

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 7 May, 1985.

Time — 2:00 p.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. J. Walding: 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 Business Development.

HON. J. STORIE: Mr. Speaker, it's my privilege to table the Annual Report of the Department of Business Development and Tourism.

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

INTRODUCTION OF GUESTS

MR. SPEAKER: Prior to Oral Questions, may I direct the attention of honourable members to the gallery.

We have 27 students of Grade 9 standing from the Murdock MacKay Collegiate. They are under the direction of Mrs. Trush and the school is in the constituency of the Honourable Minister of Energy and Mines.

There are 18 students of Grade 6 standing from the Pinkham School under the direction of Mr. Sloan. The school is in the constituency of the Honourable Minister of Education.

On behalf of all of the members, I welcome you here this afternoon.

ORAL QUESTIONS

Teachers' Pension Act - distribution and second reading of

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Thank you, Mr. Speaker.

My question is for the Honourable Minister of Education. I wonder if she could indicate when she plans to have second reading and the distribution of the bill on The Teachers' Pension Act amendments.

MR. SPEAKER: The Honourable Minister of Education.

HON. M. HEMPHILL: Very soon, Mr. Speaker.

MR. G. FILMON: I wonder, Mr. Speaker, in that case, why indication and information about the proposed changes and, in fact, the letter that, as I understand it, was distributed to every teacher throughout the

province yesterday, why all this was done prior to the bill having been introduced for second reading in the House and available for members on this side to scrutinize.

HON. M. HEMPHILL: Mr. Speaker, I did introduce the bill for first reading on April 1st, and yesterday in the House I was asked what the content was of Bill 26 and whether or not some of the changes that were being announced on early retirement would be contained in the bill; and I wish to confirm to the House that the changes that are resulting to The Teachers' Pension Act, in relationship to the early retirement benefits, will require a legislative amendment.

We are making a lot of substantial changes to The Teachers' Pension Act, Mr. Speaker, and I was unaware at the time that this amendment to the section would appear in the bill. I am aware that the House should have been advised of this change and I regret that this oversight occurred and I have taken steps to make sure that it doesn't happen again.

MR. G. FILMON: Mr. Speaker, I appreciate the Minister's apology, if that's what it was, for the lack of the normal courtesies of the House in doing that, and I would hope that that matter won't recur.

I wonder if the Minister could indicate whether these amendments and these changes involved or required special negotiations with any school divisions in the province.

HON. M. HEMPHILL: Mr. Speaker, we had a lot of communication with a lot of groups during the negotiations. In fact, I have received in my office letters of support for the amendments, for the early retirement benefit, from all of the educational institutions, and I think, the trustees association and almost all the boards in the province.

A great number of individual letters from boards, other educational groups, and groups outside of education wrote letters supporting this move. I think it's an indication, Mr. Speaker, that society and people are generally ready for progressive moves like this that allow people, at no cost to the taxpayer, to retire when they want to, to make up more openings and allow employment opportunities for the young people who are being trained in our education institutions.

I think the time has come when the people are ready for it, and since we negotiated a deal that didn't cost the taxpayers anything and was a tremendous benefit to the education system, I think we can all be pleased with the results.

MR. G. FILMON: Mr. Speaker, I wasn't referring to the discussions in broad general terms with the divisions as to their desire to bring in new teachers and the cost to them, because we were aware, having received copies of many of the letters that the Minister did.

Myspecific concern was whether or not this particular bill and the provisions for early retirement will impact

on some specific collective agreements that have been drawn up that have provisions in them for early retirement, 55 to 60, and other things.

HON. M. HEMPHILL: Mr. Speaker, I believe that there are two or three school divisions out of the 56 school divisions in the province, that have an early retirement clause in their contract.

MR. G. FILMON: Mr. Speaker, has the Minister looked into the effect that this will have on the specific provisions in the Winnipeg School Division contract with its teachers?

HON. M. HEMPHILL: Mr. Speaker, when we made the decision to bring in this legislation, we made it based on a provincial need and provincial information, and I think the impact on an individual school division that the school divisions themselves, and the teachers in those school divisions, will have to look at their contracts and make a decision on how to handle them.

MR. G. FILMON: Mr. Speaker, is the Minister aware that the Winnipeg School Division put into its collective agreement last year a two-year provision whereby its teachers are given a bonus of up to one full year's salary for taking early retirement, because they would be subject to the 1.5 percent per year penalty, and therefore, in effect, by this legislation, the school division will have to pay a one-year bonus for retirement and its teachers will retire on full pension rather than a reduced pension.

