



**Third Session — Thirty-First Legislature**  
of the  
**Legislative Assembly of Manitoba**

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**DEBATES**  
and  
**PROCEEDINGS**

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28 Elizabeth II

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**2:30 P.M. Monday, June 11, 1979**

# LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 11, 1979

**Time: 2:30 p.m.**

**OPENING PRAYER** by Mr. Speaker.

**MR. SPEAKER:** Before we proceed I should like to draw the honourable members' attention to the gallery where we have 25 students of Grade 3 standing from the Snow Lake School, under the direction of Mr. David Holland. This school is in the constituency of the Honourable Member for Flin Flon.

We also have 20 students of 5 rade standing from the Cranberry Portage Elementary School, under the direction of Mr. Karl . Raczyskowski. This school is in the constituency of the Honourable Member for Flin Flon.

On behalfoof all the honourable members we welcome you here this afternoon.

Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . .

## MINISTERIAL STATEMENTS AND TABLING OF REPORTS

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. MacMASTER:** Mr. Speaker, I beg leave to table the 1978 Annual Report of the Office of the Fire Commissioner.

**MR. SPEAKER:** Notices of Motion . . . Introduction of Bills . . .

## ORAL QUESTIONS

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**MR. HOWARD PAWLEY (Selkirk):** Mr. Speaker my question is to the Minister of Tourism. Can the Minister of Tourism advise as to her policy pertaining to the issuance of public statements by her Deputy-Minister pertaining to policies within her Department?

**MR. SPEAKER:** The Honourable Minister of Tourism.

**HON. NORMA L. PRICE (Assiniboia):** I would like to know what the Opposition Leader is referring to.

**MR. PAWLEY:** Mr. Speaker, specifically I would like the Minister to advise as to whether or not the letter which was published in the Free Press by her Deputy-Minister, Rene Prefontaine, defending the Department of Tourism government policies, as against an earlier article in that same newspaper by one of the columnists was in fact done as a result of her authorization or was the DeputyMinister speaking for her and speaking government policy in respect to the letter.

**MRS. PRICE:** Mr. Speaker, it was done in agreement with myself. The article that was published by Barbara Cansino was not correct and we thought that it should be corrected for the readers.

**MR. PAWLEY:** Mr. Speaker, if in fact the article by the Tribune columnist was not correct, would the Minister advise why she did not write the article herself, why she left the writing of that article to her Deputy-Minister?

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. SIDNEY GREEN:** Mr. Speaker, I'd like to direct a question to the First Minister. I wonder

if the First Minister can tell us whether he has any recent information as to the status of the work interruption on the west coast caused by the fact that the company is unable to agree with the suggestions with regard to wages, as presented by its employees.

**MR. SPEAKER:** The Honourable First Minister.

**HON. STERLING R. LYON (Charleswood):** Mr. Speaker, I have no information other than that which all of us are privy to in the media, to the effect that Mr. Kelly has apparently negotiated some arrangement with management and labour with respect to the strike, and that a vote is being taken on it. That is all of the information I have at this stage.

**MR. SPEAKER:** The Honourable Member for Logan.

**MR. WILLIAM JENKINS:** Yes, thank you, Mr. Speaker. My question is to the Minister of Health and Social Development. Could the minister inform us whether his department has supported the bid of the City Council for 60 maintenance jobs for people who were on social assistance, that has recently been turned down by the Federal Government?

**MR. SPEAKER:** The Honourable Minister of Health.

**HON. L.R. (Bud) SHERMAN:** I can't answer that question directly, Mr. Speaker. I'll have to take it as notice and attempt to report back to the honourable member as quickly as possible.

**MR. JENKINS:** Well since Mr. Henderson, the Commissioner, had suggested that the city appeal the recent decision, would the department be supporting the appeal by the city for these jobs?

**MR. SHERMAN:** Mr. Speaker, I'll attempt to answer the questions of the Honourable Member for Logan in entirety and together and as quickly as possible.

**MR. SPEAKER:** The Honourable Member for Lac du Bonnet,

**MR. SAMUEL USKIW:** Yes, Mr. Speaker. I would like to ask the Minister of Health whether or not he's had an opportunity to look into the question that he took as notice the other day.

**MR. SHERMAN:** Yes, I have, Mr. Speaker, and I have some conflicting information. I thought I had a specific answer for the honourable member today. I presume he's asking about the question of whether insulin is covered under the Life Saving Drugs Program. I have to await some additional detailed information. I expect I should have it by tomorrow, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, I'd like to direct a question to the Minister of Health. Is the minister, Mr. Speaker, considering any legislation or other policy decisions respecting the anomaly which now exists whereby a single parent female has certain qualifications vis-a-vis social assistance and looking after her children, and a single parent male is in a much different position?

**MR. SHERMAN:** Not at this session, Mr. Speaker, but it's a subject that I have addressed myself and I'm prepared to continue addressing. I've asked for opinions from the Social Services Advisory Committee, and others in the social services field on the subject. I would say at this juncture, no change is contemplated, but I recognize that it's a contemporary question, and there might have to be contemporary solutions looked at.

**MR. GREEN:** Yes, Mr. Speaker. I wonder whether the minister, at this time, is able to say that there is certainly a possibility that a male single parent could have as much responsibility and as much invested of his time and his effort in looking after the upbringing of his infant children, as a single parent female.

