1991. No one was given these numbers that were available to cabinet.

Why, if we have the up side of the agreement which I understand was made public by the province, was the downside, the projected losses, not made public at the time the letter of endorsement was made public by the Premier? Why were these numbers consciously omitted from the public debate and from the public record when they were clearly available to the government and the cabinet, full cabinet, as early as October?

**Mr. Stefanson:** Mr. Chairperson, without being too repetitive, I have already indicated to the Leader of the Opposition that to a certain extent these numbers had already become outdated for the better in the early years. The overall approach of the agreement was clearly outlined. The public was made aware that losses would be covered, that there was a private sector group put in place to provide some funding, to provide a management fee to the owners. So the overall terms of the agreement were made public. There were and continue to be various ranges of projections for the hockey club.

I mean, we have seen this year some ranges that I am not so sure do justice to discussing the issue where some people are suggesting losses of as much as, I believe, \$17 million. Unfortunately, they are just that. They are projections over a long period of time with a very volatile industry. The more important message is what the terms of the agreement are, where at that point in time, and why it is being undertaken.

**Mr. Doer:** The government did not share the \$43.5 million with all members of the Legislature. Was there a reason why we did not get the information as members of the Legislature who are also responsible for potential operating losses of the hockey team?

**Mr. Stefanson:** Mr. Chairperson, I am not aware at this particular point in time of any particular reason. This committee has met on several occasions since the entering into of that agreement. I did not participate in those meetings. I am not sure if this issue has come up before, if questions have been asked before on the overall issue, but the information was certainly available here in this report. I am not aware of any particular reason at this stage why it would not necessarily have been.

**Mr. Doer:** I would like to ask the Provincial Auditor, if we know there is going to be projected losses of \$43.5 million at the time the government enters into an agreement, and cabinet has full knowledge of that information, and it is the public and this Legislature that is responsible for potentially 50 percent of those losses plus the capital liability identified by the Auditor's report, which includes the return to the private owners, in terms of public disclosure and public accountability, is it not appropriate that that number is made available to the public at the time the agreement is signed by the government when it is fully available to them, has been available to them for at least a month, if not more?

I would just believe, in terms of public accountability that sum should have been made available to the public and to members of this Legislature. How can we debate the propriety of certain agreements and not certain agreements if we do not have the projections that the government has about the operating losses of the team which is in the essence of the agreement that the government has entered into?

Should we not have that information public and should not the members of this Legislature have that information at the earliest possible time so we can debate issues on the merit of what decisions government is making, so at least we have the numbers to begin with to debate the merit of how they have decided to resolve a certain issue? Why should we have to grope around for a couple of years to get those numbers that were available at the outset?

I would like to ask the Provincial Auditor whether the Auditor's office has an opinion about

the propriety of those numbers being made available to all members of the Legislature at the time that the agreements were entered into.

**Ms. Bellringer:** I could give you a bit of a nothing answer, but it is not going to prove very much. Certainly, I do not think I am saying anything outrageous by suggesting that the disclosure that was made available in '91 was minimal, and there was some disclosure in a public way through the Public Accounts. There was reference made to the fact that there was a guarantee for losses and the amount of which at the time could not be reasonably estimated. We looked at that and said, you cannot at this point reasonably estimate what those losses would be. That really is not an unusual practice in preparing financial statements.

The more difficult question goes outside of the financial statements and the extent to which the right information is made available for the right kind of public debate. I do not know, I am sort of, you will pardon the expression, damned if I do and damned if I don't. If I say that, yes, it should have been all made available, I am going to have—I do not know the answer to that.

In fact, it is an answer that we look—every time we look at the level of detailed information that should be made available for good accountability over a program area, and we are not talking about financial statement disclosure at the moment, we are talking about program detail, it is clearly a matter for debate. That is really the only word to use because if you get 10 people in the room, you really are going to get 10 different variations of the same theme in terms of exactly how much information should be made available.

One of the things we are doing right now, and I am not trying to get off this particular topic, but it is a big issue for us, and it is a big issue that all legislative auditors are dealing with all the time, is how much information is enough information for the members? We have this year decided we cannot make that determination, and I think some of the discussions we have had at these meetings over the last three meetings have really brought that home, both to myself and to the members of my staff, that where we may have decided that the

level of detail was sufficient, that listening to the members, they did not think it was sufficient. So really, the only people to ask are yourselves.

\* (1050)

That is the route we have taken in terms of looking at the overall picture in terms of what level of detail is appropriate for the key accountability documents. We are looking at the supplements, and we are looking at the annual reports for various department operations. We are asking the members. We recently sent a questionnaire out to all the members asking that exact question because we just do not know the answer to the question.

**Mr. Doer:** We believe strongly that the members of the Legislature who are accountable for the potential losses that were entered into by the provincial government of the day, particularly in a long-term agreement, that it is almost impossible to debate the merits of the government's decision if one is not aware of the losses or the projected losses that the government has itself. As the Auditor has said, disclosure was minimal. We would argue that disclosure should be, on an issue of public funding and for an operating loss of a hockey team, we think disclosure should be full on this issue, because it does dictate certain different options as part of the public debate.

Obviously, every option that is available for public debate in terms of its merit has a cost to it and a liability to it and some advantages and disadvantages. It is really difficult for us, as members of this Legislature, to debate fully the merit of certain decisions the government makes without having the advantage of numbers that they already have before them. The government has said that they chose not to make this number public, and we would argue that they should have. I respect the Auditor's answer. You know where we stand on this in terms of disclosure. Was this information made available to the government's caucus?

**Mr. Stefanson:** Mr. Chairperson, I do not think those are discussions that we necessarily have, what goes to the NDP caucus, what goes to the Liberal caucus or what goes to the Progressive Conservative caucus. The members asked very

focused questions on cabinet and so on, and I have answered those. I do not see what is to be gained by, in any way, having to respond to that question at this time.

**Mr. Doer:** I am trying to determine whether certain MLAs had this information and certain MLAs did not have the information. Today I am assuming that all MLAs outside of cabinet did not have that information because Mr. Connery, a former member of the Conservative caucus, is quoted as saying today that they were told that this was a \$6-million loss agreement, and they did not have the \$43.5-million loss projections at the Conservative caucus. So I am assuming that members of the Conservative caucus were just as much in the dark as the public and the opposition in that they did not have the numbers as well. They did not have the \$43.5-million loss projections that were available, I guess, only for the eyes of cabinet at the time the agreement was entered into or the letter of endorsement was signed in November of 1991.