HON. M. HEMPHILL: Mr. Speaker, I think that most of the people involved are very sensible people and when they negotiated the terms of that contract, they clearly wanted to do what we are trying to do now, and that is both encourage and allow those teachers that are ready to retire, who want to retire, to get reasonable benefits at no cost to the taxpayer, and I do not believe that they will carry on with something that was negotiated at one time when a bill has come in that covers the entire province that removes the penalty for early retirement.

I think that the school division and the teachers are very reasonable people. I think they negotiated a clause in good faith under completely different times and circumstances, and they'll look at it in a very reasonable way.

MR. G. FILMON: Well, Mr. Speaker, then does the bill specifically exclude the Winnipeg School Division arrangements? Because if it does not, it will cost the Winnipeg School Division over \$200,000 plus the teachers will still get their full retirement allowances, and that, it seems to me, should have been taken into account.

HON. M. HEMPHILL: Mr. Speaker, no, they are not excluded.

Mosquito Infestation

MR. SPEAKER: The Honourable Member for St. Norbert.

MR. G. MERCIER: Mr. Speaker, I have a question for the Minister of the Environment. Could the Minister advise the House when the next mosquito infestation will occur in the City of Winnipeg?

MR. SPEAKER: Order please, order please.

I believe that is asking for an opinion. Perhaps the honourable member would wish to rephrase his question.

The Honourable Member for St. Norbert.

MR. G. MERCIER: Mr. Speaker, the Minister of the Environment in the May 4th Edition of the Manitoba Gazette has published regulations under The Clean Environment Act respecting pesticides, which require any person, including municipal corporations and the City of Winnipeg, to file an application form at least 30 days before the intended date of the use of pesticide for the purpose of fogging for mosquitoes. That's why my question, Mr. Speaker, to the Minister of the Environment is when does he anticipate the next date of the next mosquito infestation in the City of Winnipeg?

MR. SPEAKER: The Honourable Minister for the Environment.

HON. G. LECUYER: Thank you, Mr. Speaker.

Obviously, the Member for St. Norbert has been bitten. After holding a head-to-head talk with the head mosquito tonight, I will advise the member — (Interjection) — I was going to say I will advise them to buzz off, but . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

HON. G. LECUYER: Mr. Speaker, the City of Winnipeg has been largely complying by the proposed requirements of the regulation. In years past, in fact, they were, I suppose, the only municipality in that respect that was at least registering its mosquito program for the coming season.

If the member were to read a little further, he would also find out because of the lateness at which the regulation was passed that the compliance with the regulation for the first year will be on a phase-in basis, therefore, basically on a voluntary basis, they will be required to register rather than to obtain a permit, but we will be requiring all of them to comply with the reporting mechanism that has been established as part of the regulation. The full compliance with all aspects of the regulation will then become enforced with the next spring season; that is, in 1986.

MR. G. MERCIER: Mr. Speaker, the Minister of Environment may think it's a funny matter now, but if his regulations prevent the City of Winnipeg from fogging for mosquitoes later in the year, he will not find it so funny.

Mr. Speaker, I take it then the Minister is indicating that the City of Winnipeg will be exempt from his regulations for this year. Would they also be exempt, Mr. Speaker, from the requirement that the city would be restricted from fogging when the wind speed is

greater than 10 kilometres per hour, which I suggest to him is a very restrictive condition?

HON. G. LECUYER: I did indicate, Mr. Speaker, that the City of Winnipeg will not be exempt any more than other municipalities. In fact, what I indicated was the opposite, that the City of Winnipeg was already registering in the past years, its spray program - not only the spray program but its larvaciding program. The City of Winnipeg, in fact, has already started this season's larvaciding program and has been carrying on with it for a matter of days, if not weeks already.

Now the full compliance with all of the clauses of the regulation will be in effect for next spray season, and as part of the permit which the City of Winnipeg, like other municipalities or government agencies or Crown corporations, will have to comply with the requirements as indicated on the permit that will be allocated to them.

Grasshopper infestation - Proposed control program

MR. SPEAKER: The Honourable Member for Arthur.

MR. J. DOWNEY: Mr. Speaker, in view of the answers given by the Minister, will all rural municipalities be treated the same, if, in fact, there's an infestation and an outbreak of grasshoppers, as the Minister of Agriculture is indicating this year, will they as well be exempt from having to apply 30 days in advance before the use of any pesticides?