**MR. SHERMAN:** I would concede, Mr. Speaker, that there is certainly such a possibility.

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**MR. PAWLEY:** Mr. Speaker, last week I directed a question to the First Minister dealing with whether or not he would extend the courtesy of providing members on this side of the House and other members of the Chamber with copies of his speech from the Canadian Association of Manufacturer's banquet, to which he had addressed and was wined and dined some time last week. Could we anticipate that within the next few days?

**MR. SPEAKER:** The Honourable First Minister.

**MR. LYON:** Yes, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for St. Vital.

**MR. WALDING:** Mr. Speaker, my question is to the Honourable Minister of Mines and it refers to the awarding of a catering tender contract at Birds Hill Provincial Park and the Minister's statement that it was on clause (d), the ability and willingness to provide efficient and economical service to the general public, that the high bid was rejected. I would like to ask the Minister what was in the tender that caused the Minister to question the ability and willingness to provide efficient and economical service to the general public and reject the high bidder.

**MR. SPEAKER:** The Honourable Minister of Mines, Resources and the Environment.

**HON. BRIAN RANSOM (Souris-Killarney):** My understanding, Mr. Speaker, was that that was an evaluation done by the departmental staff on the basis of past performance.

**MR. WALDING:** Can the Minister inform the House as to what the specifics were of the inability of the previous holder of the contract, who I understand had that contract for some 10 or 12 years, to provide efficient and economical service?

**MR. RANSOM:** Mr. Speaker, I don't have the specific details of that decision at hand right now; I could provide the honourable member with the reasons that were provided for me.

**MR. SPEAKER:** The Honourable Member for St. Vital with a final supplementary.

**MR. WALDING:** Mr. Speaker, can the Minister provide the House with details of how that evaluation was carried out?

**MR. RANSOM:** Well, Mr. Speaker, I could certainly advise the honourable member that. He is perhaps aware of how these sorts of evaluations have been carried out in the past, because the method that was employed in this case was no different than the method that was employed over the years of his administration and, indeed, in the previous administration to that.

**MR. SPEAKER:** The Honourable Member for Rupertsland.

**MR. BOSTROM:** Mr. Speaker, my question is to the Minister of Resources, relating to a question which I believe his Acting Minister took as notice while he was away. I believe it's something which the fishermen on the lake would like to know what the policy of the government is regarding the policy regarding the issuing of commercial fishing licenses of Lake Winnipeg. Mr. Speaker, can the Minister confirm that his department is not filling any vacancies, that is people that are retiring or ceasing, vacating a licence on a lake, that his department is no longer filling those vacancies?

**MR. SPEAKER:** The Honourable Minister of Mines, Resources and the Environment.

**MR. RANSOM:** That is correct, Mr. Speaker

**MR. BOSTROM:** Well, Mr. Speaker, can the Minister indicate to the House and to the fishermen on the lake, and those potential fishermen, people requiring licences, what the policy of his department is regarding the future of the fishing industry on Lake Winnipeg?

**MR. RANSOM:** We expect, Mr. Speaker, to very shortly be able to discuss those policies with the representatives of the fishermen.

**MR. SPEAKER:** The Honourable Member for Rupertsland with a final supplementary.

**MR. BOSTROM:** Well, Mr. Speaker, another area of concern which I had asked the Minister about before and he has not yet replied to, and that is regarding the issuing of wild rice permits. Can the Minister indicate whether or not he has a policy regarding the issuing of wild rice permits and whether it is one which follows the pattern that we had established of giving priority to the Indian people of Manitoba in issuing wild rice harvesting rights; or if he has a new policy and, if so, has he yet defined exactly what that new policy is?

**MR. SPEAKER:** The Honourable Minister of Mines, Resources and the Environment.

**MR. RANSOM:** Well, Mr. Speaker, the honourable member asked two or three questions and based them on a surmise, which is not correct in one sense. Our policy is not the same as their policy was, but our policy does in fact recognize the traditional interest that the native people have in harvesting wild rice. If he is referring specifically to leases and the question of whether or not a particular lease was valid, it is not the intention of our policy to abrogate the terms of any existing valid leases. When those leases have expired, Mr. Speaker, then it our intention to use a system of licensing and allocation of the wild rice resource that will place greater emphasis on the individual people.

**MR. SPEAKER:** The Honourable Member for The Pas.

**MR. RONALD McBRYDE:** Yes, Mr. Chairman — to the same Minister — I wonder if he could further clarify the policy intention in that regard. It's just not clear now. Will the changes more on an individual basis still protect the people that have been traditionally harvesting wild rice in the Province of Manitoba?

**MR. SPEAKER:** The Honourable Minister of Mines.

**MR. RANSOM:** That is the intention, Mr. Speaker. We have had a number of meetings recently with representatives of the Indian Bands — the Fort Alex Band and one other, the name of which escapes me at the moment — concerning how the policies might be implemented and how the transfer from the previous policy into the new policies might best be effected.

**MR. McBRYDE:** Mr. Speaker, I would just like to double-check then with the Minister if the new policy will be the same, in light of the fact that a number of Bands travel considerable distances in order to take part in the wild rice harvest. Will the interests of Bands, such as those in the Fairford area and the Waterhen Band, be protected under the new policy?