So I am trying to determine whether our rights as an MLA to not get the information were the same as the members of the government. So that is what my question is in terms of, are all MLAs treated equally or are some more equal than others?

**Mr. Stefanson:** Mr. Chairperson, I believe I have already responded to that, and I cannot comment on comments being made by Mr. Connery and what meetings he did or did not participate in, and what information he suggests he was provided with. I have indicated quite clearly the process in terms of cabinet and government.

**Mr. Doer:** The agreement has a decision point about eight or nine—yes, I will have to look at my watch, not at my calendar, as we move along here—and there is a dispute about whether the date will be extended or not extended, et cetera. The I, T and T report indicates that if certain things happened in terms of the Jets are sold, the province would have to some significant extent defray costs to the operating losses. If the team stays here in 1994-95, which of course we all want—the team could stay in Winnipeg till the year 1997, and we are subject to the losses that are a 50-50 loss

arrangement with the City of Winnipeg through the year 1997. Is that not correct?

**Mr. Stefanson:** That is correct, Mr. Chairperson, unless the team is sold.

**Mr. Doer:** So, if the team stays here till 1997, the agreement then expires, and the team could be sold or relocated at the completion of the operating loss agreement the province has entered into. Is that not correct?

**Mr. Stefanson:** Mr. Chairperson, that is one aspect of it. That is one scenario. Another one would obviously be, depending on what happens subsequent to the Burns report, after June 30, 1994, conceivably, again depending on what action is taken by a combination of the private owners, government, private sector and so on, but a conceivable scenario would be that something could happen after June 30, '94, and once a bona fide transaction is concluded, then this agreement terminates in terms of covering any—if the Leader of the Opposition is trying to get to a scenario where the team could be sold—maybe I am jumping ahead here—and the city and province covering the losses, that would not be the case if an agreement is entered into.

**Mr. Doer:** If no agreement is entered into—except that we have one agreement now. It is the one that the Premier (Mr. Filmon) and cabinet endorsed, signed, sealed and delivered to the year with the projected losses that are contained within the I, T and T report. What would we have to show for our investment in 1997 if the private owners continue to operate in this market, do not sell the team, but then exercise any option they would like at the completion of this agreement?

In other words, they do not option, they have a guaranteed return. They have their losses covered. It is already halfway through the agreement. We would have all the liability in the short term. What would we get in return? Will we have any ability to keep the team here in the city of Winnipeg in the province of Manitoba at the end of this operating loss agreement? Could the team after the '97 date just relocate or sell without us having any return on our investment which is the projected losses through this agreement?

**Mr. Stefanson:** Mr. Chairperson, first of all, probably the best thing we could do is wait for the Burns report. Just to put a couple of points on the record, first of all, as the Leader of the Opposition (Mr. Doer) knows, there are certain restrictions around the expenditures of the hockey club, that they have to be in the bottom one-third of teams in the NHL and that their operating budget has to be ratified by an interim committee chaired by Mr. Mauro. So there are some restrictions in terms of the kinds of expenditures that the hockey club can incur.

But the scenario that he outlines at the end of 1997, what the province would have derived is they would have an 18 percent interest in an asset today worth, people are suggesting, anywhere from \$50 million to \$70 million. So they would have the opportunity to recover on that investment either at the conclusion of the agreement or conceivably at some other point in time. They would also have derived over the six years that this agreement has been in place where the operating losses are being covered and in the projected amounts that we have already discussed of direct taxes to the three levels of government of \$90 million during that same time frame. The economy of Manitoba would have, as I believe Lavalin and certainly Coopers & Lybrand report have indicated, some \$50 million annually of economic benefit to the province of Manitoba.

\* (1100)

So those are some of the benefits that the province would have as a result of the Jets conceivably being here under the scenario that the member has outlined which again, at this point, is totally speculative. It is one potential scenario out of I am sure many that are being considered and examined by the Burns committee. So I think the sooner we all see that report, the better we will all be able to focus on where we go from here.

**Mr. Doer:** Some of the speculation rising out of the Burns report is the issue of the province buying the team, and one does not want to go on just all the speculative story of the day. Would we require legislation to buy this hockey team? I ask the question of the Provincial Auditor. Do we need

special legislation to buy it, or can the Minister of Finance (Mr. Stefanson) and the Premier (Mr. Filmon) just go out and buy themselves a hockey team and we are then subject to not only the capital purchase but also the operating losses?

**Ms. Bellringer:** I may need some help from some of the Finance people who can tell me if I am right or not. I would gather it would be through the—the fact that you have a certain authority to commit to something, and I am not sure which act already provides the government with that authority. It is not The Loan Act, it is the—well, okay, the limitation is set in The Financial Administration Act and The Appropriation Act. The Appropriation Act gives the authority on the annual basis, but the entering into the agreement which at the point in time provides for certain future commitments, that Financial Administration Act cap will already have given them the legal authority to do that.

**Mr. Doer:** The Loan Act has specific areas of authority in it. When the government signed the Interim Supply, I believe it had certain provisions in it, and I also believe The Loan Act has certain provisions in it, both between Interim Supply and The Loan Act itself, which has not, as I recall, been in the Legislature yet. Would they have to put this provision in The Loan Act in this session of the Legislature to buy the team? They do not have a surplus. They are not running a surplus. They have to borrow money to do it.

**Ms. Bellringer:** We would have to look at that, but I do not think so. I think it was at the time that the agreement was entered into that we would have checked to make sure that the agreement would not have exceeded the loan authority at that time. On an annual basis then, it will flow through The Appropriation Act as the payments are made. I do not think there is any authority required, but we will check that.

**Mr. Stefanson:** Mr. Chairperson, I think the Auditor has basically answered it. Although I just—with all this speculation the Leader of the Opposition is starting to do, I do not want him to in any way to leave the wrong impression of what the government might or might not be doing until we

all have the benefit of seeing the Burns report and suggestions about governments purchasing hockey teams or anything.

