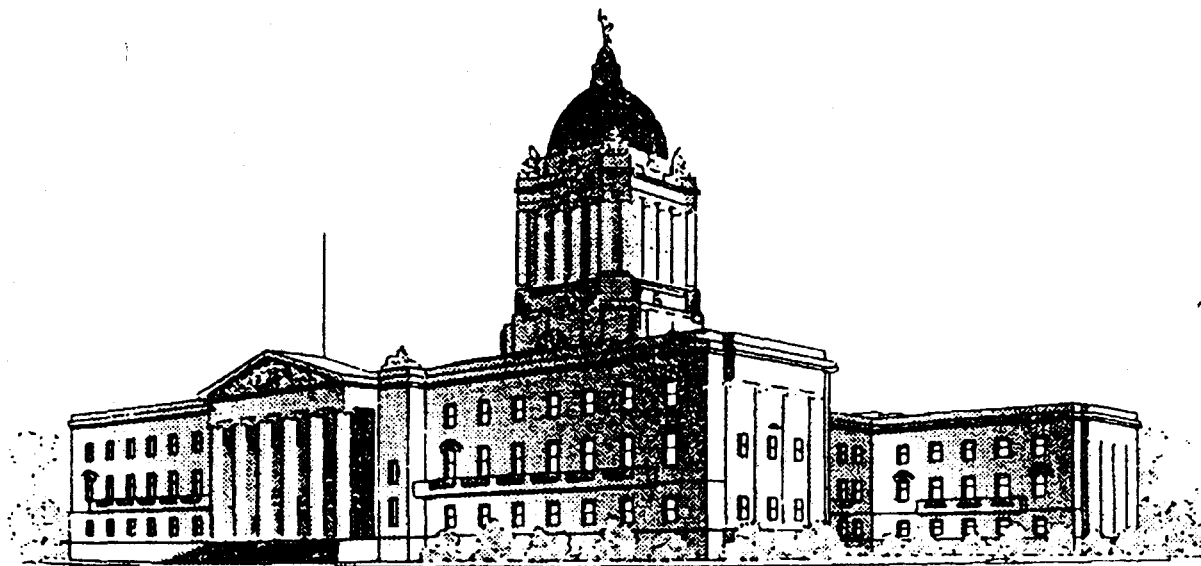




**Third Session - Thirty-Sixth Legislature**  
**of the**  
**Legislative Assembly of Manitoba**  
**Standing Committee**  
**on**  
**Economic Development**

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



**Vol. XLVII No. 1 - 10 a.m., Thursday, June 12, 1997**

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

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

LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

Thursday, June 12, 1997

**TIME – 10 a.m.**

Seeing none, the member for Sturgeon Creek has been elected as the new Vice-Chairperson for the committee.

**LOCATION – Winnipeg, Manitoba**

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

This morning the committee will be considering the Annual Report of the Manitoba Lotteries Foundation for the year ended March 31, 1993, and Annual Reports of the Manitoba Lotteries Corporation for years ended March 31, 1994, March 31, 1995, and March 31, 1996.

**VICE-CHAIRPERSON – Mr. Gerry McAlpine (Sturgeon Creek)**

**ATTENDANCE - 10 – QUORUM - 6**

Before we go any further, I believe Mr. Tweed, the member for Turtle Mountain, had a comment.

*Members of the Committee present:*

Hon. Mr. Stefanson

**Mr. Tweed:** Mr. Chairman, just before we proceed, I know with the hectic schedules that everybody has, can we set a limit or a time as to when the committee will rise? I would like to suggest that be twelve o'clock.

Messrs. Dyck, Evans (Brandon East), Helwer, McAlpine, Ms. Mihychuk, Mr. Reid, Mrs. Render, Messrs. Rocan, Tweed

**Mr. Chairperson:** The suggestion is that committee rise at twelve o'clock. Is that agreed? [agreed]

**MATTERS UNDER DISCUSSION:**

March 31, 1993, Annual Report of the Manitoba Lotteries Foundation  
 March 31, 1994, Annual Report of the Manitoba Lotteries Corporation  
 March 31, 1995, Annual Report of the Manitoba Lotteries Corporation  
 March 31, 1996, Annual Report of the Manitoba Lotteries Corporation

We will then proceed. Did the minister responsible have an opening statement and did he wish to introduce the officials in attendance from the Lotteries Corporation?

**Hon. Eric Stefanson (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Mr. Chairman, as you indicated, before I make a couple of very brief remarks, I would like to introduce some of the people that are with me here this morning: Marvella McPherson, who is the chairperson of the Manitoba Lotteries Corporation; Mr. Bill Funk, seated next to me, is president and chief executive officer of the corporation; and next to Bill is Mr. Peter Hak, the senior vice-president and chief operating officer; and next to Peter is Brian Stepnuk, the vice-president of Finance and Administration.

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**Mr. Chairperson:** Good morning. Will the Standing Committee on Economic Development please come to order. Before the committee can proceed with the business before it, it must proceed to elect a new Vice-Chairperson. Are there any nominations?

**Mr. Mervin Tweed (Turtle Mountain):** I would like to—Sturgeon Creek (Mr. McAlpine), the member for Sturgeon Creek.

**Mr. Chairperson:** The member for Sturgeon Creek has been nominated. Are there any other nominations?

I am pleased to have the opportunity to make a few comments, but I will be very brief. As the Chairman has outlined, there are some outstanding reports dating back to 1992-93 that are before us today. We are certainly prepared obviously to answer any questions relative to those reports, but I would suggest that we

deal with those reports first and then move on to current events, and that we should deal with the reports sequentially so we make some progress with some of these outstanding reports.

I believe members also have a copy of the '95-96 annual report, along with the third-quarter report for the period April 1 to December 31, 1996. There are many current issues before us, announcements that have been made in the last several months ranging from the establishment of the independent Gaming Commission to the consolidation of the Crystal Casino with the two existing entertainment centres.

I could certainly make comments about more current events, but I think, I am sure, there might be some questions, so rather than me take the time of the committee with opening comments, Mr. Chairman, I am prepared to proceed. Hopefully, we are dealing with the old outstanding reports, and then if committee members want to deal and move to more current issues, I certainly welcome the opportunity to discuss the current issues facing the Manitoba Lotteries Corporation.

I would hope the committee would agree, Mr. Chairman, in terms of dealing with the reports in that kind of a sequence, because it does not make any sense from my perspective to talk about the current issues before us if we still have reports that are dated back to '92-'93, so I would hope we can at least agree to deal with the reports in that kind of a fashion.

**Mr. Chairperson:** I thank the minister for those opening comments. Did the critic from the official opposition wish to make an opening statement?

**Ms. MaryAnn Mihychuk (St. James):** Mr. Chairman, there are indeed a great deal of issues that we would like to address to the Minister responsible for Lotteries. Annual reports in front of me go back to 1992, and, quite frankly, there are outstanding issues all the way back to the creation of the Lotteries Foundation. I do not want to be tied into dealing with the past. There are so many present issues that are extremely important to the public. We wish to address those items. I would ask some latitude, opportunity to delve into the past if appropriate and related to the topic but, with that assurance, we are prepared to pass the reports '92, '93,

'94, and '95 and deal with the present. So, if that latitude is granted, we will co-operate in moving those other reports.

**Mr. Stefanson:** Mr. Chairman, I would agree with proceeding on that basis.

**Mr. Chairperson:** We thank the honourable member of the opposition for the opening statements.

**Ms. Mihychuk:** Oh, that is not my opening statement.

**Mr. Chairperson:** Okay, the honourable member for St. James, please.

**Ms. Mihychuk:** Mr. Chairman, that was a matter of procedure. I do have an opening statement, of course. I would like to put on the record that we have seen so many changes in gaming policy that it is quite incredible. It is hard to keep track of where Manitoba's gaming policy is actually headed. We go through periods of massive expansion, then we go through a so-called freeze, actual reduction of VLTs. Now we see a massive, massive expansion of the bingo palaces to the tunes that almost exceed the initial construction. So we are not talking about a modest addition, a little sunroom onto the bingo palaces. We are talking about fairly elaborate additions to these casinos, also a decision to close down the downtown Crystal Casino.

Overall, we have seen revenues soar through gaming in Manitoba from amounts of \$50 million to over \$225 million for the government of Manitoba. We have seen a change in policy of those revenues being identified separately to be moved into general revenue. We had a Desjardins report that was adopted and embraced by the government, and now we see that perhaps some of those recommendations seem shallow and actually, unfortunately, a guise to somehow soothe people's concerns, because the report recommended the establishment of the independent Gaming Commission, which the government did move on and did announce a commission.

Unfortunately, the chairperson, for example, is a well-known Conservative contributor, party contributor, questioning the independence of that so-called independent Gaming Commission, and then we hear that there has been the appointment of the CEO

receiving a salary of approximately \$100,000, additional political supports. A ministerial assistant has been helping the Gaming Commission to the tune of another \$60,000, a Gaming Commission that has not had one meeting and at the same time could have had an important role dealing with the policy changes that were recently announced.

The closure of the Crystal Casino, bringing alcohol into the casinos, the decision to expand those two facilities were all, in our opinion, appropriate policy changes that should have been dealt with by the Gaming Commission and, unfortunately, were not, at the same time that we see the government enjoying considerable, I would say massive, revenues from gaming. The supports to community programs have actually been cut, and I look in the long term, because the minister will argue, well, the supports have been stable. Well, he is right. In the past two, three years, they have been stable, but they are considerably down from what they did receive.