**MR. RANSOM:** Without knowing the specifics of the situation to which the member refers, Mr. Speaker, it is certainly our intention to recognize the existing and traditional rights, but on a different basis of holding than has been the case for the past few years, with the intention that the value of the wild rice resource will accrue to individual people and to individually held corporations, and that we will gain a larger percentage of the potential from the resource than has been the case in the past.

**MR. SPEAKER:** The Honourable Member for The Pas with a final supplementary.

**MR. McBRYDE:** Mr. Speaker, it's another question to the same Minister. I would if the Minister has agreed to a meeting with the Easterville fishermen and, if so, when he has agreed to meet with them.

**MR. RANSOM:** Mr. Speaker, I have had a request for a meeting from a group of consultants in the city. I have not directly had a request from the Easterville Band. I have had representatives of my department there, I believe as recently as this past weekend, meeting with them, and as the honourable member knows, this week is likely to be a rather busy one in the Legislature, and I do not plan to be in Easterville this week.

**MR. SPEAKER:** The Honourable Member for St. Vital.

**MR. WALDING:** Thank you, Mr. Speaker. My question is to the Honourable Minister of Mines, and it's further to the questions that I was asking before. I would like to ask the minister whether he

has communicated the reasons that he mentioned earlier to the unsuccessful high bidder?

**MR. RANSOM:** Mr. Speaker, the contract dealings were handled by my departmental people in the Parks Division, and it's my understanding that the reasons for the rejection of that tender have been communicated to the individual over a period of time as a matter of fact.

**MR. WALDING:** To the same minister, Mr. Speaker, and for clarification. Can the minister confirm that a letter was sent to the high bidder outlining the details of the rejection, as the minister has stated? .

**MR. RANSOM:** No, I can't confirm that, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for Lac du Bonnet.

**MR. USKIW:** Yes, Mr. Speaker. Perhaps the Minister of Highways and/or the Minister in charge of the Environment might be in a position to answer a couple of questions that I placed before them about two months ago. I'm sure they're aware.

**MR. SPEAKER:** The Honourable Minister of Highways.

**MR. ENNS:** Yes, Mr. Speaker.

**MR. SPEAKER:** The Honourable Minister of Mines.

**MR. RANSOM:** Mr. Speaker, I had taken a couple of questions as notice from the Honourable Member for Lac du Bonnet, and I had the answers with me for days on end during the federal election campaign. Now I fear that the information is out-dated and I will have to take the question as further notice.

**MR. USKIW:** Well, Mr' Speaker, perhaps to refresh the memory of the Minister of Highways, I would repeat the question. The question was: What was the nature of the Public Works under way at Cooks Creek in the Selkirk area, and I presume it was the Department of Highways undertaking it?

**MR. SPEAKER:** The Honourable Member for Rupertsland.

**MR. BOSTROM:** Thank you, Mr. Speaker. A further question to the Minister of Resources. Can he indicate if it is the intention of the Manitoba Government to now do away with the system of quotas on Lake Winnipeg, whereby each individual fisherman has a particular quota, which entitles him to a fairly steady source of income from the lake on a regular basis? .

**MR. RANSOM:** I believe I stated, Mr. Speaker, that it would be our intention to shortly be discussing with the fishermen, the types of policies that we would wish to implement.

**MR. SPEAKER:** The Honourable Minister of Labour. ' .

**MR. MacMASTER:** Mr. Speaker, I was asked by the Member for Churchill this morning — and to get the information back in quickly — which particular industries or what areas we might be expanding our lead program into. I said that it was a small list of areas that we thought we could move into; that list at the moment comprises foundries, motor fuel blenders, solder workers, spray painters, printers, paint and pigment manufacturing, scrap and metal workers, brake lining manufacturers, ceramic workers and demolition. Those are the industries that we are considering now for expanding the program into.

**MR. SPEAKER:** The Honourable Member for Wellington.

**MR. BRIAN CORRIN:** Mr. Speaker, I had the opportunity to give notice of my question, which is to the Minister of Finance in his capacity as Minister responsible for Manitoba Hydro, at our meeting of Public Utilities Committee on Saturday afternoon. And to refresh his memory and for the edification of other members present in the House this afternoon, I would indicate that I have asked the Minister and ask him whether he will be tabling before the Assembly a contract relative to the Molson Road Subdivision between Manitoba Hydro and Engineered Homes of Manitoba Limited.

**MR. SPEAKER:** The Honourable Minister of Finance.

**HON. DONALD W. CRAIK (Riel):** Mr. Speaker, there was some discussion of this at the Saturday meeting of the Public Utilities Committee. There was one part that was not clear to me in that discussion, as I reflected on it, and that was the question as to whether it was raised as a result of the member having been the solicitor involved in one side of the cases involved.

**MR. CORRIN:** Although it is highly unusual, Mr. Speaker, for members of the Treasury Branch to present questions of any nature to members of the Opposition, I would indicate for the purposes of clarification, that I have no interest whatsoever in this matter other than that that has arisen as a result of expressions of concern and have been transmitted as expressions of concern by people affected within the area.

I would also indicate that the Minister did not raise that particular question at the Public Utilities Committee on Saturday afternoon, Mr. Speaker.

**MR. CRAIK:** Mr. Speaker, the indication from Manitoba Hydro was that they would submit the report or the documents to me and I would have a look at them and I can still give that undertaking. Whether or not, upon review of them, they ought to be tabled will depend on examination of the documents.