HON. G. LECUYER: Mr. Speaker, if the members on the opposite would give themselves the trouble of reading the regulation, they would not ask nonsense questions, because there is indeed, as part of that regulation, provision to deal with such incidents. There is indeed a provision within the regulation to deal with all emergency spray programs and that would address the grasshoppers or any other pesticide that you want to name.

MR. J. DOWNEY: Mr. Speaker, why was the regulation needed to start with?

HON. G. LECUYER: Mr. Speaker, the regulation was clearly pointed out as a needed mechanism in Manitoba, was recommended by the Clean Environment Commission in Manitoba. It was part of the ongoing recommendations received as a follow-up of the monitoring that was done during the last aerial spray program for mosquitoes in Manitoba.

There was extensive consultation on this regulation, Mr. Speaker. Generally speaking, we had overall agreement with the regulation. We want, Mr. Speaker, as overall protection to the environment to have a better handle of what is being sprayed; when it is being sprayed; what is being sprayed in what quantities; where in Manitoba, because we indeed know that in years to come - and we already are experiencing on an ongoing increasing basis - the problems, especially in the run-off period, with water that is contaminated in the by-ways and the ditches of Manitoba. We think one good way to start is by the various levels of government

indicating that they are concerned and we'll certainly monitor closely what they are doing by building the base data of what it is that we're putting out there in the environment.

MR. J. DOWNEY: Mr. Speaker, can the Minister confirm that the Union of Manitoba Municipalities throughout Manitoba opposed the very regulation that he is imposing on them? Can he not confirm that, Mr. Speaker?

HON. G. LECUYER: On the contrary, the executive of this body approved it, Mr. Speaker.

Mr. Speaker, as part of drafting regulations, we believe in carrying on extensive consultation with all those that might be affected, and on this particular regulation there were three drafts. When we sent out the first draft, Mr. Speaker, there were indeed some more stringent requirements to which many of the municipalities, some of the weed districts, were opposed.

When we revised the regulations and sent it out again for consultation, we had very few municipalities - we did indeed get some who still believe that we did not have to implement such a regulation, but by and large most of the municipalities either did not respond or agreed with the proposed regulation.

The primary objection came from the weed districts, Mr. Speaker, because they felt they already had the necessary qualifications. We agreed. One of the problems that they saw into it was that they would have to report, because they already report to the Department of Agriculture, and the requirements of this regulation is that they would have to report to the Department of Environment on forms that we will be supplying. So to accommodate that, Mr. Speaker, we worked out an arrangement with Agriculture that they shall report to both our departments, through one department, on the same forms.

Indeed, Mr. Speaker, we all gain in the process, because the forms on which they were reporting before had no specific criteria, so some indicated where they were spraying, others when they were spraying, others what they were spraying, but there was no uniformity or consistency about it, so at least we're going to get that out of it, Mr. Speaker.

Hudson Bay area - Oil and gas exploration

MR. SPEAKER: The Honourable Minister of Culture.

HON. E. KOSTYRA: Thank you, Mr. Speaker. Yesterday, some questions were taken as notice with respect to offshore oil development in the Province of Manitoba. I'd like now to answer the questions raised by the Honourable Member for Lakeside.

Firstly, as has been reported, there are two separate consortiums that are involved with seven different companies on planning on drilling two separate oil wells offshore this summer at a total cost of \$40 million. It's expected that this will commence on approximately August 1st, depending on ice conditions. For members' interest, I will table a two-page synopsis which summarize these activities.

With respect to the question of jurisdiction in the offshore area of the Bay, when this issue was first raised

in the early 1970s, the then Premier, Ed Schreyer, stated to the Federal Government that there should be some principles established with respect to offshore development. One is that there should be an administrative line drawn six miles out, offshore, roughly parallel to the offshore, with the responsibility for the administration of that area under the Province of Manitoba.

With respect to the revenues from mineral developments beyond the six-mile limit, it was suggested that they should be shared 50-50 with the Federal Government and the provinces and the territories. It also suggested that if there were any developments or agreements with provinces subsequent to that agreement, if there were terms more favourable, then the same kind of amendment should apply to the Province of Manitoba. That was outlined in 1972, on June 23rd.

We have continued to raise this same issue with the Federal Government over the last couple of years, since there has been some renewed interest in the development in the area in the Bay.