You saw the remarks of the Premier in terms of that one issue around an advance, that it is something the government does not support. Let us wait and see what the report says. I think we could all speculate for days on what might be in the report. We are not far away from receiving it and we would be, I think, better served to wait and see what is in it.

**Mr. Doer:** So the government now has the authority to buy this hockey team legally? I am just asking the Provincial Auditor, it has the authority to proceed to buy the hockey team. It does not need an act in the Legislature? It does not need to be debated in the Legislature? The cabinet can just go out and buy this hockey team legally?

**Ms. Bellringer:** I believe so. Yes.

**Mr. Doer:** [interjection] No, I am just waiting for the Auditor.

**Ms. Bellringer:** I was finished the answer.

**Mr. Doer:** Just a last point. The government has no opting-out provision in this agreement, as we read it, and as the Auditor has reported it. There was no opting-out clause at all in this agreement that we can see. The Auditor has reviewed this. The Auditor's office has reviewed this. Is there any opting-out clause for us? Sometimes the government enters into agreements that they have, performance clauses or opting-out clauses or other sections that they can utilize to terminate a bad agreement. Do they have any ability to terminate this agreement through any clause in it, save the specific provisions about sale or transfer?

**Mr. Stefanson:** No. The Leader of the Opposition has touched upon the scenarios which would trigger the agreement coming to an end, and that would be a sale or a transfer in advance of June 30, '97.

**Mr. Doer:** We have a situation that under this agreement, and I asked the Provincial Auditor, where the private owner of the hockey team under this agreement could be looking for another location for the hockey team in 1994-95, has not

technically relocated the team, has not technically sold the team so therefore would the Province of Manitoba be subject to the operating losses of a hockey team, while the team is being marketed to another location, i.e., it is located in Manitoba, it is located in Winnipeg, the terms of the agreement are being met, but we are into a transition stage where we are paying for the losses while the private owners are looking at options to relocate the team?

**Mr. Stefanson:** Mr. Chairperson, that is one scenario that is conceivable. Again, I think we have to wait and see what comes from the Burns report, there would be obviously certain advantages to the community, even during that scenario, but that is one conceivable scenario.

**Mr. Doer:** Has the government studied the projected losses of a team that is in the middle of relocating or indicating interest to relocate a team, i.e., the Edmonton Oilers, when Mr. Pocklington, the private owner was odd out trying to sell the team until the court injunction. The attendance dropped dramatically during that period of time.

The community interest dropped dramatically and, of course, the Province of Alberta was not subject to the losses of the team, but has this entered into the projections that the government is making in the so-called, what I would call, nightmare scenario—we do not keep the team here; you know, over the long haul, we have to cover the losses; the team is in a transition stage to being relocated, and the attendance and interest goes down dramatically because of the obvious interest wanes. I think we saw that in Minneapolis when the North Stars were relocated to Dallas. We saw some of that in the Oiler issue, and that obviously would have an impact again on us because we would be subject to paying for that.

**Mr. Stefanson:** Well, again, Mr. Chairperson, as I have indicated, I think we have to wait until we receive the Burns committee report and see what direction this entire issue is heading, but that is one conceivable scenario. I think previous comparisons would indicate there is some impact.

There are other very significant issues affecting NHL teams, salaries being probably the single

most significant, in terms of the financial impact they have on operating costs of teams but, obviously, that kind of a scenario, there would be some potential negative impact.

**Mr. Doer:** We have asked the Premier, because we have got more information from this committee today about what happened in November, and the public has, therefore, received more information through this committee and through the Auditor's office, we have asked the Premier to give us the guarantee that this committee will sit and review the findings of the Burns committee and review the various financial options prior to cabinet making a final decision.

Again, we are in this last-minute kind of scenario it seems, unfortunately, and we certainly regret that the government had the Mauro report I think in July of 1993 and waited until about four months later to commission the Burns committee, you know, one committee to another committee on the issue of private owners.

Would the Minister of Finance agree that it is appropriate that the matter come before this committee prior to cabinet making a final decision which could involve, again, the taxpayers and the public in considerable future losses?

\* (1110)

The minister has mentioned the tax revenue from hockey players and there are tax revenues from nurses too, there is tax revenue from teachers that have been all let go. There are spin-off effects of 500 people working as opposed to being laid off. There are debates that could take place between the 25 or 26 hockey players versus hundreds of other Manitobans keeping their jobs. We could argue that point.

I know that is the government's argument, but we did not have the \$43.5-million projected loss before us until this committee and the Auditor provided it to us.

Would the minister not think it was appropriate for all of us, for all Manitobans, rather than having a retroactive debate two years from now about whether the government made a good or bad decision, would it not be appropriate to have the



debate ahead of time with all of the numbers on the table prior to the cabinet making the decision?

We have already mentioned that the cabinet can go out and buy a hockey team with no debate, no legislation. Just, you know, have a special walk-around cabinet document and, you know, bango, we own a hockey team. I guess that fulfills certain—I will not say it—but would it not be appropriate for the Minister of Finance and the Auditor to be involved in this debate before another decision is made?

I ask the Minister of Finance that question.

**Mr. Stefanson:** Without being dragged into too much of a prolonged debate on this overall issue which, again, the Leader of the Opposition and I could I am sure do for hours, his comparison to direct government expenditures versus this situation, I think he is well aware that even under the losses that have been funded to date, after three years, represent a very small percentage of the total expenditures of the Winnipeg Jet hockey club.

In terms of when we are doing the comparison on tax revenue recovered by the provincial government as a result, it is not an accurate comparison to take a direct government employee to a situation that, as I say, to date has been funded probably 85-95 percent by the public through purchasing tickets for hockey games and by the revenue generated by the hockey club itself.

So there is a fundamentally different scenario when we talk about the direct recovery to the governments through taxation revenue under that kind of a scenario versus a direct government expenditure. I do not think he is doing justice to the issue or being entirely fair in his comparisons when he uses it in that simplistic fashion, which is incorrect.

I guess the second comment, again part of the Leader's preamble about committee after committee, there has been many reputable—all reputable—citizens of our community who put in hundreds of hours on purely a volunteer basis to find a solution for what is a very difficult issue. I hope he is not in any way reflecting on Jim Burns and the people that serve on that committee, or on Arthur Mauro and the people that serve on that

committee, or the dozens and dozens of people that are trying to find a solution that is in the best interests of our community.