**MR. SPEAKER:** The Honourable Member for Brandon East.

**MR. LEONARD S. EVANS:** Thank you, Mr. Speaker. I'd like to address a question to the Minister of Tourism and Cultural Affairs. In light of recent criticisms re the inadequacy of provincial funding of public libraries in Manitoba, will the government consider reviewing the method of financial support of libraries with the view to improving the quality of library services in the Province of Manitoba?

**MR. SPEAKER:** The Honourable Minister of Tourism.

**MRS. PRICE:** In a speech I made here a couple of weeks ago, Mr. Speaker, I did make mention of the fact that I do have a committee of one. The former Director of the Libraries is directing full time to looking into the studies of the different aspects of The Library Act and the funding.

**MR. EVANS:** Thank you. A related question, Mr. Speaker. I wonder if the Minister can advise whether she has received representation from the City of Brandon to provide financial assistance in the renovation of the old Prince Edward Hotel, in order to develop a library and museum in that structure.

**MRS. PRICE:** I am not sure whether I did nor not. There has been a number of letters come in pertaining to the library, but I don't think there was anything specific about that building being renovated for a library.

**MR. SPEAKER:** The Honourable Member for The Pas.

**MR. McBRYDE:** Mr. Speaker, a question to the Minister responsible for the Manitoba Housing Renewal Corporation. I wonder if the Minister has been able to straighten out some of the recent problems within that agency, and whether or not there is now available in the town of The Pas, whether lots are now available for sale from that agency.

**MR. SPEAKER:** The Honourable Minister of Economic Development.

**HON. J. FRANK JOHNSTON:** The situation is well in hand, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member for The Pas.

**MR. McBRYDE:** Yes, Mr. Speaker. I certainly appreciate that the situation is in hand, so I wonder if the Minister could further clarify — is the situation well enough in hand that people can now purchase lots on which to build in the town of The Pas?

**MR. JOHNSTON:** Mr. Speaker, we have been working on that, I've explained it to the member several times in the House. It has to go through Municipal Affairs and has to go through the city. We have been co-operating with the town very well and we should have the lots on sale just as soon as we possibly can.

**MR. SPEAKER:** The Honourable Member for The Pas with a final supplementary.

**MR. McBRIDE:** Yes, Mr. Speaker. I thank the Minister for finally telling us that the lots are not yet on sale, and I appreciate the tremendous effort being made to attempt to make those lots available. I wonder if the Minister has been able to straighten out the problem around the mortgages of the town houses in the Bell Avenue subdivision.

**MR. JOHNSTON:** My staff has been up there on two occasions; I'd be very pleased to give the member a letter from the lady who is the head of that organization, of the Bell House Owners Association, congratulating my department on the work they did, Mr. Speaker.

**MR. SPEAKER:** The Honourable Minister of Highways.

**MR. ENNS:** Mr. Speaker, the other day the Honourable Member for The Pas asked me a question with respect to Provincial Road 283. I can indicate to him that the road had some difficulties as a result of shoulder erosion. We're hoping to upgrade this particular piece of road although we're still having difficulty in acquiring the necessary land from one particular owner. Expropriation proceedings are under way.

**MR. SPEAKER:** Orders of the day.

### BUSINESS OF THE HOUSE

**MR. SPEAKER:** The Honourable Government House Leader.

**HON. WARNER H. JORGENSEN (Morris):** Mr. Speaker, may I suggest now that we recess to attend the two committees that I've named will be sitting this afternoon, namely the Committee on Agriculture as well as the Committee on Municipal Affairs, that we leave the mace on the table in the event that those committees have completed their work and we can return to the House. In any case, before the House adjourns the division bells will be ringing for adjournment at 5:30.

**MR. SPEAKER:** Is the Honourable Government House Leader making out a formal motion?

**MR. JORGENSEN:** No.

**MR. SPEAKER:** The Honourable Opposition House Leader.

**MR. GREEN:** Yes, M.. Speaker. I don't think we need a motion. We can do what my honourable friend said, by consent. I would like to know, relating to the Business of the House, that you're not asking that there be a meeting of the House this evening, number 1; and secondly whether the Minister can tell us, other than the necessary financial bills, whether he's expecting a great number of bills to be presented to us.

**MR. JORGENSEN:** The Minister of Highways as usual is late in presenting bills that should have been dealt with much earlier in the session, and I may have a problem there.

**MR. SPEAKER:** Order please. I'm leaving the Chair for a short recess.

### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

**MR. JORGENSEN:** I wonder if, by leave, we couldn't present the two reports of the two committees that have just concluded their examination of those bills.

**MR. SPEAKER:** Is there consent by leave? The Honourable Member for Rhineland.

**MR. ARNOLD BROWN:** Mr. Speaker, I beg to present the first report of the Standing Committee

on Municipal Affairs.

**MR. CLERK:** Your Committee met on June 11, 1979, and heard representation with respect to Bill No. 14 — an Act to amend The Planning Act, as follows:

Jake Froese and Harry A. Friesen, The Property Owners Association of the Morden, Stanley, Thompson, Winkler Planning District.

Your Committee has considered Bills:

No. 14 — An Act to amend The Planning Act.