With respect to the benefits to Manitoba, the responsibility for the offshore operations comes under the jurisdiction of the Canada Oil and Gas Lands administration under the Federal Department of Energy and Mines. Under the federal act that governs their operations, there are provisions for a Canada Benefits Plan that has to be tabled prior to the commencement of any work.

They had reviewed with us back in 1983 their plans and we had suggested to them at that time, in a memorandum containing nine pages of detailed comments reflecting Manitoba's interests; specifically we were asking them that Churchill be utilized as the main base of operations, that as much supplies and equipment be sourced locally and in Manitoba, and that there be priority for hiring residents residing of the 53rd parallel and within 500 miles of Churchill. I'm pleased to note, Mr. Speaker, that many of those conditions have been met with the company.

With respect to the question on local business involvement and the environment, I would defer to my colleagues, the Ministers of Business Development and Tourism, and Environment.

MR. SPEAKER: The Honourable Minister of Business Development.

HON. G. STORIE: Thank you, Mr. Speaker.

As I indicated to the Member for Sturgeon Creek yesterday, I had not been made aware of this by the consortium involved. As I delved further into the issue, I understand that my department or the then Department of Economic Development and Tourism, had participated in the development of an overview of what might be expected or what might be required on the part of that company to ensure that local businesses and local suppliers would be utilized where possible, and of course that has taken place.

The department has contacted both the Churchill Development Corporation and the Chamber of Commerce. We have also sent a letter to the consortium, indicating our desire to ensure that there is co-operation and offering our assistance to ensure that, where

possible, local suppliers, local people take advantage of this particular activity.

I would indicate as well, Mr. Speaker, that there was some concern expressed by local people that they had not in fact been aware of the announcements until they themselves read it in the paper. I know that that doesn't reflect the desire on the part of Canterra to co-operate and who will be doing everything we can to make sure that all residents of Manitoba benefit from this important project.

MR. SPEAKER: The Honourable Member for Lakeside.

MR. H. ENNS: Mr. Speaker, I appreciate the information that the Ministers are providing in response to that question, belatedly. It seems to me, though, the central question - in fact, it's two questions - that we have considerable concern about and should be of considerable interest to all Manitobans - and that is the question of jurisdiction, both the question of jurisdiction as to offshore oil and gas exploration rights, and the jurisdictional question of boundaries.

Mr. Speaker, we don't have a Minister of boundaries in this government, but has the government assigned a specific ministry or Minister to negotiate with Ontario and Quebec, the extension of the boundaries?

I ask this question specifically because I note that the Chairman of Manitoba Hydro has indicated in his statements to the media that it will be of ultimately left up to Ottawa to decide those boundaries. I think the people of Manitoba have a great interest in establishing those boundaries.

MR. SPEAKER: The Honourable Minister.

HON. E. KOSTYRA: As I indicated, the Province of Manitoba has been discussing this issue for many years with the Federal Government and we will continue to have those discussions in a co-operative and consultative fashion with respect to those matters, the jurisdiction with respect to oil and gas development and how that impacts on our boundaries and our sovereignty, with respect to the areas out in the Bay. Those discussions are being led by the Minister of Energy and Mines with his colleagues at the provincial level and at the federal level. We will continue to work in a co-operative fashion with the Federal Government to bring about a resolve with respect to those issues.

MR. H. ENNS: Mr. Speaker, I'm aware that this issue has been around since, as the Minister indicated, the early '70s. When was the last meeting held on this specific issue with those officials that the Minister referred to?

HON. E. KOSTYRA: I don't know the date when the last specific meeting was held on this issue. I know there has been considerable correspondence that has been going with respect to this issue over the last couple of years and has been continuing, so there has been ongoing involvement by the province, by the Minister and Provincial Government officials with the federal counterparts on this issue.

Churchill, Port of - Sufficient grain shipments

MR. SPEAKER: The Honourable Member for Arthur.

MR. J. DOWNEY: Mr. Speaker, I have a question for the Minister of Highways and Transportation. He has made a lot about Churchill the last few days and agreements. Why has he failed to be able to encourage the Canadian Wheat Board to have sufficient grains there for shipment out of that Port this year?

MR. SPEAKER: The Honourable Minister of Highways.

HON. J. PLOHMAN: Mr. Speaker, it's good to see the member of the opposition at least concerned enough about Churchill to ask a question about this very important matter. I can say clearly that we are very concerned and distressed about this latest move by the Wheat Board with regard to Churchill; and their total disregard for getting the best deal for the producers of Manitoba and Saskatchewan with regard to the use of the Port of Churchill.