At a time when we see a crisis in our community as we have never seen before, I would argue strongly that not only do we need to meet the past record levels, we need to provide supports in the community that exceed those levels. So the Manitoba Community Services Council, for example, used to receive almost \$4 million at one time and is now down to approximately \$2 million. We are looking for the government to take a fair approach, because not only is the Manitoba Community Services Council working with less with demands increasing, but the impact on Manitoba's gaming policy has detrimentally affected the community centres. I raised this in the House, and I raise it here.

\* (1010)

It has negatively impacted on local communities. They are not able to generate the revenues as they once were. People are opting for the minister's casinos, for the bingo palaces, rather than going to their local community centre. Although those are civic centres, it is the province's gaming policies that have detrimentally affected those centres. I think that we have seen study after study, and recently there was a national report on youth that cited the appropriate investment in the

community, supports for family. The community centre is the logical centre for that type of support.

So I would urge the government, given that we have seen revenues soar, and given that the people of Manitoba, I believe, want to see more community supports, and given that we do have a crisis in street gangs, in youth accessing various options, it is time to re-evaluate the government's priority, reinvest in community centres, allow them to do the job that we have seen in the past and provide youth with an opportunity to indeed have opportunities in the community, have our community centres open their doors and provide programming.

I know it is a different model. In the past the community centres were able to generate that revenue on their own, and, unfortunately, that opportunity has been taken away from them because of the gaming policies. So I think there is an onus on the government, the provincial government, to come back and compensate every single community centre. In my own riding, I have four centres, each reporting a loss of \$10,000 to \$15,000 annually per club. That means children do not have the opportunities to join sports teams that were formerly subsidized, facilities are closed, it is difficult to get volunteers. Those are significant dollars coming out of the community that were once used in a very appropriate manner.

So the government should hang its head low for its commitment to the community. It has sucked the resources out, from Lotteries. It has just, without conscience, kept that money without reinvesting, and I say shame to the government. They have seen revenues exceed other levels, and this is an opportunity to compensate. It is about time, it is past time, that the government did that.

VLTs are prolific in restaurants, in our local bars, in our legions, and I know that we went through this—legions wanted VLTs because the clubs had them and they were trying to compete and stay open. Well, soon 7-Eleven will want VLTs. I mean it is just incredible how—we have to have a reasonable approach. We have said that gaming is an important revenue generation, but the addiction level and the problem of VLTs is significant. When we go to a restaurant, we should be able to be there in comfort without a family

member or a friend being lured to VLTs. This has become a problem, I think, for every family in Manitoba. You go to a restaurant—and I do not know the frequency of what we would call a gaming, I would not say addiction, but let us say tendency—and there is some member of your family that probably will take five bucks, 20 bucks and go over to a machine rather than sitting at the table. That is a problem. It is a problem because VLTs are everywhere, and you always have a loonie in your pocket, and so the ability to stick it in the machine is there. Your odds of winning, we know, are remote, but your chance is there.

As I remember, a psychologist who was a professor at the University of Manitoba who was talking to us about addictions was saying, there is nothing worse than gambling because if you win, you want to play; if you lose, you have to play. So no matter what, you have to play. I would say that given that we have family restaurants and community places that have these machines, we ask the government to take a sincere approach to looking to the availability of these, and it, indeed, is a problem.

When you have an addiction, let us say of alcohol, you may not have the ability to buy alcohol, so that you could go to locations and not be lured, but if you have a loonie or quarters in your pocket, you have the ability to gamble, and so you can go to the machine and pop it in. So it is very difficult to stay away from gambling because the presence of the machines is so prolific, and I think that it is high time the government did look at the availability of VLTs, and I am hoping to hear how the government is going to deal with those serious issues.

That concludes my opening statements, and I look forward to going into more detail on the issues.

**Mr. Chairperson:** We thank the honourable member for those opening comments.

**Mr. Stefanson:** Mr. Chairman, I am anxious to get on to some of the questions, so I do not think I want to try and necessarily prompt a debate.

The member does make some interesting points, but I think she loses a little bit of credibility when she exaggerates some of the issues, and I guess I just want

to point to two. The first one is the issue of support for nonprofit and community organizations. The revenue derived for community organizations in 1994-95 was \$20.9 million, in '95-96 was \$21.5 million, in '96-97 was \$21.5 million. So, certainly, there has been no erosion of support for community-based organizations and nonprofit organizations in Manitoba.

Then to suggest a proliferation of VLTs, the member, I am sure, knows, because she does tend to do some research, that she has looked back at the Desjardins report which had some 14 individuals from all across Manitoba participating, they made some recommendations relative to VLTs. Our government took that a step further and actually reduced VLTs in Manitoba by some 650 machines, approximately 15 percent. So we went certainly well beyond the recommendations in the Desjardins report. Then to suggest that they might well end up in facilities like 7-Eleven stores is absolutely ludicrous because the member knows full well that VLTs are only permissible in age-restricted facilities like lounges and so on.

So, again, I think some interesting points were made but with some of the exaggeration, I think some of the credibility on some of the recommendations is lacking. I just wanted to make those points, but I welcome questions from members, Mr. Chairman.

\* (1020)

**Ms. Mihychuk:** I am not going to get into a debate about what we call proliferation of VLTs or the fact that the government actually has not met the NDP commitment to communities, but I think the record stands for itself, and the numbers were fairly accurate when we are talking about those organizations.

I do want to get on to an important issue, and that is the Gaming Control Commission. The minister announced approximately two weeks ago the decision to bring in alcohol, close the Crystal Casino, expand the palaces. How can he justify to the people of Manitoba coming out with such massive policy changes without it going to the independent Gaming Commission?

**Mr. Stefanson:** Mr. Chairman, I think that is a good question, and I would like to walk the member through some of the history, because I think it is important if

she has not had an opportunity to look back in some of the previous documents, previous research and so on that was done.

The origin of the Gaming Commission, as she knows, flowed from the working group report chaired by Mr. Larry Desjardins, when they recommended in their report that a Gaming Commission be established. Back on January 18, 1996, we released that report to the public very shortly after we received it indicating what the recommendations were from the Larry Desjardins report. We also indicated that we would be proceeding on a good number of those recommendations.

Flowing from that, on June 3, 1996, we released again an announcement and information that we were introducing legislation last year to establish the independent Gaming Commission. On June 27, we then outlined a plan of how we were going to deal with all of the recommendations of the Desjardins report, and the issue of the closing of the Crystal Casino was clearly addressed in the Desjardins report. They went on to suggest that a feasibility study be conducted. The report basically said that a feasibility study concerning the relocation of the Crystal Casino by 1999 be undertaken, and we then indicated that we were prepared to proceed with that feasibility study.

We retained the firm of Price Waterhouse to do that study and ultimately have received their report, which we released just recently, and we have accepted their recommendation. I think what is important for the member to recognize is, even with the report or the information that was released back on June 3, 1996, when the legislation was introduced for the Gaming Commission, the announcement indicated that the commission would research the impacts of gaming and make policy recommendations to government. We certainly recognize at the end of the day, government will make the fundamental policy decisions. We will be held accountable by the public of Manitoba for our decisions when it comes to gaming. We will be held accountable in the Legislature for any decision that we make.

Part of moving forward with gaming—the member asks about policy and a comprehensive plan in moving forward with gaming. The Larry Desjardins report prepared a solid basis for dealing with gaming in

Manitoba. We have acted on many of the recommendations. As I indicated to her yesterday, we have accepted a recommendation; in fact, we have gone further with reducing gaming by some 650 VLT machines. We accepted the recommendation on eliminating lifestyle advertising in Manitoba. We accepted the recommendation on moving forward with a feasibility study for the relocation of the Crystal Casino.

I think it is important for her to recognize the many functions that the Gaming Commission itself will have when it comes to areas like a complete review of the duties of the commission would be a regulator obviously in many respects, as well, registration of certain suppliers and certain individuals involved in gaming. Licensing functions will be transferred to the commission, the technical compliance functions will be transferred to the commission, various disciplinary functions will be transferred to the commission, so the fundamental objective of the commission is to separate the day-to-day operations of gaming in Manitoba and many of the regulatory, technical, licensing, and those kinds of functions as well as doing research and providing policy advice ultimately to government.

So nothing we have done in any way conflicts with the establishment of the commission. The members of the commission, as the member indicated, were announced back on February 25. I believe the minister responsible will be coming forward shortly with the appointment of a CEO. That person is not in place at this particular point in time, but it is imminent, as well as the physical location, but hopefully she would appreciate that the kinds of changes that were involved from the Lotteries Corporation to the Gaming Commission are significant, because we are talking about the transfer of a significant number of people, transfer of technology, transfer of information, and ultimately the establishment of a commission. So we rightfully want to be absolutely certain that, once this Gaming Commission is up and functioning, it is doing so in an efficient and appropriate manner, and I expect that to be very soon.

So I hope some of the information I have provided for the member is helpful in terms of her understanding the history of this issue and how we have moved forward with gaming in Manitoba.