No. 19 — An Act respecting the Glenboro Hospital District No. 16B and the Rural Municipality of South Cypress.

And has agreed to report the same without amendment.

Your Committee has also considered Bill No. 24 — An Act to amend The Municipal Act, and has agreed to report the same with certain amendments.

**MR. BROWN:** Mr. Speaker, I move, seconded by the Honourable Member for St. James that the report of the committee be received.

**MOTION presented and carried.**

**MR. SPEAKER:** The Honourable Member for Virden.

**MR. MORRIS MCGREGOR:** Mr. Speaker, I beg to present the first report of the Standing Committee on Agriculture.

**MR. CLERK:** Your Committee met on Monday, June 11, 1979, and heard public representations with respect to Bills referred, as follows:

Bill No. 18— An Act to amend The Natural Products Marketing Act; Mr. A. E. (Bert) Hall, Agriculture Producers Marketing Boards.

Your Committee considered Bill: No. 18 — An Act to amend The Natural Products Marketing Act.

And has agreed to report the same with certain amendments.

**MR. SPEAKER:** The Honourable Member for Virden.

**MR. MCGREGOR:** Mr. Speaker, I move, seconded by the Honourable Member for Wolseley that the report of the committee be received.

**MOTION presented and carried.**

#### CORRECTION RE AMENDMENT TO BILL NO. 2

**MR. SPEAKER:** The Honourable Member for St. Johns.

**MR. CHERNIACK:** Mr. Speaker, I wonder if I may raise what I think is a point of order. Mr. Speaker, there has been — if I have leave, just for a few minutes to make an explanation. There has been distributed a proposed amendment which was my amendment and there is a typographical error in it, and rather than have it redone and redistributed, I thought if we could just note, Mr. Speaker, that where it refers to Section 6 of Bill 2, it was intended and should be Section 8 of Bill 2. With that minor change, I should think, Mr. Speaker, with leave, that the reproduction and the correction should be waived and that we proceed on the assumption that it was filed as referring to Section 8.

**MR. SPEAKER:** Is that agreed? (Agreed)

**MR. JORGENSON:** Mr. Speaker, I wonder if we could now resume the business which we were interrupted in this morning's sessions, namely that we go into Supply to consider the bill, the Capital Supply Bill. So therefore, Mr. Speaker, I move that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee of Supply with the Honourable Member for Radisson in the Chair.

COMMITTEE OF SUPPLY

**MR. CHAIRMAN, Mr. Abe Kovnats (Radisson):** Order please. I would direct the honourable members' attention to the Manitoba Telephone System, \$35,256,000—pass — the Honourable Member for St. Johns.

**MR. CHERNIACK:** Mr. Chairman, I wasn't sure whether the Honourable Minister had been interrupted at 12:30 and if he wanted to conclude whatever it was he was discussing then, by all means. Then I would like to deal with another matter in relation to this line.

**MR. CHAIRMAN:** The Honourable Minister.

**MR. MCGILL:** Mr. Chairman, I believe at 12:30 the Member for Brandon East had introduced a topic relating to a letter received from a former employee of Manitoba Telephone System at Brandon, and had asked if I had been informed of the facts as they were related by the former employee. I can only say, Mr. Chairman, for the benefit of the committee that I did receive a copy of the same letter. I have not had an opportunity to obtain any explanations or further comment relative to the allegations contained in the letter, but I'm sure that when these are available they can be also made available to the Member for Brandon East.

**MR. CHERNIACK:** Mr. Chairman, I thank the Honourable Minister. I assume that the Member for Brandon East will have occasion to read what was said.

I wanted to raise with the Minister the question of the foreign borrowings on behalf of the telephone system and ask him if he has available to us information dealing with the extent of the impact on the telephone system of the exchange rate fluctuations in foreign currencies.

**MR. MCGILL:** No, Mr. Chairman, I would not. I would hesitate to attempt to do that immediately; I would have to obtain some information for the member on that topic. I understand his question, he's indicating that he would be interested in knowing what additional obligation is now on the books of the company as a result of the exchange fluctuations relative to foreign borrowings by Manitoba Telephone System. Mr. Chairman, I would undertake to obtain what is the present situation for the member, but I'm not able to comment in any specific way at this time.

**MR. CHERNIACK:** Mr. Chairman, we are being asked to approve of Capital Authority of \$35 million for Manitoba Telephone System and I am sure, but I stand ready to be corrected, that the Minister cannot undertake to tell us how this money will be borrowed in the sense of the currency to be used. I have not yet read a bill dealing with Manitoba Hydro, but I'm under the impression that it is the intention of government to start lending Canadian dollars to Hydro, regardless of the currency in which moneys are borrowed by the government to lend to Hydro. I may be wrong, I'm not clear on it, but possibly the Minister can clarify the intentions of government in relation to the telephone system borrowing and particularly in relation to whether or not there is now an intention or policy of government to borrow for the telephone system on foreign markets or only in Canada.

**MR. MCGILL:** Well, Mr. Chairman, the authority that we are asking now is for net borrowing on behalf of MTS of some \$35 million.

The markets that will be best suited to this borrowing, of course, have not been explored inasmuch as this borrowing is still to be done in the future. It's very difficult for me to interpret for the member what will be the determination of the Department of Finance when this Capital Authority is required. I'm sure that it would be speculation at this stage what such markets would be and what such exchange positions would be at that future time. It may be that the Minister of Finance would like to comment in general terms on this, but I would think that it would be difficult to answer the question of the Member for St. Johns in a specific way.