He once indicated several months ago that that was his objective, and I would hope that is his objective, although some days I wonder, but I would hope that is. We all recognize the value and if we can find an appropriate solution, that is the objective of all of us in this province.

In terms of the issue of Public Accounts, I think we should wait for the report. We think it would be prudent to see what the report suggests. I am not suggesting that there might not be merit for this committee dealing with the Burns committee report, but I think it is premature to make a decision at this stage until we see what kind of a report is produced and what recommendations and solutions come out of that committee.

I would indicate to him whatever decision the government makes will certainly be with all kinds of debate. There will be opportunities for debate in this Legislature, within caucuses, within coffee shops, with the public at large, and it might end up being that this might be one forum for that as well, depending on what the recommendation is. I am not unequivocally ruling it out, but I think until we see the recommendation, what direction is being suggested, we should wait for that report first and then make our decisions.

**Mr. Doer:** I would suggest to the minister that if you are a nurse that is pending a layoff at St. Boniface Hospital, or a nurse at the Health Sciences Centre right now, and you hear the government saying they have no more money in health care, and then you hear that the government has got a projected loss of \$43.5 million, you may want to use all kinds of justifications to deal with that issue.

I would suggest very strongly that people in the community do not agree with you, that you have certain decisions to make and certain areas to cover. As the government said in its own Speech from the Throne, the health care system is a very important priority to all Manitobans in terms of what the government is supposed to provide. They would argue on a scale of decision making, health

care may reign well above other decisions the government is making for operating losses, but that is a political debate and we will have that somewhere else. I am just suggesting that the public, I do not believe, is with you when you dismiss that argument about the difference between nurses and teachers versus other decisions.

Secondly, the minister has said it depends on the Burns report whether it will come to this committee. Would it not be prudent to bring this Burns committee to this Public Accounts committee so that we can have independent verification of the numbers and options and the decisions the government will make prior to the government making them behind potentially closed doors, as we saw in November of 1991 with the operating loss projections being withheld from the public?

Why can we not learn from our mistakes and have full public disclosure of the various financial implications of the proposal? Why is that not an issue of principle, where we say, oh, it does not depend on the Burns report, it is a matter of public importance, a matter of public priority, it is a matter of public money, and therefore, yes, we will bring it to this Public Accounts committee, unequivocally, because we have nothing to hide and we trust the Auditor fully with the numbers that we will provide the public in terms of verification.

**Mr. Stefanson:** Mr. Chairperson, without prolonging debate on just dismissing the Leader of the Opposition's arguments out of hand in terms of his comparison of government employees versus hockey players and what they generate in taxation in the payback, my point is quite simply I think the best thing we can all do to this issue is to attempt to provide the maximum accurate information.

When you talk about taxation revenue to the three levels of government, for the first three years of this agreement, the taxation revenues to the three levels of government would be in the vicinity of \$30 million to \$35 million. Sure, we acknowledge that there has been a cost and is a cost to government as a result. There has been a

significant payback to government during that same time frame, which has allowed us to take this time to come up with what we all hope can be a long-term solution to a very difficult issue.

That was my point. Instead of just simply portraying one side of an issue and throwing out a financial number that can raise concern in the public, I think we would all do justice to the issue to give all sides and to show what the direct revenue that flows back to the provincial government is as a result of the Jets.

On the specific of the Burns committee coming here and how prudent it would be to come here, again, I think we have to wait and see what the recommendations are. The Leader of the Opposition (Mr. Doer) has been a member of government in terms of many issues when he was a part of government in terms of the direction and the recommendations that governments make. We will be faced with some decisions once we get this report. There will be opportunities for input. One of the avenues pursued might well be to come to this report.

We did table the Mauro report upon receipt of that report. We have shared a significant amount of information around this very difficult issue. One avenue might be this committee. Depending on the recommendations and depending on what the solutions appear to be I think will have an impact whether or not this committee has a significant role to play or not.

We are not saying unequivocally, no, but we are saying—he looked at his watch half an hour ago, we are not that far away from receiving the Burns committee report. Let us wait and see what the recommendations are, what the reaction of he and his caucus are, what the reaction of our party is, what the reaction of the Liberals are. Again, we are purely speculating until we see what that document suggests.

\* (1120)

**Mr. Doer:** The minister said that we will have maximum public information. I think today it is clearly demonstrated that the government withheld the maximum public information in October of 1991 and November of 1991. It took till June the

8th of 1994 to get, quote, maximum information, so why would we—and the minister mentioned being a government before.

I can think again with The Forks agreement that we had to go back and forth and back and forth. After we had the planning agreement with a committee of experts on it—Jean Friesen prior to her election was on that committee, Alan Artibise from the province. We still had four months of public hearings prior to the final agreement on The Forks. I think you will see that there is a consensus in the community about the direction that public investment took place—except for the tourism building, I might suggest. I will not get into that, that is way off topic.

Mr. Chairperson, maximum public information, the minister says that we will have maximum public information this time around. We did not have maximum public information last time. We did not have the \$43.5 million. Why should the public trust the government now that we are going to get maximum information, when they withheld the maximum information in 1991?

Mr. Stefanson: Mr. Chairperson, as I indicated, as this issue has been evolving and as various reports have become available, they have been made public and shared with the public, the Mauro report, opportunities for the Mauro committee to deal with the public in terms of their recommendations, the coverage through the media, reaction of the public, our forums here in this Legislature, as I have indicated to the member the financial projections in this briefing agreement were just that. For all intents and purposes once the agreement was entered into, the first two years were already outdated, in that particular case for the better. What was projected to be \$7.5 million in losses ended up being nil during those first two years. In fact, there was a slight profit, of I believe in excess of a million dollars, that was carried forward.

Again they have been fairly volatile and have changed quite significantly on an annual basis and continue to potentially do just that. There will be and are all kinds of avenues for public input. I think it would be prudent on our part to wait until

we get the Burns committee report to decide whether or not this committee has a role to play with that report.

Mr. Doer: We believe strongly that this committee does have a role to play, and this committee is the only place where full public disclosure, so far, has been made available to the public. We would strongly argue that this committee must have this issue, as a matter of principle, in terms of dealing with this very important decision.