**Ms. Mihychuk:** Mr. Chairman, the minister, I do not believe, has satisfied the concerns of the public or definitely not the opposition. The minister cites the Desjardins report as recommending a review of the casino situation in Winnipeg. Agreed. However, the Gaming Control Commission was appointed February 17 in an Order-in-Council. Members were identified, their salaries were identified, the chairperson was quoted as saying in the Winnipeg Free Press that indeed they were expecting to meet in about a week. Now, that was February 26. This was a group of individuals who apparently felt that they were ready to go. They were ready to become an active part of making decisions of gaming in Manitoba. They were ready February 26 with or without a CEO. Could they not have conducted public hearings? Could they not have been part of this process that ultimately resulted in the closure of Crystal Casino and the massive policy changes?

Why did you not use that group of people that you yourself appointed to provide some legitimacy, some credibility for those decisions? They were there, they were appointed, they were ready to work and they could have held public hearings. We could have listened to the people of Winnipeg and Manitoba. We could have perhaps come to the same conclusion, but no, the minister chose to go ahead with the recommendations and ignore the very commission that they so-called established. And then what? Refused to call a meeting? I mean, was it the government's decision not to allow the Gaming Control Commission to be involved? Were they consulted? Those are questions that people have on their minds, Mr. Chairman.

**Mr. Stefanson:** A few points: First of all, the Desjardins working group, as I indicated, of some 14 individuals with varied backgrounds from law enforcement to municipal organizations, to other areas, other sectors of our economy and our public, they did conduct public hearings and solicited significant input from Manitobans in the preparation of their report. Their report was very specific, that they were now at the stage that they recommended that a feasibility study be undertaken to review the issue of the Crystal Casino and to review issues like entertainment and food and alcohol and so on. That study was begun back in the fall of 1996, so even an organization like the Gaming

Commission would have drawn on that kind of expertise, picking up on the recommendation of the Larry Desjardins committee after extensive consultation and review of this entire gaming issue in Manitoba.

So again, I go back, that was the recommendation after consultation, after input, to say something has to be done with the Crystal Casino. The lease is up in 1999, the Hotel Fort Garry wants the facility to be removed. They want it to be removed for a whole range of reasons. Attendance has been consistently dropping at that particular facility, and there are other reasons. Obviously if it was a benefit to their viability, they would be fighting to keep the Crystal Casino. They are not. They want it out of their facility, so that decision was taken.

I believe the Desjardins committee made the responsible recommendation, turned to some experts to do an assessment of the economic and the other issues affecting the Crystal Casino and make a recommendation ultimately to government. That is exactly what we did. We accepted that recommendation. We retained the firm of Price Waterhouse to undertake the study. They did an extensive study. They consulted with some of the interest groups representing various organizations in downtown Winnipeg. They did other research in terms of other jurisdictions, and so on, Mr. Chairman. After all that analysis over a series of several months, they made the recommendation that we accepted, that the Crystal Casino, in fact, will be closed at the Hotel Fort Garry and that it will be consolidated with the two existing entertainment facilities on Regent Avenue and on McPhillips.

So, again, Mr. Chairman, we have acted in a very responsible way dealing with all of the recommendations that have been flowing from the Desjardins report which was the result of the kind of consultation and input that the member is calling for. So that has been undertaken to a very significant extent by that committee, and sooner or later, governments have to make decisions.

\* (1030)

We are prepared to make decisions. We are prepared to be accountable for the decision, that we believe the decision we have made based on all of the information



that we have been provided with is the right decision. It is in the best interests of Manitobans, and, therefore, we are certainly prepared to stand by that decision and to justify it before this committee today.

**Ms. Mihychuk:** The question remains, why were the recommendations that the government received in April not referred to the Gaming Control Commission? In fact, the report was released May 22, so can the minister explain, given that you had this consultant's report?

That is not the only advice available to the minister. He did have the opportunity to refer this report to the Gaming Control Commission. Why? Why did they choose not to do that?

**Mr. Stefanson:** Mr. Chairman, although the commission was announced back on February 25, 1997, the rest of the infrastructure for the establishment of the commission was not in place, so there was no technical support around the commission. I think many of us expected that to be able to be established more quickly than has been the case, but for a whole range of reasons it has taken a great deal of time in terms of the issues I have already touched on, transferring employees, defining very specifically the functions that are being transferred, dealing with the whole issue of technology, the establishment of an office and the hiring of a chief executive officer and so on.

So, although the commission was appointed on February 25, there was absolutely no infrastructure around the commission, no technical expertise for them to draw on. So even if the report had been referred to them, what would they have been drawing on, or how would they have dealt with the issue? They would have dealt with the issue in the same kind of a way, drawn the best expertise that you can. The best expertise that has been available has been the independent report that has been done by Price Waterhouse, Mr. Chairman.

As well, there also is a timing issue. The Hotel Fort Garry has indicated that when the lease is up, they want the Crystal Casino out in 1999. There is the issue of making the changes that are necessary to compete for attracting tourists to Manitoba. We are expecting this year, hopefully, some 300 bus tours, with the opportunity for significantly more. There is the issue of

the 1999 Pan American Games, a major event coming to Manitoba that is going to attract thousands of people to our province, and, again, proper facilities can be one more amenity for these people to participate in, one more attraction, one more event for them to, as I say, participate in. So there is a timing issue.

So, when you look at the lack of infrastructure, the lack of technical expertise, the fact that you should be relying on some outside expert advice and the whole issue of government ultimately having to make a decision to meet all of the time lines that are before us, the most responsible thing to do was to have the government deal with the report.

As I acknowledged, at the end of the day, when it comes to policy, the commission is an advisory body. Government will be held accountable for policy. That is how it should be. I think we elected people should be held accountable for decisions when it comes to issues like gaming. We accept that, and we are prepared to accept the accountability for our decision.

We believe, based on the advice we have been given by Price Waterhouse and others, that is the best advice, that is the best recommendation, and we are certainly prepared to justify it and stand behind that recommendation.

**Ms. Mihychuk:** Mr. Chairman, we have seen this government conduct various reviews. The Child Advocate's office is travelling around the province. The chairman himself dealt with a major, major education policy review that was handled fairly quickly and very efficiently. I did not agree with the recommendations—but that is another matter—but the government has a record of being able to go out, work efficiently, come to a conclusion, listen to the public—and that, too, can be open to debate—and go out and get the job done. The minister himself has undergone a process of public consultation for the budget.

He has now decided on his own that this matter of gaming did not warrant going to an independent Gaming Commission. It was his decision. It was his decision, and I think that is what he is saying: he made it; he decided to take action; and, yes, he will have to stand accountable for not going to the Gaming Control

Commission, as I believe most would expect. It is, indeed, unacceptable that these issues were not put through to the Gaming Control Commission.

\* (1040)

I would ask the minister, there is still an opportunity to right this wrong. There is still an opportunity to get the so-called independent Gaming Commission operating and review these matters, allow for some public consultation. Let us hear what the Gaming Commission would have to say on the recommendations presented by Price Waterhouse.

**Mr. Stefanson:** Mr. Chairman, I think what the member seems to be choosing to forget is the work done by the Manitoba Lottery Policy Review group, the Larry Desjardins committee, which had, as I say, a broad range of individuals, a series of subcommittees. I am sure she has read the report, but I would encourage her to go back and read the report again because they undertook extensive research through a series of subcommittees. They also retained various consultants, a Dr. Margaret Beare, Department of Sociology, York University, on various law-enforcement issues. They utilized the Manitoba Bureau of Statistics. They utilized a company called Viewpoints Research Ltd., which, I am sure, she is quite familiar with, for various issues dealing with perceptions and habits and so on. They also conducted public hearings in Brandon, Dauphin, Thompson and Winnipeg. They also encouraged people to forward written submissions and received dozens of written submissions.

So, as a result of all of the research done by that committee, which, I believe, was an excellent committee and very reflective of Manitobans and a good cross-section of Manitobans, based on all of that research, based on all of that consultation, based on all of the input from the public, they made the very specific recommendation to us to hire an outside consultant to do a feasibility study relating to the issue of the Crystal Casino, which is one component of gaming in Manitoba. We accepted that recommendation. We retained the very credible firm of Price Waterhouse, so I do not think anybody would call into question their credentials or their credibility in terms of doing the kind of work. They also consulted with many

of the groups which have a strong interest in downtown Winnipeg, in particular. They did extensive research. They did extensive analysis. They then made a recommendation based on all of that, that Crystal Casino should be consolidated with the two existing entertainment facilities.

So I believe in terms of public input, in terms of research, in terms of consultation, in terms of everything that should be done for this issue, there has been a significant undertaking. What the member seems to have difficulty with is ultimately you have to make a decision, and for a whole range of reasons we had to make a decision whether they are combined with timing issues, and they are combined with the issue that the Crystal Casino is in fact closing in 1999 and a decision had to be made in terms of its future.

Based on all of that research and input, Mr. Chairman, we accepted the recommendations from Price Waterhouse. We believe they are in the best interests of Winnipeg. They are a reduction of one casino into a consolidation with two entertainment facilities, and we believe it is a very responsible, a very prudent and the right decision for Manitoba's economy, for Manitoba's tourism industry and to remain competitive in terms of attracting people to our gaming facilities in Manitoba while still balancing that fine issue that all governments are walking in Canada of striking that right balance in terms of making gaming available to your own citizens but doing everything we can as a government to be sure that gaming does not become a problem in Manitoba.