**MR. CHAIRMAN:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Chairman, I may have missed part of the exchange, but I think the main question is whether or not the government intends to deal with the telephone system in a manner similar to that of the Manitoba Hydro. Mr. Chairman, the stated intention of the Task Force report on reorganization on economy did recommend that all of the foreign exchanges be dealt with only by the government and only Canadian currency, Canadian interest rates and so on, be supplied to the Crown corporations by the government.

We've moved on the one with regards to Hydro at this time, in particular to be able to undertake

the guarantee on the rate stabilization, and it's possible that in due course the telephone system would be dealt with. It is partially at this point being dealt with, because in the setting up of the data services over the period of time that money has been advanced to the telephone system, there have been portions of foreign issues assigned to telephones which have then been reassigned on a proportional basis to the data service at the time if there was money required by the data service that coincided with the advancement of those foreign issue moneys to the telephone system. So that in the establishment of the price on the data service, that part is being taken into account. I can't remember the exact amounts, but it does amount to a significant amount of money at the cutoff date that will be involved in making restitution for the shift in the foreign currencies from the time which they received them and the time at which the data service will become a government agency rather than a branch of the telephone system.

So to that extent the foreign issue part is being dealt with with the telephone system, but there has not at this point been a decision made to move directly to remove all of the foreign debt from the telephone system; only that portion that applies to the data service is going to be handled in the fairly near future, and the remainder, I think probably the last rate change that was approved by the Public Utilities Board last fall sometime was in part at least, took into account some of what they felt were their obligations with regard to the foreign currency shifts. So at this point in time that's the story and it's a case of partially looking after, but only that part that is involved with the data service.

**MR. CHAIRMAN:** The Honourable Member for St. Johns.

**MR. CHERNIACK:** Thank you, Mr. Chairman. I want to thank the Minister for Telephones for answering my question. Indeed he did, because I posed it, saying that I didn't think that he was able to predict the manner in which it would be borrowed, the currency which would be borrowed, unless there were government policy, and between him and the Minister of Finance it is now clear that there is no government policy relating to this telephone borrowing as yet. I think that's the expression used. In other words, the Task Force made certain recommendations. I am not aware that the government has announced that it accepted those recommendations as government policy. The Minister now has implied that it is government policy, but that it has not yet been applied to telephones. I think I'm correct in his description. —(Interjection)—

Well, Mr. Chairman, the Minister of Finance says we haven't had an issue; the fact is they haven't had an issue of Hydro either that would determine the future policy but they've already announced their retroactive policy and they're going back, I don't know how many years. We have yet to find that out, but clearly they're going back at least four years that I'm aware of, but I'm sure more than that.

So that the government may be just being pragmatic which, if that's the case, it should announce: "We are being pragmatic. We are dealing with Hydro because we think that was a matter of concern. We got scared about rates. We think it's a good thing to freeze rates, so we're going to do a certain procedure which we will be discussing on other occasions." With telephones they've not said that, so on a pragmatic basis, I guess they have not developed a policy on the telephones, but the Minister of Finance implies that when there comes time for an issue then they'll think about it.

Mr. Chairman, that really doesn't make much sense, because once you have a policy then you go ahead with the policy; that if the policy is that in the future at least telephone borrowings will be made by the telephone in Canadian dollars, that policy would be clear. If the Manitoba government decides it wants to go to Switzerland or Germany or Italy or wherever to borrow money, it can do so, borrowing it for itself and then lending the money to the telephones in Canadian dollars at Canadian rates.

So that it's not a question of where the money is available; it's a question of how telephones will borrow it, and I'm saying that that policy should be one that has been determined by government and should not be one that waits for an issue because I don't think that's relevant. There's no doubt in my mind that government is going to be borrowing all over the world, but the question that is not clear in my mind is whether it's going to take the risk of exchange rate fluctuation or whether it's going to pass it on to one or any other of its agencies. And that I think shows lack of policy and that I think shows lack of clarity in their own thinking.

Now, the telephone system, I know, and I haven't looked at its annual report, so I can't speak with any amount of knowledge as to the proportion of its debt which is in Canadian currency, the proportion that is in U. S. currency, and the proportion which is in foreign currency. I suppose Public Accounts has that information, but I don't have it at hand. I would guess that the Minister doesn't have it in hand, and yet I would have expected that he should.

I would like to know —(Interjection)— Mr. Chairman, the Minister of Finance interrupted me to say why, and I don't know what he meant.

**MR. CHAIRMAN:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Chairman, the Member for St. Johns was correct in his first comment. The question at hand he's asking is, what is the government's policy with regards to advancement of funds to the telephone system? All of the funds that have recently been advanced have either been Canadian issues or issues that were done through the support of the government, the Superannuation Fund, and there was a combined program, Autopac Superannuation one other, which was the major amount of funding in the last year. We have been advancing or making sure that the issues that the telephone system has become involved in are Canadian issues to this date. The only act that could further be taken with the telephone system would be to backdate the old issues in a manner similar to what we have done with Manitoba Hydro, but we did Manitoba Hydro's for a very particular reason, and that was to be able to give the guarantee on the rate freeze, that there would be sufficient additional elbow room in their potential reserves to do that. That same problem does not exist with the telephone system but at this point in time we are still advancing money to the telephone system in Canadian funds. We have no intention at this point, we are not faced at this point with altering that decision.