Secondly, I would like to ask the minister, is he the one being briefed by the Burns committee and the Premier (Mr. Filmon)? We already had public statements indicating that he had said no to one proposal and not another, so I am assuming that he is being briefed as they proceed. Has the Premier been briefed? Has the Minister of Finance been briefed? When does the government expect the report?

Mr. Stefanson: Yes, we have both been briefed on occasion as this issue is unfolding, and as the Premier indicated I believe last week, we expect the report very soon. There is a deadline. I think the suggestion was made, somebody was suggesting they would not be in session when the report was tabled. The Premier, I believe, indicated, yes, we will be. The people at this table know, better than I maybe, when we will be out of session, but the report will be here very soon, I am led to believe.

Mr. Doer: Can the minister indicate the last occasion where the Premier was briefed from the Burns report?

Mr. Stefanson: I could not give a specific date or time, but both for the Premier and myself, there have been occasional briefings as this committee, which has been mandated not only by us but by the City of Winnipeg to do the review, picking up on the Mauro committee report and to address a series of issues. They have really been preparing their report obviously in a very independent fashion, but keeping the two levels of government, I believe, informed as the issue unfolds.

Mr. Doer: Did the briefing take place late last week in terms of the current information?

**Mr. Stefanson:** I am curious why the Leader of the Opposition is so interested in the timing of the last briefing?

**Mr. Doer:** Only because I asked questions last week. No, I am also curious about the timing of—I am concerned about, it seems to me the Burns committee report is in a state of flux, and I want to know whether they are going to be writing a report and the government is going to be reacting to it or whether they are writing as they meet back and forth with the government. It seems to me they are writing it as they meet back and forth with the government. Is that not the case?

**Mr. Stefanson:** No, that is not the case. The Burns committee will be preparing their report and their recommendations in terms of what they think are potential solutions in terms of dealing with the long-term viability and retention of the Winnipeg Jets in Manitoba.

**Mr. Doer:** The deputy mayor of the City of Winnipeg has indicated that the report will be in, quote, to them this week. Is that also the timing that the government has? I mean, that is only—as I say, a week Thursday is the so-called deadline.

**Mr. Stefanson:** Mr. Chair, I do not know what the basis of Mr. Fraser's comment is other than—all I can repeat is we are expecting it very soon. They know the time lines, as we all do, and we are expecting it very shortly.

**Mr. Doer:** I would strongly recommend that this committee sit shortly as well, because the minister has said he may or may not have this committee sit to deal with the Burns report. We do not have a lot of time. We would argue it is a matter of principle this committee should sit. It should not even be at the discretion of the government.

We have another meeting scheduled to begin with dealing with other matters arising from this committee, and it would seem to us to be prudent and good public policy that if there is going to be a debate, that we have it before this committee. We would argue that it should be called as a matter of principle prior to the June 30 deadline. We do not believe that maximum public information has been provided, and we do not want to repeat that process in the future if we can certainly help it.

I have no further questions on this matter today.

**Mr. Stefanson:** Well, again, we have indicated let us see what the report suggests, and it might well be a role for this committee to play. But again, we do not know what the report is going to suggest or what information is going to be in it until we actually see it.

In terms of input from members, again, the Leader of the Opposition knows process, and not only has he had opportunities at this committee over the last couple of years to ask questions, we do go through a fairly comprehensive Estimates process where he or critics of his party have opportunities to ask questions at length and have had that chance since this agreement was entered into back in November of 1991.

My recollection is, there were not very many questions asked or a great deal of concern expressed during, certainly, this process when I happened to have responsibility for Industry, Trade and Tourism. So it is fine to sit here today and talk about this issue of public disclosure. I would suggest that there has been extensive public disclosure of a whole range of issues around the Winnipeg Jets and a great deal of public discussion that I know I have been a part of, I think he has been a part of, and overall most of that has been healthy.

It is a very difficult issue. I think we all have the same objective. If there is a viable solution, let us find it, and we are drawing on some of the best people in our community to help us find the solution. Again, I think it would be prudent for us to wait for their report and their recommendations to us and then we will determine what appropriate actions we should individually or collectively take.

**Mr. Lamoureux:** Mr. Chairperson, it has been a very interesting discussion. I know myself with discussions that I have had in particular with constituents, it has proven to be most challenging in terms of trying to draw out from them really two issues from within the one, if you like. The first one is fairly clear, and that is the finances and the financial cost, and I think that the taxpayers have a right to know in terms of what the future costs are

of subsidizing in one way or another the Winnipeg Jets.

Another issue is one of the psyche of the city, if you want to use it in that sense. I know a great deal of us are quite proud of the fact that we have a professional NHL franchise along with the Winnipeg Symphony and all the other cultural activities and structures, capital investments and so forth that we have within the city of Winnipeg and what sort of an impact that would have on some Manitobans is fairly significant. I have had phone calls as a representative; they said, gee, if the Jets go, I am going. I would hope that would not be in fact the case, but I think it underlines the importance to many individual citizens, that they would like to be able to see the Winnipeg Jets remain in the city of Winnipeg.

\* (1130)

Personally, I cannot recall the last time I went to a Winnipeg Jets game. I think it might have been at least five, six years ago anyway, but I do recognize the importance of at least doing what we can to ensure that the Jets remain because of what it does for the city morale.

I can recall, especially when the Jets do well, relatively well, in the playoffs, they have the white theme inside the arena and the participation and the morale of the city as a whole seems to uplifted. These are some of the benefits.

I guess the reason why I want to ask just a couple of questions is more so I am better able to talk to my constituents. The government uses the argument, and the minister made reference to them earlier this morning, that \$90 million in direct taxation goes towards all three levels of government, and he used \$50 million in terms of economic benefits or spin-offs by having the team here. I guess I would ask the Provincial Auditor if in fact she or her department has been able to look at the economic benefits of having the Winnipeg Jets.

**Ms. Bellringer:** We have not looked ourselves in terms of calculations like what that number should be, but we are certainly aware of a number of reports that are available that have looked at that issue. They, in fact, took a substantial amount of

time and effort to come out with those numbers, and it is not something we could reproduce quickly. We have not even made the attempt to do so.