**Ms. Mihychuk:** Can the minister tell us if a political staffperson, a special assistant from former Minister Ernst's office has now been seconded or moved to the Lotteries department?

**Mr. Stefanson:** Mr. Chairman, well, I have had, as the member knows, responsibility for the Manitoba Lotteries Corporation since 1995, so in terms of a special assistant of mine, there has been no change in that area. There was an opening recently in Manitoba Lotteries Corporation for an internal audit position that was bulletined both inside and outside. A process was undertaken to fill that position and a former SA of the

former Minister responsible for Lotteries was the successful applicant for that particular position.

**Ms. Mihychuk:** Does this individual have any responsibilities to do with the independent Gaming Control Commission?

**Mr. Stefanson:** The short answer is no, but because of the nature of the internal audit function, there will be reviews to be sure that the Manitoba Lotteries Corporation is complying with all of their regulations and so on. So I guess you could say, very indirectly there is a relationship to just being sure that the Manitoba Lotteries Corporation is performing their function and the commission is performing theirs. There is no direct involvement between this individual and the position that he is in with the independent Gaming Commission, no issues that they deal with on a day-to-day basis. I guess with a lot of the issues that the Lotteries Corporation will have, there is going to be indirect relationship between the corporation and the commission because of the definitions of the responsibilities that they have, and an internal audit function is a review of those kinds of issues, compliance with regulations and so on. So, in a very indirect way, you could argue that there is some relationship, but that is long bone, Mr. Chairman. If the member is suggesting, is there direct interrelationship on a day-to-day basis or on an issue-to-issue basis, the answer is, no, there is not.

**Ms. Mihychuk:** What type of supports was the minister referring to when he was saying that it is a process to get the Gaming Commission established? Presumably he was implying there is staff time being spent to establish this, and is it being directed by a staffperson? Can he, perhaps, elaborate on how this is working?

**Mr. Stefanson:** Mr. Chairman, I hope I understand the question correctly. The transition to the Gaming Commission is mostly being driven by staff out of Consumer and Corporate Affairs, the deputy minister and other staff in that department. Obviously, there is interaction with the Lotteries Corporation because there will be some 25 or 30 people transferred from the Lotteries Corporation to the Gaming Commission. As I outlined very briefly, areas like licensing are being transferred to the commission. That is an existing

function. Audit and investigation is an existing function; that is being transferred to the Gaming Commission. To a certain extent, hearings take place at the current corporation; some of those functions are being transferred. So, in terms of the commission, they are taking on some new functions when it comes to issues like registration, like technical compliance, like policy input and recommendations to government, but they are also taking on some existing functions.

In terms of the shifting of people and functions and technology and so on, there is this interaction between Consumer and Corporate and the Lotteries Corporation, but the shift to the new commission is basically and primarily being driven by staff from within Consumer and Corporate Affairs.

**Ms. Mihychuk:** One of the other decisions with that announcement that was made on May 22 was the decision to bring alcohol into the casinos. I know that there has been some concern about that. People have raised questions. Those concerns, presumably, should be going to the Gaming Commission, which, in some documents I have, indicates that it will be dealing with public grievances and concerns about gaming. Can the minister elaborate on those concerns and what the government intends to do about those?

**Mr. Stefanson:** Mr. Chairman, again, that issue of whether or not to serve alcoholic beverages was one that was recommended by the Desjardins committee be part of the feasibility assessment, and that did include part of the terms of reference that were then provided to Price Waterhouse to address that issue. They have done just that. They have made a recommendation that we do provide food and beverage services as well as additional entertainment in these facilities. I believe they have done that for several reasons. Certainly, one is that consumers are looking for more amenities in these facilities. Another one is to compete with the many facilities that Manitoba is competing with in terms of attracting tourists to Manitoba. The indication from tour operators and people in the industry is that you have to offer some of these services.

I would suggest that again, by comparison, we have taken a more modest approach, that as the member I believe knows, the suggestion is that alcoholic beverages be allowed in a lounge and/or restaurant in

the facility but not be served at the individual tables, unlike many of the other casinos that are out there. One good example is the Casino Regina which offers full-scale liquor services right throughout their facility, serving it at the table and so on. We did not think that was the kind of approach that we should follow here in Manitoba. I happened to notice, subsequent to that, the comments of the executive director of the Addictions Foundation of Manitoba, and certainly his comments relative to that issue were not critical, that in fact he said there might well be a positive side to that, that in many ways it encourages people to take a break from gaming activities and as a result that can be beneficial to them.

\* (1050)

So, Mr. Chairman, again, the Desjardins committee recommended this be assessed independently. It was assessed by Price Waterhouse. It has provided part of their recommendation by comparison to many of the facilities that Manitoba is competing with out there. This is a more modest approach. We believe, again, it is the right approach, that it will offer amenities. Again, I am told that organizations in Manitoba, like the Hotel Association and the restaurant and food services, in principle, do not have a problem with these amenities being offered in these facilities. I think they just want to be sure that there is no cross-subsidization from gaming activities to other amenities, and we certainly will undertake to be absolutely certain that cross-subsidization does not take place. They have also asked whether or not they can have an opportunity to bid or tender on any services that will be provided, and we are certainly prepared to take a look at whether or not to move forward on that kind of a basis.

Again, it has general support from those sectors, from those industries and it will meet consumer demand out there. It will also provide additional amenities to attract more tourists to Manitoba.

My point of view, Mr. Chairman, is that it is recognizing the changes that are taking place and dealing with it based on the best expert advice and in a responsible manner.

**Ms. Mihychuk:** The announcement also indicated an expansion of the two casinos to the tune of \$50 million.

Each facility in 1993, as indicated here, cost \$15 million to build. So that was a total cost of \$30 million, and now we are adding an additional \$50 million. That, to anyone who looks at some dollars, looks like a fairly significant porch. This is a massive expansion. Can the minister tell us what type of facility we are going to see and the number of gaming tables and options that will be in those facilities?

**Mr. Stefanson:** First of all, Mr. Chairman, just to correct the record in terms of the capital expenditures on the existing facilities, Club Regent has cost approximately \$25 million and McPhillips Street, approximately \$32 million to date. Those are the capital costs of both of those facilities to date, so the kinds of dollars provided for the expansion are certainly not out of line with past investments in those facilities.

I know the member has read the Price Waterhouse report, but I would very much encourage her to read it again because I heard some of her comments the day we released the report, and if I understood them correctly, she was suggesting we should be building a downtown casino. The Price Waterhouse report prepared various scenarios that showed, in one case, the development of a downtown casino with the shutting down of one of the entertainment facilities. They also reviewed a scenario of keeping the entertainment facilities open with a downtown facility, a downtown casino, and clearly, based on their economic analysis and other factors, indicated that that was not the prudent thing to be doing.

A downtown facility is estimated to be some \$70 million to \$90 million. So again, on the one hand, the member is talking about the investments in these additional facilities which would be a total of \$50 million, and even if you built a downtown casino, you still would have to make a significant investment in the existing facilities to enhance and maintain their competitiveness and so on. So on the one hand she seems to be critical of an investment in those two facilities, but if I understood her correctly, a few weeks ago was advocating investments well beyond what are being proposed by Price Waterhouse and what are being accepted by us.

As I indicated the day we released this report, the most immediate decision that had to be made was the

future of the Crystal Casino. We have indicated we are accepting the recommendation to consolidate it with the two entertainment facilities. I indicated very clearly to the public that day that in the next several weeks we will be coming forward with detail design plans on both of the existing entertainment facilities, and at that particular point in time will be outlining what the impact is on table games and what the impact is on slot machines. I think, as the member knows, there are no VLT machines in the gaming facilities or the casino, but there are slot machines in those facilities. So when we come forward with the redesign plans, we will be outlining both the physical reconfiguration, restructuring of those facilities, and at the same time, we will be outlining very clearly what will be inside of those facilities in terms of numbers of table games and VLTs and so on.

Again, I welcome the opportunity to provide that information to the member in the weeks ahead and to obviously have further discussions on the issue.

**Ms. Mihychuk:** In the Winnipeg Free Press article June 11, 1993, the reporter cites that each facility, the McPhillips Street and Regent, cost \$15 million each to build. Was that correct at that time?

**Mr. Stefanson:** Mr. Chairman, just to be clear, the figures that I gave the member were the capital investments in the two facilities to date, \$25 million for Regent, \$32 million for McPhillips. That includes building costs, land costs, obviously equipment costs, and also ongoing improvements that have been made since they first opened. They do attract an awful lot of people, as we all know. In fact, two million people a year go through each of those facilities. Obviously an awful lot of traffic. Over these handful of years has been reinvestments in the physical part of the building from new carpeting to other improvements. So the capital investment in those facilities in total to date are the figures that I have provided, and I think that is probably the difference. I think that, when they were first announced in terms of the development of the shell of the building, it might well have been about \$15 million per facility in terms of the development of the shell, but in terms of the total capital cost at the facilities, they are the numbers that I have provided the member here today.

**Ms. Mihychuk:** Well, that is indeed a staggering figure: for renovations and carpet renewal, an additional \$17 million at McPhillips and Regent. Those are awfully expensive parrots, and the train—but I know that is not the only renovation. How can the minister justify such massive capital investment in these two facilities when we see other public buildings deteriorating, such as public schools? It is just incredible that we would invest \$77 million into the casinos over the past four years.