I suppose that if we got to the point where Canadian funds were not available, then we would have to look at the decision as to whether we borrowed foreign and then converted it into Canadian. I would presume at that time we very likely would.

**MR. CHERNIACK:** Mr. Chairman, I must say I don't really mind the Minister interrupting me. I thought he interrupted me to ask why it was that I expected that the Minister for Telephones would have before him or within his file information as to the capital borrowing up to date of telephones, and he said "Why? It's in Public Accounts," and I thought he was going to explain why the Minister should not have it, but he gave us a speech on general policy including the fact that they decided to convert retroactively Manitoba Hydro bonds to Canadian currency for a specific reason and, Mr. Chairman, I'm going to challenge that reason. I challenge it now, but we will more extensively challenge the reason as to the validity of it.

But relating to that reason, he says "Why? Hydro needs elbow room," but not yet do they feel that the telephones need elbow room. Now, Mr. Chairman, I'm not sure but I think he's probably adapting his explanation of policy to what was learned last Saturday by the public and we will see the explanations as they come forward. But the point I'm making is that if they refer to the Task Force report as a basis on which they decide to lend or borrow on behalf of the utilities in Canadian dollars, then let them say, "That's our policy," but now we're sort of left out in lack of knowledge as to what policy is and it means, as I said, that the government will apparently be pragmatic and adapt its policy to what it feels are the exigencies of the time, or what is most expeditious or most attractive or most whatever it is that a government uses to influence its decision.

Well, do I understand correctly that the telephone system is going to be converting all its outstanding debt, foreign debt, into Canadian currency for purposes of the statements? Like Hydro has announced it is doing, is it going to do that, and to what extent are ee knowledgeable about what has been done up to now to understand the book loss due to foreign exchange rates' fluctuation up to, I guess, the fiscal year end?

**MR. CRAIK:** Mr. Chairman, how they actually will show it on this year's year-end statement, I can't provide the detail on it. But in the presentation to the Public Utilities Board, when they had the rate application last November, the ground rules then appeared that they would likely be working to, were the CICA amortization schedule, and as a result of that we're laying out an amortization schedule which was similar to that of Hydro, and it was discussed on Saturday. As a result of the application, the Public Utilities Board did in part recognize it and they received a partial rate increase. I guess the deferment of the CICA application of amortizing the foreign debt losses, it may leave some question as to whether the utility in this year will in fact show it in their March 31, 1979 statement and in that way.

**MR. CHERNIACK:** Mr. Chairman, the Minister of Finance refers to Utility Board hearings in November last — and refers also to the CICA — the recommendations which, as we now know, are recommendations that are being made and I gather have been deferred for a year, but I do want to read into the record, Mr. Chairman, a paragraph from the Utility Board order made on October 31, 1978. Now, it's true it applies to Hydro but I don't see how it cannot equally apply to telephones or any other utility borrower, and it's October 31, which happens to be the day before November, which I think is the month that the Minister of Finance referred to regarding the telephone system and the Utility Board.

The paragraph which I think is most relevant to our discussion reads as follows: "The Board

concur with Manitoba Hydro that while the recommendation of the Canadian Institute of Chartered Accountants may well be acceptable for accounting purposes, it is not necessarily appropriate for rate setting purposes. If the rates were set each year to recover in full amortized unrealized losses or gains, undesirably wide fluctuations in rates could occur as flexible exchange rates can be subject to such fluctuations. In addition, Manitoba Hydro as a matter of course will refinance some foreign debt as it matures, thereby achieving a longer term levelling of the effects of foreign exchange losses."

The reason I mention that, Mr. Chairman, is that it doesn't make sense to me to be saying, "Well, Hydro needed it, but telephones don't." It seems to me that the kind of protection that has been offered to Hydro should be available to the telephones. It makes sense that if foreign borrowing fluctuations affect Hydro's financial future and therefore its rates, then by the same token fluctuations in foreign exchange rates affect telephones and their economic statements as well as their telephone rates. Now, one of the answers that I heard some little while ago was, "Well, telephones — we have the lowest rates, I don't know, in the world or in Canada, wherever, and we don't in Hydro because in Hydro we have one of the lowest rates."

Well, Mr. Chairman, that's nonsensical. If it is right for Hydro, it should be right for the other utility, which is no less a utility, no less a service to the people of Manitoba. As a matter of fact it is more exclusively a service to the people of Manitoba than is Hydro, because the users of the telephone system as I would guess are Manitobans and the only users of the Manitoba Telephone System who are not Manitobans, I suppose are the long distance users who use the lines of the telephone system to traverse Manitoba.

But in the case of Hydro there is, as we've learned especially last Saturday, a substantial sale going to non-Manitoba consumers, and therefore I should think that the Manitoba consumer would be much more concerned about the stability of telephone rates than they might be concerned about the stability of Hydro rates when they know that a fair amount of it is exported, not only exported as power but also exported as finished goods, because certainly when a manufacturer who exports goods manufactures in Manitoba and exports out of Manitoba then his price includes any costs of Hydro-electric power and therefore to a large extent it's being passed on to the consumer out of Manitoba.