**Mr. Lamoureux:** I am wondering if you would be prepared to speculate in terms of the accuracy of the type of numbers that are in fact being thrown around.

**Ms. Bellringer:** No, I am sorry, I cannot, firstly, because I do not have the numbers before me and, secondly, one of the things, we stay away from speculation at all times because we think that there has to be—anything we are associated with we want the public and certainly the members to feel absolutely comfortable that we are confident that anything that we are auditing we have verified.

In looking at the economic benefit numbers, we did not feel we were in a position with—we are just not economists. I would not even know where to start ourselves calculating what the economic benefit to the city or the province would be in terms of whether the Jets stay here or not, and we are just not prepared to be associated with those numbers one way or the other, because we have not done sufficient work to feel comfortable with it, as I say, one way or the other.

**Mr. Lamoureux:** If in fact one of the primary reasons why government is arguing that we need to retain the Jets is strictly based on the financial benefits or primarily based on financial benefits, is there not a role to ensure that those financial benefits that government is talking about are in fact true or accurate?

I use for example this \$90 million worth of direct taxation through personal income tax, sales tax. I assume and hope that a good number of the players have a home so they would be paying property tax, that how much of that \$90 million could have been or would be around? The Leader of the New Democratic Party (Mr. Doer) made reference to the nurses, if that money was reshuffled to the nurses. I guess the legitimacy of knowing the \$90 million that is being talked about because this is going to involve considerable amount of expenses potentially in the future with tax dollars, is there not maybe a role for the

Provincial Auditor to look into those hard numbers?

**Ms. Bellringer:** I agree that there is a role, but I just want to emphasize the fact that we have not to date looked at those numbers, but we certainly could. We do not have plans at the moment to, but we could.

**Mr. Lamoureux:** We are going to be having the Burns report very, very soon and I would imagine that they will likely be making reference to some of those economic benefits. I think that it would be most beneficial for us as elected officials to be able to have some sort of an analysis of the economics, because we can all have our personal opinions on how much we love the city of Winnipeg and our province and we want to be able to keep them there, but that financial reality has to play a major role in any decision that an individual MLA or a political party has.

I guess I would ask specifically, would the Auditor's office look at that component in particular when the Burns report comes down with some sort of a report back to the MLAs?

**Ms. Bellringer:** Easily said. I have not seen the Burns report and I do not know what is contained in it, and until I do I cannot say to what extent we could add anything. We can certainly consider it and report back to the members as to what we have decided.

**Mr. Lamoureux:** Many of us have complete faith in the Provincial Auditor's office in terms of its being independent, and that is the primary reason why it is that I feel it is necessary, because no doubt, there would be some political posturing done from different political parties and government, and what the Provincial Auditor's office might come down with in terms of recommendations and suggestions about the legitimacy of numbers that are being cited would definitely be of benefit to, I believe, again, I will use the word primarily, the taxpayers.

So I would look forward to hearing something from the Provincial Auditor's office with respect to the Burns report once it has been tabled, and I would hope that you would have some sort of a follow-up on it.

I have heard there are reports that have come out that have indicated that the financial benefits to a city just are not there, that those professional teams do not merit all of the publicity, the positive publicity, that they get in terms of the economic spin-offs.

I think coming from more of an independent office with the background, because a background, especially the accounting abilities that your office offers, just cannot be met through, in particular, opposition research offices.

I think that sort of information would be most valuable and, of course, you have got the ability to be able to possibly even get more information than what we have. I think that would definitely be to our benefit, as an opposition party, and I would argue of most benefit to the taxpayers.

**Mr. Stefanson:** I am not discounting that there might be some merit for the Provincial Auditor's department looking at some of these studies, recognizing the ones that we have seen have certainly been done by very reputable professional firms, like Coopers & Lybrand and Lavalin, have been referred to and documented in a report prepared by the interim steering committee, chaired by Arthur Mauro.

So in terms of I guess personally I feel there is a significant amount of credibility around those numbers.

Now, I know the Leader of the Liberal Party has pointed to a study done in the United States by a Mr. Baade, who really comes at the issue from another perspective. He comes at, without getting too technical, the impact that professional teams have on economic growth as opposed to the direct benefits of sort of what a team, what expenditures on a team can generate in comparison to that expenditure in other parts of the economy.

\* (1140)

I mean, they are two different approaches how they come at the issue, but I guess I am suggesting that the analysis that has been done to date has been done on a comprehensive thorough basis by very reputable firms.

I know we are not casting any aspersions on the people who have done the work to date, but I am just indicating that I think we have an awful lot of quality work done in terms of coming up with economic benefits. It has been done in many other jurisdictions as well.

This is an issue that is extremely important. Quality information that everybody is comfortable with, if greater assurance is added to that by having the Provincial Auditor's department do a review, there might be some additional value in looking at it at some point in the not too distant future.

**Mr. Chairperson:** Are there any other questions from members of the committee or any other comments?

**Mr. Conrad Santos (Broadway):** Mr. Chairperson, I have been listening all along on the exchanges between the Minister of Finance—

**Mr. Chairperson:** Excuse me, Mr. Santos. I would request you bring the mike a little closer so the machine can pick up your voice. Thank you.

**Mr. Santos:** I have been listening intently on the exchanges between the honourable Minister of Finance and the opposition leader, and it occurred to my mind to ask the following questions: The honourable minister seems to be saying that it is up for the Burns committee to make a recommendation whether or not the Public Accounts committee will have a role to play in the analysis of their possible recommendation report, is that the case?

**Mr. Stefanson:** No, that is not the case. I want to make it perfectly clear that what I was suggesting was before a decision is made whether or not the Public Accounts committee has a role to play with that report, let us wait for the report, let us wait and see what the documentation is, what the information is, what the recommendations are, and based on that we might determine that there is a role to play.

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

I was not in any way suggesting that the Burns committee would determine or recommend whether or not this committee had a role to play. I

simply was saying let us wait until we all have the benefit of seeing that report and then make our decisions at that point.

**Mr. Santos:** Who then has the ultimate deciding authority whether or not this Public Account committee would want to hear and make debates on the recommendation of the committee before the final decision is made by the government, which is empowered, according to the discussion, to enter or not to enter into any kind of an agreement?