**Mr. Stefanson:** Well, Mr. Chairman, good question, and I am glad the member raises that. Again, I think one of the issues you have to look at with the gaming is the whole issue of economics, and we certainly do that. Those three facilities generate approximately \$70 million. So, again, the return on the investment has been very significant for those facilities, and, obviously, that is to the good of Manitobans because that \$70 million comes into our general revenue and it comes in as general revenue. As a result, 34 percent of it goes to health care in Manitoba and 19 percent of it goes to education in Manitoba and so on.

\* (1100)

That is why I want to get to the member for St. James's comments when she first responded to this report, because if she is now making economic argument she is totally contradicting her comments the day the report was released. She was out there arguing for a \$90-million investment in a downtown casino. If you read the Price Waterhouse report, that economic investment is so ludicrous that they do not even recommend it. The point that she is looking for, for investment for money to be used in other areas, they do not even suggest even potentially considering that on the basis of economics. So, if she wants to argue economics, the recommendations we have before us are by far the most responsible.

They are going to allow this government to have the resources to invest in health, to invest in education, to invest in downtown Winnipeg, to do all of the things that Manitobans are in fact looking for. If we were to take her path, that money would not be available. She would be spending \$90 million in a downtown casino that on an overall basis would significantly reduce the revenue that is available for Manitobans to use for these

very important services and not add anything to the tourism industry, Mr. Chairman. So, again, do not try to argue both sides of a point when you have already staked out your ground on a downtown casino. Go back and read the Price Waterhouse report and look at their recommendations, and on the basis of economics, as one consideration, the recommendations of the Price Waterhouse report are definitely the most prudent.

We also believe they are the most prudent for a whole range of other reasons, Mr. Chairman, and that is why we are prepared to accept them. But, on her point that she is just raising now on economics, this is the most responsible recommendation.

**Ms. Mihychuk:** Well, I also think investing in our children is economically sound, and we know that for every dollar invested in early childhood education we get a return of \$7. That is a very good return economically to the Minister of Finance, and I am sure he is aware. He chooses to invest in casinos; he chooses not to invest in our children. That is still a political debate, and the capital investment is a matter of priority, which the minister and I have discussed in another venue. So I think that the public will just be astounded at the amount of renovations that have actually undergone in the two casinos.

Can the minister tell us: Are there going to be additional tables, bingo stations, baccarat, et cetera, in the new expanded facilities at Regent and McPhillips than is presently available? What is available in Crystal will be redistributed, but will there be an expansion of gaming?

**Mr. Stefanson:** Mr. Chairman, I do not want to get into a debate, but I think it is important for the member to understand that we have been very cautious with how we invest money in facilities. We also relate that investment back to what the return for the taxpayers of Manitoba is going to be, and our performance in that area is amongst the best in Canada in terms of being modest with our investments and still getting a reasonable return and still attracting tourists.

Again, I would indicate very clearly to the member, as a result of that, from these three facilities alone, that is \$70 million which is used for the very purposes that she talks about. So I do not think we disagree in terms

of the importance of some of the issues she talks about: early childhood intervention, the importance of health, education, and so on. We are certainly prepared, again, to stand by our decisions in those areas, and the money provided here helps in a small way to contribute, as I say, because it does come into general revenue. So 34 percent of that money goes straight to health care; 19 percent goes to education; and it goes to all of the priorities of our government. That is in keeping with the recommendation of the Provincial Auditor, and I believe, again, is the most responsible way to deal with the revenue generated by our gaming facilities.

Mr. Chairman, in terms of the consolidation of the existing facility with the two entertainment facilities, as I indicated the day we released the information and as I have indicated already here today, we will be coming forward with the complete redesign very shortly. We will be coming forward with the impact on the games that are available. There will be no expansion of bingo, but we are looking at the issue of the number of slot machines. We are looking at the issue of the number of table games in terms of the shift from the Crystal Casino. We are also looking at the interrelationship with Assiniboia Downs and a few issues.

One of the requirements that we believe is out there for the tourism sector is to segregate smoking and nonsmoking. That currently does not exist in the facilities, so part of the redevelopment will be the establishment of nonsmoking areas which are, again, in keeping with the demands and wishes of society and in keeping with the demands and wishes of tourists.

So those are some of the kinds of changes. In terms of what the final number will be on slots, final number on table games, as I have indicated, we will outline that very clearly when we come forward with the redevelopment plans for these two facilities, Mr. Chairman.

**Ms. Mihychuk:** My question to the minister is related to the decision to actually close the Crystal Casino, and he is absolutely correct, my position, our party's position is to look at the overall benefit to the city of Winnipeg, to the downtown core, and our commitment is clear. If we were looking at the expansion of gaming facilities, I think that a broader vision is required, and that is on the record, as the minister has stated.

Can the minister explain why he chose to accept the Price Waterhouse report, which basically looked at the advantages to the corporation itself, that clearly more revenue would be generated from expanding the McPhillips and Regent facilities, rather than looking at the overall benefit to the city of Winnipeg, to the core at the heart of our city by having a facility here? We would argue that indeed the government chose to look at its bottom-line go for optimizing its revenue in the short term while sacrificing the downtown area of Winnipeg.

\* (1110)

**Mr. Stefanson:** Mr. Chairman, I guess I am curious on what basis the member comes to her conclusion in her decision, what research, what data, what information, because certainly the work done by Price Waterhouse did not find any concrete data or information to support the position that she has staked out for herself and her party.

I will not go back and read all of the information provided back on the day we released the Price Waterhouse report just a handful of weeks ago. When we released the information on May 22, in fact, we attached a detailed question and answer dealing with many of the issues that she has raised here today and, in particular, the issue of a downtown casino. Obviously, the decisions we are making, Mr. Chairman, we believe are in the best interest and to the advantage of both Winnipeggers and all Manitobans, and they are done for several reasons, from economics to tourism and so on, and we outline that very clearly in the question and answer.

But I think it is an important issue, and I acknowledged that the day we released this information publicly and to the media, that one of the most difficult issues I believe addressed by Price Waterhouse and one of the most difficult issues addressed by us in terms of accepting the recommendations is this issue of downtown Winnipeg, because I think we might disagree in terms of how we deal with the challenges of downtown Winnipeg, but I think we all agree there are some challenges facing downtown Winnipeg.

But, again, there is no information, no data, no other jurisdictions to compare it to—in fact, many jurisdictions

have their facilities outside of their downtown—that supports significant economic benefit to downtown Winnipeg by having the casino. As I pointed out to the member in response to a question, if there was a significant economic spin-off, you would think the Hotel Fort Garry would be fighting tooth and nail to keep the facility. Quite the opposite; they want the facility out. They believe they can do better in other areas, whether it be banquets or other development or other attractions and so on, Mr. Chairman. So that is a very specific case where the casino currently exists and the hotel is not fighting to keep it.

I think there are other issues facing downtown Winnipeg. I think there are issues like housing development in downtown Winnipeg, potentially some of the street improvements and so on. There are issues that the City of Winnipeg, in conjunction with the public, with the private sector and with other levels of government, should be addressing over the next few years, and we are certainly prepared to be a part of addressing those issues.

We also, Mr. Chairman, as a government, look very seriously at where we locate government employees; and, if we have an opportunity to locate government employees downtown on a cost-effective basis, we certainly do just that. In fact, just this last week I think members are aware that the Workers Compensation Board made a decision to buy a building here in downtown Winnipeg. They are consolidating most of their offices, consolidating some offices in downtown Winnipeg. Some 390 employees will now be located in downtown Winnipeg. There is significant enhancement of the number of facilities that are now coming downtown, so they are consolidating more of their people and more of their services in a building downtown. That is one example of government employees, government-related offices coming to the downtown. So there are many things that we can, and should, be doing to dealing with downtown Winnipeg.

**Mr. Daryl Reid (Transcona):** Like selling your house and moving two blocks over.

**Mr. Stefanson:** The member for Transcona (Mr. Reid), I would encourage him to get the information from the minister responsible because it is a

consolidation of, I believe, three or four offices into a downtown building, and now some 390 employees that will be at this downtown. I am assuming he is arguing against the consolidation of those facilities in downtown Winnipeg, which contradicts the colleague from St. James (Ms. Mihychuk). So first the NDP argue both sides of the economic issue; they are now arguing both sides of the issue of relocation of downtown government employees. I guess that is the luxury of being in opposition, that you can always argue all sides of all issues, Mr. Chairman. We are in government. We cannot do that. We have to make decisions. We have to make responsible decisions, and we have done just that by accepting the recommendations of the Price Waterhouse report.

So, again, I encourage her to read the question-and-answer that was attached to the press release that was released, Mr. Chairman. It deals, to a significant extent, with the kinds of issues she is talking about in terms of downtown Winnipeg, and I know she was advocating the development of a downtown casino at an additional \$70 million to \$90 million. If we have \$70 million or \$90 million additional to invest, I believe there are many other initiatives that we have that we can invest in, in downtown Winnipeg that will do more good for all of the citizens and for the long-term well-being of downtown Winnipeg and the economy of Winnipeg than a casino. I think there are all kinds of other initiatives that can provide significantly more people, significantly more economic activity, and be much more in terms of the long-term benefit.