The point I'm making, Mr. Chairman, is that I for one have not heard a rational explanation from government as to why they are not doing with telephones what they are purporting to do or proposing to do for Hydro. And the only reason I heard which was: "Well, telephone rates are the lowest in Canada," doesn't mean, Mr. Chairman, that they can't be lower. If it is good to have the most reasonable rates, user rates, then let them be lower than they are and they will still be the lowest. They can't be better than the lowest, but they can be lower than they are. And I have yet to hear a rationale for treating telephones one way, for treating Hydro another way. I believe that the Minister for Telephones gave the reason. He said, "It's not government policy to do that." I think I'm quoting him correctly. I'm told that that's what he said. "It's not government policy." Well, that's no reason, Mr. Chairman. That may be an excuse. It may be something that would solve — not solve, but salve the minds of people who have the same wonder that I have as to why treat one in a different way than the other. But I have the right to question and maybe members opposite and backbench opposite feel they don't really have the opportunity to question. Well, if they don't they should know, they have the opportunity here. More important, since they have to assume the burden of the decision; they must have been given adequate explanation where they could explain it. Maybe they understand it, and maybe they're prepared to tell us. But I, for my part, have great difficulty trying to understand it.

Mr. Chairman, there is another question that — you know, maybe I should just leave this for an answer, there is another — (Interjection) — Yes, the Minister of Finance asked if he could deal with that, and might I say, Mr. Chairman, by all means I'd like to have that dealt with, but we have yet to explore the data services and its relation to the telephones, and we couldn't do it adequately in my opinion earlier today because of the absence of the Minister of Finance. I would hope that when we come to deal with that question of the transference of debt or whatever, we could deal with it under Data Services I think as well as under telephones. Might I ask that the Minister of Finance try to be present during that debate so that we don't lose the opportunity of his presence and his advice in that regard. But by all means I yield the floor to him in relation to the telephone foreign exchange problems.

**MR. CRAIK:** Well I think there are two further points, Mr. Chairman. One is that the scale, the size of the telephone debt in relation to its total picture, is a little different than the Hydro one; the Hydro one was in a very heavy construction period when the heavy foreign borrowing was going on in the mid-1970s and resulted 2/3, roughly 60-odd percent of the total of Manitoba's debt and debt guarantee is in Hydro. The government has most of the remainder and the telephones has

a smaller part. The actual proportion of the total I don't recall the figure offhand. That is one factor. Part of that will be adjusted when the MDS Data Service change is made. We'll get into that later. That's another point.

There is a further point, though, and it relates to the quotation the Member for St. Johns uses from the Public Utilities Board, and there there is difference. The telephone system is involved in the Trans Canada Telephone System with all of the other utilities, private and public in Canada, that will be bound by similar rules, logically, if they want to apply the averaging formula on the long-distance revenues. And those long-distance revenues are pretty significant to Manitoba and the method of debt-handling does and did have some sort of an impact on the revenues that were to accrue to Manitoba. I think if you want to quote Public Utilities Board comment, I don't think it's accurate to use their comment with regards to Hydro and apply it to telephone system because there is some ulterior reason for using the CICA formula when the partners in the Trans Canada Telephone System setup are going to be required to use the same thing. So there is an apples and oranges argument with regard to that part of it. The Public Utilities Board would not necessarily give exactly the same consideration to Hydro, I would not think, as they would to the telephone system because it does have an impact on the MTS revenues from the system in Canada that shares the profits from the long-distance Trans Canada Telephone System network. And that was a factor and probably still is a factor.

**MR. CHAIRMAN:** The Honourable Member for Seven Oaks.

**MR. SAUL A. MILLER:** Mr. Chairman, I'd like clarification from the Minister. I was under the impression in establishing the rate charged nationally for cross-country long distance lines that the rate, whether the lines were crossing Saskatchewan or Manitoba, that the rate would be the same, irrespective of what the provincial telephone rate might be. In other words, this is negotiated on a nation-wide basis, and because the toll lines cross Manitoba, Manitoba does earn revenue from all those calls that crisscross east to west or west to east. And the same rates would apply whether it would be Manitoba they were crossing or Saskatchewan or Alberta, or is the Minister now saying that the rate in Manitoba determines what the toll charges would be in Manitoba? —(Interjection)— exchange rate across the country. No, I'm talking in terms of the rate charged Manitoba to the national telephone system, other telephone systems. Is that in any way influenced by the rate in Manitoba charged to residential or commercial users?

**MR. CRAIK:** Well, Mr. Chairman, the formula is complicated and it takes in more than what is being implied here. It takes in the financial positions and the financial operating statement of the various telephone utilities. That is included in the formula for calculation.

**MR. CHAIRMAN:** Order please. The hour is now 5:30. Committee rise. Call in the Speaker.  
*The Chairman reported upon the Committee's deliberations to Mr. Speaker and requested leave to sit again.*

### IN SESSION

**MR. SPEAKER:** The Honourable Member for Radisson.

**MR. KOVNATS:** Mr. Speaker, I beg to move, seconded by the Honourable Member for Wolseley, that report of committee be received.

**MOTION presented and carried.**

**MR. SPEAKER:** The hour is 5:30. The House is accordingly adjourned and stands adjourned until 10 o'clock tomorrow morning.