**Mr. Stefanson:** Mr. Acting Chairperson, my understanding, and the member for Inkster (Mr. Lamoureux) can probably correct me if I am wrong, is that if a decision was made amongst the three House leaders that that would be something that they would agree to if there was a role to play. To call the Public Accounts committee then to deal with the Burns committee report is how I think it would flow procedurally.

**Mr. Santos:** I do not know exactly what the relationship is between the Burns committee and who does the Burns committee report to and whose function it is that they should provide all this kind of information that the government is seeking.

Is the Burns committee accountable to the Premier (Mr. Filmon) or to the government or to the cabinet or to the Legislature?

**Mr. Stefanson:** Ultimately, probably all of those. The Burns committee was appointed as a follow-up to the Mauro committee to deal with the issue of the long-term viability of the Winnipeg Jets; to determine a site and whether or not a new arena should be constructed in Winnipeg; whether it made sense economically; how it related to the long-term viability to solicit with the private sector the role the private sector might play in terms of the retention of the Jets, and a series of issues, then to report back to the provincial government and to the City of Winnipeg, because we are the two levels of government, as the member knows, that currently own 36 percent, and we are the two levels of government that have been requested to potentially provide some support if a new facility was to be built.

**Mr. Santos:** Mr. Acting Chairperson, so if it appears that all of these public bodies, elected bodies primarily under the authority of the government as the directing force within the government, both opposition and government side, if they are the primary entity to which all this information should be debated, why cannot this Public Accounts committee on its own, as part of that conglomerate of public authorities, decide whether or not it would want to hear the debate on the recommendation of the Burns committee report before the government?

If the government feels itself accountable to the people as the stewards of the public money, before the government makes up its mind, why cannot this Public Accounts committee decide for itself that it wants to have a piece of the debate before the final decision is reached?

**Mr. Stefanson:** Without getting too technical, Mr. Acting Chairperson, I think at the appropriate point in time after the Burns committee has been tabled, at a subsequent meeting of the Public Accounts committee, if it is covering the appropriate time frame, there is nothing precluding questions being asked about the Burns committee report.

I think what was being suggested by the Leader of the Opposition (Mr. Doer) was going beyond how we are functioning now with the Jets or with any other issue where you ask questions that fall under the Public Accounts of government and suggesting a role to be played in terms of once the Burns committee report is tabled to have discussions here. I think he even talked about, if I understood him correctly, conceivably public input or public hearings of some sort and so on. So he was talking about a fairly extensive, comprehensive public role as well for this committee to play with that report.

My comments to him were simply, let us wait for the report. We have all kinds of issues we deal with as government and as a Legislative Assembly, and I think it would be prudent for us to see what information is in the report, what recommendations are made, and then we can

collectively determine whether or not we feel this committee has an appropriate role to play.

**Mr. Santos:** Mr. Acting Chairperson, I am inclined to agree that the government has the primary onus and responsibility about making the final decision, being the government of the day, but I do also recognize and realize that the government of the day is simply a temporary steward of the public money, which is in the basic interests of all the people entrusted to the elected Legislative Assembly of Manitoba.

If that is the case, and the government is simply a temporary steward of the people while it is in power, and the Legislature, in a continuing sense of continuity, will be held accountable for the disposal of public monies. Why cannot decisions like these that affect the long term, not merely the immediate exchanges of value between government and any vested group in society, be subjected to more extensive public debate by being subjected to the scrutiny and decision of this Public Accounts committee?

(Mr. Chairperson in the Chair)

**Mr. Stefanson:** Mr. Chairperson, being my first time through this process in the capacity of Minister of Finance, I think others could speak to it more knowledgeably, but my understanding of this committee is we are dealing with really two issues. We are dealing with the 1992-93 Public Accounts of the government of Manitoba, dealing with them in a review, after the fact in terms of accountability of the expenditures of those dollars, and we are also dealing with the 1993 report of the Provincial Auditor.

The kind of role that is being suggested, to the best of my knowledge, is not something that this committee traditionally performs. There are many forms, as the member well knows, for us to deal publicly with issues. There are many opportunities for political parties to ask questions in the Legislature. There are various forms in terms of soliciting public input that we use in a whole range of ways, again, that he is well aware of.

So I am just suggesting, one suggestion has been made by the leader of his political party. I think it would be prudent to wait till we see what the report



suggests. It might well be decided there is need for extensive public input in some other fashion. It might well be, as I say, we continue to just speculate what might be in the report and what they might recommend, and what has been suggested, to the best of my knowledge, is a role that is somewhat different from what this committee normally performs.

If we are dealing right now purely with the '92-93 Public Accounts there was no expenditure related to the Winnipeg Jets in 1992-93. I do not believe there was any reference in the '93 report of the Provincial Auditor on the Winnipeg Jets, although I stand to be corrected. So if you wanted to follow this committee in its purest sense, we have already allowed, from my view, significant latitude as it should be, but we are now talking about going even way beyond how we functioned to date, and I think we should wait for the report.

**Mr. Santos:** Although technically this committee is bound only by the report of the Provincial Auditor, in view of the impending developments that where certain auditing function had been contracted out to some private outfit, accounting firms, where the Auditor, because of lack of resources, is no longer able to cope with his own accountability and responsibility under the legislation by which it is created, how can we ever, as representatives of the elected segment of the government, be able to debate those issues if they will not at all be the subject matter of the Provincial Auditor's report?

Is it not a fact that the Public Accounts committee is a unique kind of committee in the sense that it is chaired by the opposition party because it is supposed to represent the legislative conscience, and why should its function be limited only technically to those reported upon by the Auditor General when the Auditor General's office is subjected to assault in terms of its diminution of responsibility?

\* (1150)

**Mr. Stefanson:** I guess, Mr. Chairperson, we have not followed procedure purely on the basis of dealing with only the '92-93 Public Accounts or the '93 Provincial Auditor's report, and one

example is before us today, the information the Provincial Auditor has provided on the Winnipeg Jets. It was special information, a review done on the Manitoba Hazardous Waste Corporation, and so on, so I think this committee has functioned with a fair degree of latitude in terms of how we deal with issues.