Just to conclude, Mr. Chairman, it happened coincidentally at that time that we released the report; the North Portage Development Corporation was doing a review of downtown Winnipeg. They had another independent consultant in town at the time, and it was covered in some of the local media. He himself, a consultant in urban planning and so on, very clearly pointed out again that there was, from his perspective, no major economic spin-off to housing a casino downtown. Again, that was another consultant completely unrelated and independent to this, determined by the North Portage Corporation, because of their interest and the review that they are doing in terms of looking at downtown Winnipeg.

I guess the last point is the current entertainment facilities and ultimately the expanded facilities, reconfigured facilities. They currently attract and will be attracting about 300 bus tours. The majority of those bus tours do stay downtown, so the hotels downtown are getting the benefit of that, and downtown does get that direct benefit of the people staying in those facilities.

**Ms. Mihychuk:** Well, the minister wanted to know where we get our information, and that is from actually listening to people, listening to downtown stakeholders like the Downtown Biz. I also happened to have a meeting with, was involved with a meeting with the Manitoba Hotel Association on the very day that the government, the minister, announced this decision. They were shocked and disappointed. They, too, are supporting the location of a casino downtown if there is to be such an expansion. So we do listen to the stakeholders, and we know that the government's record, this minister's record is not to listen to the downtown stakeholders, not to provide opportunities for the public to consult, not to take his recommendations to the independent gaming review commission. So our basis is not only the Price Waterhouse report, but also listening to the stakeholders in downtown. I would suggest to the minister—is he going to invest an additional \$70 million in the downtown area? I think not. We have not seen a commitment by this government to invest in the downtown. What we have seen is them pulling out. The minister has the nerve to talk about employees being moved downtown.

The minister is not aware that the Department of Energy and Mines has just pulled out of the Eaton centre and has now located in the riding of St. James. I mean, instead of investing in the downtown, they have moved that department from Eaton's to Empress and Ellice, I believe, close to the SIR store. So the minister needs to get his facts straight. We just expended a considerable amount of money to move those employees from the downtown to establish outside of the downtown core, and I understand from my colleague from Transcona that the example that he gave on the other department is a matter of a few blocks. So the minister, if he is talking about a commitment, needs to review what his government is doing. Short-term rent saving was the reason for moving Energy and



Mines out of the downtown. Those employees were spending their money for lunch in the downtown core, were spending money shopping downtown. This government chose to move those employees out of the area, chose to not invest in the downtown for the casino, chose to expand the more suburban casino locations. So this government does have to justify its record.

Whom do we listen to? We listen to Manitobans. We listen to the downtown stakeholders, and we listen to those who have concerns about the downtown core. We were the ones—actually, the example of Energy and Mines that I cite is particularly relevant since it was the NDP government that actually brought them, brought them from Century Street, another area outside of the core, to the downtown to rejuvenate the downtown area, and it was this government that decided to move them out. That only happened, I believe, two years ago.

So the minister needs to get the facts straight. In fact, his departments are choosing to make these decisions. Perhaps there needs to be more consultation with your various ministries. If the Minister of Finance (Mr. Stefanson) does have a commitment to the downtown, then perhaps he should tell his ministers and inform them that such a move is actually going opposite to government policy, because their record stands for itself pulling out of the downtown in many, many sectors. How many closed, out-of-business signs do we need to see in downtown Winnipeg before we see a real change in policy? When the minister says that, if he had \$70 million to invest in downtown Winnipeg, he would do it other than a casino, well, how much money is this minister prepared to invest in downtown Winnipeg?

\* (1120)

**Mr. Stefanson:** Mr. Chairman, the issue of input is an important one that the member raises, and the Price Waterhouse consulting group certainly had input from various organizations in downtown Winnipeg. I had opportunities to meet with some of them. But, again, that is one component of looking at an issue. It is not the only component. It is an important component, but obviously you have to do your research, you have to do your analysis, you have to do your economic impact,

you have to look at tourism, you have to look at all of these factors. That is what Price Waterhouse was mandated to do, and they then, as a result of that, made their recommendation to consolidate the Crystal Casino with the two existing facilities.

The member talks about the investment in a downtown casino which the NDP support, investing what Price Waterhouse indicated is approximately \$90 million that they would take and invest in a downtown casino, with no hard data to indicate that it in any way generates any kind of an economic return, that it enhances tourism beyond what is being proposed. But they would take an additional \$90 million and invest it in that area. I am suggesting to members opposite that in terms of the best interests of Manitobans there are many better uses for that money as it goes to contributing to health care, contributing to education, and, yes, contributing to various initiatives that might take place in downtown Winnipeg whether they are related to housing, whether they are related to other economic development initiatives or whatever, Mr. Chairman.

As well, I do remind—and I referred to it, but I happened to pull the article that was in one of the daily newspapers, and it was the North Portage Corporation that had this consultant. It says: Earlier in the day J. Wollenberg, a consultant hired to report on ways to revitalize Portage Avenue and downtown Winnipeg, told business people that casinos provide very little in spin-off.

So, again, it is important to look at all aspects of an issue. That is what Price Waterhouse has done; that is what we have done. In the terms of the best interests of Manitobans, we are prepared to accept their recommendation and have accepted their recommendation. This issue of a downtown casino, we believe there are many other things that can and will be done by our government. We will continue to support relocation of employees downtown where it makes sense, and we have done that in a great number of areas, Mr. Chairman. We will continue to support initiatives that bring more people downtown either to live or to work or to spend time.

But to think that a downtown casino is the solution for all of that is kidding yourself and kidding the public.

It does not stand the test based on economics. It does not stand the test based on tourism. It does not stand the test under any of the factors that should be reviewed in a prudent and responsible way, which Price Waterhouse did. It does not stand the test of experts in urban planning from other jurisdictions. So it is the most responsible recommendation, and that does free up that additional revenue to do all kinds of other things in the best interest of Manitobans.

I would ask the member opposite where she would come up with the \$90 million. Would she reduce health care funding? Would she reduce education funding? She would not have money to fund housing initiatives or street development initiatives. Where is she going to come up with this money, Mr. Chairman, when the best research and best analysis shows that it does not create any incremental dollars for gaming in Manitoba but that the best approach is to consolidate the Crystal Casino with the two existing entertainment facilities?

**Ms. Mihychuk:** The minister talks about tourism, but we know that gaming in Manitoba has not made a significant impact on tourism. Tourists are only 10 percent of the frequenters of the casinos, 10 percent now. I ask the minister—that is a fairly low percentage when you look at the overall numbers coming into the casino. The minister's strategy on attracting tourism obviously has failed. Why does the minister keep on talking about tourism when, obviously, the market here, the major users are local people, are Manitobans that are coming to casinos, not tourists? Will he put on the record the number of tourists that come to Manitoba to use our casinos, put on the record the number, the percentage now, what it was in 1993, and what his projections are?

I mean, we are talking about a market that is basically local. It is local Manitobans using the casino primarily. How does the minister see this investment, \$77 million, \$50 million now for the expansion, is going to bring in more tourism? This is actually to maintain our market share of local Manitobans frequenting casinos, and I think the record should be put straight on tourism.

**Mr. Stefanson:** Mr. Chairman, the member is right today about 10 percent of the visitors to the facilities in

Winnipeg are tourists. That is about 400,000 people, just under 400,000 people, so there certainly is—

**Mr. Reid:** Mr. Chairman, 10 percent of two million?

**Mr. Stefanson:** Two million in each facility, okay, that is four million; 10 percent is 400,000—[interjection] Yes, the two million that I referred to earlier was at each facility, so that is about four million people in total; 10 percent is about 400,000 visitors that are tourists at each of these facilities. But again, I encourage the member to review the Price Waterhouse report again. It has a map in it—one on page 20 and one on page 2—that shows the kind of competition that is out there both in Canada and in the United States, particularly the northern states adjacent to Manitoba—North Dakota, South Dakota, Minnesota and so on—and she can certainly tell by the number of stars indicating the significant growth in terms of gaming facilities in all of these other jurisdictions.

So I think when you look at that, you look at the increased competition, you look at the ads that are being run by the Regina casino and so on, you have to look at a couple of issues. You have to first of all accept that there are Manitobans who do want to participate in gaming and will participate in gaming whether it is available here or in other jurisdictions. So for the Manitobans that do want to participate in gaming, it certainly is preferable to allow them to do it here in our province to keep that investment, that money here in our province, to allow that money to be used for all of the areas that government uses it for—health, education and so on.

I think you have to accept the premise there are Manitobans that will gamble, and if you do not have it available in Manitoba, they will go to Regina, they will go to North Dakota, they will go to Minnesota, they will go to South Dakota, they will go to Ontario. They will go to all of the other areas that are in close proximity and participate in gaming. That would be the worst situation because that would be money taken out of our economy, but obviously there are still Manitobans, and for the few that potentially would have some problems from that, they would be our responsibility, and should be our responsibility, but at least by having gaming available for those that want to

participate, those dollars are left here in our province to provide the services that all Manitobans want.

In terms of tourism, if you go back to 1993, Mr. Chairman, there were zero bus tours in Manitoba. Today, there are approximately 300 bus tours coming to our entertainment facilities in Winnipeg, significant growth over a four-year period of time, and the expectation is with some of the amenities, some of the improvements, that in the next few years those number of bus tours can probably double. So there has been significant growth in terms of bus tours coming to Manitoba over the last three to four years, and there is the opportunity, through providing some of the amenities that we have already discussed here this morning, to obviously attract more bus tours to our province. So tourism is a significant part of enhancements to gaming facilities in Winnipeg, but obviously also providing the amenities for Manitobans who want to participate is also important. So again you have to look at the issue in terms of all of its aspects.

**Ms. Mihychuk:** Well, I believe that the government is going down a road that is going to lead not necessarily to people staying at home. In fact, I think it has done exactly the opposite. The availability of people to access casinos has made it an everyday event for many people or a fairly regular entertainment option. These people who may have never gone to other casinos are now choosing to go on bus trips down to the States, to Regina and elsewhere, so if anything, we probably have increased the number of people that visit casinos.

Can the minister tell us whether there has been a decrease in the numbers of Manitobans going elsewhere to frequent casinos?

**Mr. Stefanson:** I apologize. Could the member just ask—

**Ms. Mihychuk:** My question is: Have we seen a decrease in the numbers of Manitobans crossing the line to go and frequent other casinos outside of Manitoba?

\* (1130)

**Mr. Stefanson:** Mr. Chairman, just before I respond to the very specific question, sort of the preamble from the

member was an interesting one, because I am not sure what she is arguing for when she talks about Manitobans accessing the two entertainment facilities or the Crystal Casino. To the best of my knowledge, the first casinos of one type or another, although they were not permanent, were introduced under a previous NDP government at the Convention Centre and elsewhere. I do not recall her Leader or her party coming out against the two entertainment facilities or the Crystal Casino at any point in time. So, again, I am assuming that they have accepted that some Manitobans want to participate. They were a part, back in the '80s, of making that opportunity available for that reason, that some Manitobans did want to participate, so I am hoping that they accept the logic that if you do have Manitobans who want to participate, better to make it available for them here than to have them going outside of our province and taking those dollars.

I was a little confused with her opening comments because, based on their past decisions as a government and based on their policies during the election, my understanding was they recognized a need to provide some of that. We might disagree in terms of how we provide it and so on, but they have accepted that principle.

Her question about the decrease in terms of Manitobans going elsewhere to participate in gambling or gaming, that cannot be tracked directly, but the numbers of Manitobans leaving Manitoba over the last several years has been decreasing significantly. Now, that has been for a whole range of reasons. Obviously the exchange rate on dollars has had an impact. [interjection] The border crossing is a stat that is available and obviously we monitor that and assess that. We have been pleased to see more Manitobans staying in Manitoba, I believe for a whole range of reasons. More Manitobans are taking their holidays in Manitoba, particularly in the summertime, enjoying all of the events and so on. I think with the kind of focus on encouraging Manitobans to stay in Manitoba that has been taking place, I believe that gaming might be one component of that, the fact that they can access the opportunity and the amenities here at least minimizes the numbers who are wanting to leave Manitoba to participate in gaming, but there is no way of tracking that specific element of cross-border or Manitobans

leaving. Overall, Manitobans are staying much more in Manitoba, I believe, for a whole range of reasons.

**Ms. Mihychuk:** I am going to be concluding shortly and pass it over to my colleague from Transcona. From personal experience, my mother is a senior citizen who gambled occasionally in the past, and I think that she probably typifies a lot of seniors who have now used the casinos as an ability to do various entertainment functions—and I am not going to argue about that. She goes and spends her \$20 and enjoys it, but I do know she frequents the casino much more, and she, in fact, does take bus trips down to the States.

I know that is a fairly common event now for many seniors, to hop on a bus trip and go down to the States, and it has become a regular sort of entertainment function for many people. So, although we want to keep up, I guess, with the neighbours, and they are choosing various facilities, I think that we can probably fairly say that Manitobans are bigger gamblers now, accessing gambling to a much higher degree and are choosing, again, to probably go to experience casinos and other facilities as well.

So what I am looking for is for the minister and for the government to present its five-year or at least a three-year plan on gaming, for what is Manitoba's future in gaming. What is the vision that the government has for Manitoba gaming? I will use that as my final question and turn over the questioning to my colleague from Transcona.

**Mr. Stefanson:** Mr. Chairman, just to conclude the previous issue we were talking about, I guess one other bit of information is, of course, the Manitoba Lotteries Corporation. They do survey people who attend the facilities, and those surveys have found over time that the people who are inclined to want to participate in gaming that the member refers to have indicated if there are more amenities such as food and beverages and entertainment, that they would certainly reduce their trips to the United States or the likelihood of them wanting to go to the U.S. or to go to Saskatchewan or to go elsewhere. So offering amenities is one element of providing the opportunity for Manitobans who want to participate to stay here.

In terms of her last specific question, that is one of the three fundamental recommendations from the Price Waterhouse report, that the development of a long-term strategic plan should be undertaken. Again, as the member knows, we were in a period of a moratorium for a long period of time until the Desjardins report came forward, and since the Desjardins report has come out, it has been the foundation for many of the policy decisions on gaming. It has been the basis of reducing VLTs by 650 machines, of eliminating lifestyle advertising in Manitoba, of dealing with a feasibility study and so on.

We will be completing a long-term strategic plan within the next several months, and that will be the basis for the Manitoba Lotteries Corporation in dealing with gaming issues over the next five years. So I look forward to us completing that document and being able to, obviously, deal with it in the months ahead.

**Mr. Reid:** Mr. Chairperson, I have sat here and listened with interest to the comments of the Minister responsible for Lotteries. Club Regent is situated directly within the community of Transcona, and my questions will be pertaining essentially to that particular facility and what the plans are with respect to expansion staffing and some of the problems that have been drawn to my attention by some of the patrons of that particular facility.

I want to ask, though, because the minister referenced a short time ago that there is some \$50 million of planned expansion for the two facilities, McPhillips Street Station and Club Regent, is there a breakdown on the cost? Is that money going to be split \$25 million for each of the facilities. What is the ratio of your intended expenditures for the capital expansion?

**Mr. Stefanson:** Mr. Chairman, as the member knows, the Price Waterhouse report was released on May 22. The direction was given to the Lotteries Corporation to start finalizing those plans. As I have already indicated today, that will be done over the next several weeks. But approximately 50-50 at this particular point in time, but we will be able to speak more specifically to that when we come forward in the next several weeks, but at this particular point in time roughly \$25 million per facility.

\* (1140)

**Mr. Reid:** Can the minister also tell me, because it is my understanding that there may be some difficulties with the land availability for the expansion, which I take it since you are going to expand your facilities you are going to have an expansion of your patronage for those two facilities, you are going to require additional parking, is there sufficient land available that you currently have in your holdings for those two facilities, or are you going to have to expropriate existing properties to allow for that expansion in parking?

**Mr. Stefanson:** Mr. Chairman, at Regent there is enough land to provide the expansion that is anticipated and the necessary parking for the facility.

**Mr. Reid:** Can the minister tell me then, since it is my understanding you are going to move into the area of a lounge where there is going to be liquor served, and since you are going to have an expansion, you have already said, of the gaming tables, not only just the ones that are coming over from Crystal Casino into the two facilities but an expansion of those particular gaming tables, is there going to be liquor that is going to be served to those patrons in any part of the facility, including the gaming tables, or is it going to be strictly confined to the lounge area? Since you are going to have liquor into those areas, what steps are you going to take to ensure that appropriate security is in place, because you are now introducing liquor into a place that sometimes can be a relatively high-stress environment?

**Mr. Stefanson:** Mr. Chairman, first of all, the first part of the question, liquor will be available only in lounges or restaurants. So it will not be served at tables or at games or whatever. It will purely be in self-contained lounge and restaurant facilities. In terms of the number of table games and so on, again, as I indicated, in the next several weeks we will come forward with detailed plans in terms of the numbers and kinds of table games and what is happening with slot machines and so on. On the issue of security, those two facilities have a high level of security right now, as the member knows, in terms of personnel and in terms of technology in terms of cameras and other equipment. Obviously, that will all be maintained, and if it had to be enhanced would be enhanced. When it comes to the whole issue of serving

liquor in the lounges and/or lounge and a restaurant, they would certainly be abiding by the Manitoba Liquor Control Commission rules, regulations and so on. Again, I think I can give him a high level of assurance that security will be very adequate, very solid in both of those facilities as it relates to gaming activities, the serving of liquor and so on.

**Mr. Reid:** I just wanted to get some clarification on that, Mr. Chairman, because the minister said there would be no cross-subsidization as we know it. Although I have never participated in or attended the major gambling systems in the world, and we are talking Las Vegas here, it is my understanding that some of those facilities do serve liquor at your particular gambling station. The minister said there was no cross-subsidization, so I just wanted to find out whether or not there was going to be liquor served in those particular areas while people were participating in the gaming activities. Once you introduce liquor into those facilities, whether you serve it in a lounge or you serve it at the gaming station, there are still going to be potential problems that no doubt will occur, people moving from one area to the other, and I would expect it to create some problems for your security.

So I hope that the Lotteries Foundation is going to take steps to make sure there is adequate training for the staff in dealing with security matters. It is my understanding that they are not exactly the highest paid staff that you have in your facility there, but you may want to look at making sure you have trained people and have some particular plans worked out with the police forces at the various communities to make sure that there is going to be some plan in place to deal with any problems that may arise in that regard.