I am just suggesting what the Leader of the Opposition (Mr. Doer) has put forth to date goes even beyond how we function so far, and I continue to be repetitive. I just think we should all wait to see what that report says, and then we will determine what we collectively or individually think are the best avenues to deal with that report.

**Mr. Santos:** I have another issue that cropped up in my mind while listening to all these exchanges, and this is the ultimate authority and sovereignty of the province to act on behalf of its own people. When, through the temporary government of the day, it made a mistake or some kind of indiscretion in entering into agreement with some private group such that it suffers all the losses, gains no benefit, should it not also be empowered to override any kind of private contracts as it had already done with respect to some collective bargaining agreements?

In other words, I am saying, it is ultimately in the public interest that we should recognize that it is within the sovereignty of the province to take up its sovereign role and override any kind of private agreement it may have entered into on the basis of rumour or false information, such as projections of gains which never materialized, therefore resulting in some inequities and injustice and losses to the public Treasury, especially so in terms of impending limits of resources of government to undertake its primary functions.

**Mr. Stefanson:** Mr. Chairperson, I guess ultimately governments can pass certain legislation to deal with issues in a particular way, but I think ultimately most governments should enter agreements in good faith when they enter them. I am not sure what the member is referring to. If he looks at the projections, if he is referring to this agreement with the Winnipeg Jets, the projections to date, in the first two years of the

agreement, have come in significantly below what the projected losses were. As I have indicated to this committee, in the first three years of the agreement, the cumulative tax benefits to the three levels of government are probably in the vicinity of about \$30 million to \$35 million.

So in terms of a direct payback to the three levels of government in comparison to the government expenditures, it would be in a ratio of five or six to one, and that is besides the impact of employing hundreds of people and the overall economic benefit to our community and the intangible benefits that the member for Inkster (Mr. Lamoureux) talked about in terms of what organizations like the Winnipeg Jets or the Royal Winnipeg Ballet can mean for the overall vibrancy and economic good will of cities and provinces. So I am not sure where the member is heading with his question or his concern at this stage.

**Mr. Santos:** Mr. Chairperson, I am talking about not only the assumption of present and current losses under the agreement, but also the assumption of probable future losses even before the years come and roll along. This is commitment in advance of the current authority of the present government in its period of being in power.

For example, entering into an agreement whereby the government will assume losses up to a certain year in the future, certainly affects the resources that could be available for the basic functions of government in those years. Why can the government of the day, in exercising of its appropriate sovereign function, not terminate this kind of inequitable agreement if it is not to the best interests of all the people under its stewardship?

**Mr. Stefanson:** Mr. Chairperson, I am told that our legislation has future commitment authority which is in place for the governments of the day, but I guess there is nothing precluding any future government from doing what the honourable member is suggesting with any contractual arrangement that government enters into if that is a course of action that they feel is appropriate and that they have to follow.

**Mr. Santos:** This all the more points to the significant effect of certain provisions that should

be put into those kinds of agreements that extends beyond the present into the future, that the government should at least all the time make a reservation as to power to opt out of such kind of agreement if it turns out that the economic projection will not be realized depending on the more recent information as they come in. I am not questioning all those projections, but we know that projections are projections. They are a speculation as any other except that they are made by economists.

**Mr. Stefanson:** On the member's assessment of what projections are, I basically agree, and that was my point with his Leader in terms of this being one set of projections that were in place back in a particular point of time, in 1991.

On the issue of contractual arrangements that governments entered into that then bind future governments, that certainly we would have to run through a list of many examples. I am sure there are all kinds of examples that we inherited in 1988, from the previous government. That hopefully will not be the case, that anybody will inherit from us. I guess the ultimate legislative authority is they are always in place for any government of the day to deal with an issue as they see necessary.

**Mr. Santos:** Mr. Chairperson, I am not suggesting to you the government should break on its own contract, because the government should be the example of compliance with its own contractual agreement.

All I am suggesting is the government should be wise and prudent enough to put into that kind of an agreement any kind of preservation, any kind of caveats, any kind of clauses that will save the day when the interests of the general public will be at stake because it had made a commitment on a particular point in time about its future resources. This is what I am saying.

**Mr. Stefanson:** Well, Mr. Chairperson, with various long-term agreements that is often the case. This happens to be an agreement that terminates either June 30, 1997, or potentially terminates sooner depending on what occurrences take place, so it is not as though it is something that is in place indefinitely. It does have a sunset date

and potentially has an opportunity to terminate even before that.

**Mr. Santos:** Mr. Chairperson, it is a basic principle in any kind of a law that those who share in the benefit should share in the burden. Cujus est commodum ejus est onus—whoever shares in the benefit should share in the burden.

Why is this kind of agreement so one-sided, that the government takes all the losses but not the team, but not the other side of the party. That structure is curious in my mind?

**Mr. Stefanson:** Well, Mr. Chairperson, without being repetitive, the governments, the two levels of government do pick up all the losses for a period of time, potentially out to June 30 of '97, but they also do derive all of the tax revenues during that same period of time. As I have indicated to the three levels of government, over that same period the direct tax revenues will approximate about \$90 million. So there is a significant direct economic benefit to the three levels of government.

**Mr. Santos:** I will stop at this point, Mr. Chairperson. I would say that those are simply speculations, as well as projections. Until they realize, we do not know whether or not those kinds of gains would be achieved.

**Mr. Chairperson:** I wonder if I could interrupt the proceedings at this point. It is now twelve noon, at which time we normally adjourn, but it is up to the committee, of course.

Just a couple of points. It has been commented by the minister that normally we only discuss items that are before us in Provincial Accounts, which is true, but I do note that in Volume III, Public Accounts, 1992-93, there is reference made to the Winnipeg Jets hockey team and an agreement, so we are in order in discussing the agreement. There is some reference to some of the terms of the agreement, for instance, the province being liable for 50 percent of accumulated operating losses.

\* (1200)

It is for the information of the committee, so I am assuming that at some point the committee will be meeting again to discuss perhaps the Jets. I think there was some reference to Workforce 2000. I believe there is also understanding that we are not passing the reports today, the Public Accounts today, nor the Auditor's report. So if there is agreement, shall the committee rise?

**Some Honourable Members:** Committee rise.

**Mr. Chairperson:** Thank you. Committee rise.

**COMMITTEE ROSE AT:** 12:02 p.m.