Another issue that has been drawn to my attention, since obviously you are going to have an expanded facility and you are going to have parking now that is going to be farther away, and I know you do have valet service in those areas, but a suggestion that came from one of the patrons, drawn to my attention, dealing with Club Regent that you may want to consider, that may in some way assist you, is if you have a vehicle such as an electric golf cart, for example, that could be utilized to shuttle your patrons back and forth between the entrance of your facility to their vehicles may assist some—

**An Honourable Member:** You need a daycare, too.

**Mr. Reid:** Well, I hope we do not need daycare. I know there have been people in my constituency who have called me, there are problems with children being left in vehicles, and I know I have drawn it to the attention of Mr. Funk before. But I draw that to your attention.

Another area that you may want to look at in the expansion of your facilities, and having gone occasionally to Club Regent to look at your facilities to see the conditions and to talk with patrons and staff, and as recently again as yesterday, one of the things that strikes me about that particular facility are the cramped quarters that you have between your machine stations. There is no aisle way for your staff to walk down to adequately serve the patrons in those particular facilities, and for the patrons themselves moving to and from the VLTs or the slot machines or whatever you want to call them, they are bumping into the chairs and bumping into the patrons, and it does create a problem with the lack of spacing in between. So when you are doing, no doubt, a restructuring or a layout of your facilities, you may want to look at an expansion of the aisle ways in between to allow for the free movement of both staff and patrons and to allow for improvements in the conditions of the environment there as well.

Another area that has been drawn to my attention, and I have noticed, is that on your peak times—it was not so bad last night being a Wednesday evening where it is not one of your peak nights or peak times of the day—there are still some difficulties with the air conditioning or the changing of the air in the particular facility where you have a high smoke environment. Your nonsmoking and smoking sections are not separated. There is no barrier in between them; there are no walls. I do not know how you would even consider having a smoking and nonsmoking section that are side by side with no barriers in between.

So, while last night it was not as bad as I have seen it in the past, no doubt in your peak times, you will have some problems. So, when you are doing your restructuring of your layout for the future that you would take into consideration some type of a barrier between, to allow those patrons—although I would

prefer to see total nonsmoking—that do wish to smoke to be not impinging upon the opportunities or the health of the patrons that do not smoke. So I hope you take that into consideration when you are looking at the layout of your facilities.

Another problem that has been drawn to my attention and I have noticed utilizing Regent Avenue is the number of vehicles that are eastbound down Regent and making a U-turn at the traffic lights. Regent is in an extremely high traffic corridor leading into and out of the community of Transcona, and for the number of vehicles that are pulling U-turns at that particular intersection to loop back to the Club Regent, it creates a traffic hazard. If there is any way that you can work out some process that would allow patrons wishing to utilize that particular facility from creating potential traffic hazards, I would encourage you to do so in conjunction with the City of Winnipeg because I can tell you, having had some near misses at that intersection myself on a westbound for traffic that is making that U-turn. It is no doubt I would expect it to be a daily occurrence and to minimize the risk to the health and safety of the people travelling that route and to minimize the cost for MPIC in the province, we hope you would work with the City of Winnipeg to make improvements in that regard. Perhaps the minister wants to comment on those areas that I have drawn to his attention at this point.

\* (1150)

**Mr. Stefanson:** Mr. Chairman, the first issue about, again, just concluding on the issue of liquor, I believe we are possibly the last casino in Canada to deal with this issue and as the members know, many of the facilities do provide full liquor service at the tables. The Regina casino does, as one example, and as we have already indicated that will not be the case in Manitoba, and there will be no cross-subsidization from the gaming activities to the lounge and restaurant facilities.

In terms of our security, a lot of our employees are ex-RCMP law enforcement officers and so on, and we are very proud of the skill level of those people. We certainly will make note of his concerns about the whole issue in security as we move forward.

The issue of golf-cart shuttling patrons and so on, again that is something we will look at and are prepared to look at because of the nature of the parking lots and the distances and so on that that is something we are prepared to look at in terms of making it easier for people to park their vehicles and access the facilities.

The issue of cramped quarters, we will be looking at again as part of the reconfiguration in terms of the amount of space, aisle space between activities, between machines and so on. The peak time, the air circulation units, those are going to be retrofitted. They are going to be done, in fact, I believe can be started almost immediately. It can be one of the first things that can be done as part of the redevelopment is to start doing the retrofit of the air circulation and so on. It is something that basically is in process and would be done basically irrespective of the whole redevelopment. So it is something that will be undertaken immediately in terms of retrofitting the air circulation. It is needed for the existing facilities and it obviously is needed for any expansion, so that is an issue that will be addressed immediately.

The issue of traffic has been an ongoing concern. I have not had any direct discussions with the City of Winnipeg, but certainly the Lotteries Corporation has. I think with some of the adjustments in terms of the parking lot relative to the expansion, there might be some other solutions. The Lotteries Corporation is going to look at other solutions to deal with that issue. That is a concern and I certainly would welcome any input and ultimately any support from the member for Transcona (Mr. Reid) in terms of dealing with the City of Winnipeg to try and find a mutually satisfactory solution. So it is a concern for the corporation and one that we are prepared to address and do our best to resolve.

**Mr. Reid:** If I might make a suggestion to the minister and to the Lotteries Corporation people is at that particular set of lights on Regent Avenue and Owen Street, Owen Street essentially dead-ends into Birchwood Honda, I believe. Perhaps that particular street could be extended northward into an area which I would expect may be your extended parking lot, and perhaps with the appropriate control signage indicating that the patrons for Club Regent would utilize that particular entrance to the facility instead of having to

make that U-turn creating a traffic hazard, and I leave that with the minister as a suggestion of perhaps one option that could be considered.

**Mr. Stefanson:** It is one option that the Lotteries Corporation is looking at. It looks like it might be the solution, and we are certainly prepared to keep you informed. We would welcome any assistance dealing with the City of Winnipeg.

**Mr. Reid:** I do not know for certain here but I want to ask the question, two questions actually. One is why has there been such a significant decrease in your advertising from 1995, which was the last provincial election campaign, from the various casinos that we have? It is down from \$250 million on the McPhillips Street Station advertising to \$39 million this past year. Club Regent is the same, \$259 million down to \$32 million. The casino is the same, \$345 million down to \$66 million, so there has been a significant decrease in revenue.

I want to know what activities have you no longer participated in with respect to advertising.

**Mr. Stefanson:** Mr. Chairman, really the whole issue of advertising was limited and restricted during the moratorium, and advertising within Manitoba to a large extent is not required. Manitobans recognize—those who do want to participate know about the facilities that are available, know about other opportunities that are available and so on.

We have basically directed the corporation that future advertising should be to attract tourists, which we discussed at length, and the majority of the focus of advertising for the Lotteries Corporation will be on attracting tourists from North Dakota, South Dakota, Minnesota, Ontario, Saskatchewan and so on.

**Mr. Reid:** Then I would expect your long-term plan with respect to advertising will not be within the boundaries of the city of Winnipeg and perhaps not even so much in the rural areas of Manitoba, but you will be going outside of the boundaries of the province of Manitoba to undertake any future advertising.

**Mr. Stefanson:** Mr. Chairman, when it comes to product advertising, the member is basically correct,

that the focus will be outside of Manitoba. There will be limited, if any, product advertising in Manitoba. The corporation does do other community involvement which you could say has an advertising aspect to it in terms of supporting various events, supporting sport events, art events, cultural events and so on.

From my point of view, that is part of being a good corporate citizen. They should be doing that within reason, but direct product advertising, advertising the products that are available, will be very limited in Manitoba and will be focused primarily on markets outside of Manitoba to enhance tourism.

**Mr. Reid:** Can the minister tell me how many staff are currently working at Club Regent? What is the anticipation with respect to the expansion, if you know, and what is the turnover rate for those staff?

**Mr. Chairperson:** Before I ask the minister for his response, as previously agreed upon, the committee was to rise at 12 noon and also to pass some reports. So I would suggest that we proceed with that.

**Mr. Stefanson:** Mr. Chairman, there are 304 employees at Club Regent. Average turnover is in the range of about 20 to 25 percent. It is the nature of this industry that is fairly common right across Canada, but Club Regent does employ 304 people.

**Mr. Reid:** Well, I have several more questions, Mr. Chairperson, but since we are close to the agreed upon

hour, perhaps there is a will to go through those particular reports then.

**Mr. Chairperson:** Okay, then, we shall proceed. Shall the Annual Report of the Manitoba Lotteries Foundation for the year ended March 31, 1993, pass?

**Some Honourable Members:** Pass.

**Mr. Chairperson:** It is accordingly passed.

Shall the Annual Report of the Manitoba Lotteries Corporation for the year ended March 31, 1994, pass?

**Some Honourable Members:** Pass.

**Mr. Chairperson:** The report is accordingly passed.

Shall the Annual Report of the Manitoba Lotteries Corporation for the year ended March 31, 1995, pass?

**Some Honourable Members:** Pass.

**Mr. Chairperson:** The report is accordingly passed.

The time is 12 noon. What is the will of the committee?

**An Honourable Member:** Rise.

**Mr. Chairperson:** Committee rise.

**COMMITTEE ROSE AT: 11:59 a.m.**