It is totally inconsistent, Mr. Speaker, with the meeting that we had in Ottawa just four or five days ago, with a number of Ministers, including Sinclair Stevens, who has expressed a great deal of support for the Port of Churchill and for Don Mazankowski; and meanwhile, the Minister responsible for the Wheat Board, Charlie Mayer, sits on his hands and does nothing, when we have an announcement by the Wheat Board that they are not going to ship through the Port of Churchill.

It is time that he stood up and made a commitment to the producers that he's going to ensure that the Wheat Board exercises its mandate to get the best deal for the producers and for this country. It's clear that there's a tremendous cost advantage, Mr. Speaker, from moving grain from the Churchill catchment area through the Port of Churchill - \$14 to \$20 per tonne. It is in the best interests of the producers in that area that this grain be shipped through Churchill, and all this nonsense about it being unviable is not the case, Mr. Speaker.

We want to ask this opposition to stand up and ensure that they talk to their member, the Manitoba Minister, who is not standing up and giving direction to the Wheat Board.

MR. J. DOWNEY: Last week, the Minister responsible for the Canadian Wheat Board was here giving the Provincial Government assistance and the sugar beet growers assistance for the production of sugar.

Did the Minister of Highways and Transportation . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please.

MR. J. DOWNEY: Did the Minister of Highways and Transportation, when the Minister responsible for the Wheat Board was in town last week, did he ask him specifically about getting grain for the Port of Churchill and does the Minister of Highways and Transportation have support of the pool organizations to move grain to the Port of Churchill?

HON. J. PLOHMAN: Mr. Speaker, the Minister responsible for the Wheat Board had to be dragged

kicking and screaming into a deal with regard to the sugar beet industry in recognizing and exercising his responsibilities.

I spoke to the Minister responsible for the Wheat Board in Ottawa last Wednesday night with a number of my colleagues and we heard that he's not prepared to direct the Wheat Board; and that is exactly what I'm talking about here. The producers have an opportunity to get the best deal for their grain by shipping it through the Port. There's no excuse for it, Mr. Speaker.

The fact is that 10 to 15 years ago Churchill received about 3 percent of the total export grain shipments from this country and when the season was around 20 million tonnes, which they're projecting now for this coming year, there was a season of 500,000 to 700,000 tonnes going through Churchill. There's no excuse now to drop the season down to zero at Churchill, because the total shipments are going down to what they were 10 or 15 years ago. If it was viable then, it's viable now.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please. Order please.

Oral question period is a time for seeking and giving information and not for making speeches.

Falcon Lake Resort - Privatizing of

MR. SPEAKER: The Honourable Member for Emerson.

MR. A. DRIEDGER: Thank you, Mr. Speaker.

My question is to the Minister of Natural Resources. Can the Minister indicate whether any activities or arrangements are being contemplated to privatizing the provincial ski resort and the golf course at Falcon Lake?

MR. SPEAKER: The Honourable Minister of Natural Resources.

HON. S. USKIW: Mr. Speaker, the golf course at Falcon Lake is proceeding in a way that it always has, with respect to its operations, there's no change there. The ski resort is still up in the air; we're not sure just where we're going to come down, policy-wise, on that part of it.

MR. A. DRIEDGER: To the same Minister, can the Minister give us a justification as to why the cottage lot taxes have increased from \$210 in 1982 to, at the present time, \$390 per lot?

HON. S. USKIW: Mr. Speaker, I would have to assume that all of those questions have been put in Hansard more than once since 1982 and I don't have at my fingertips all of those occasions.

I'm sure it's all relevant. We've all witnessed the escalation of government costs from 1969, when I first arrived, or '66, here, Mr. Speaker, till this very day, from \$300 million of total government expenditures to \$3.5 billion.

MR. A. DRIEDGER: To the same Minister, I wonder if the Minister could indicate why the increases are the same, irregardless of where these cottages are located, whether it's at Falcon, with all kinds of services or whether it's at a lake like Moose Lake where there are very limited services, the increases are the same all over.

HON. S. USKIW: Again, Mr. Speaker, I would have to assume that if the member has a particular situation in mind, that if he would convey to me that information, I could respond to him; but a general question with respect to rate increases can only be answered generally and that is, costs are going up.

CGE - Protection of Limestone contract

MR. SPEAKER: The Honourable Minister of Culture.

HON. E. KOSTYRA: Thank you, Mr. Speaker.

A question was taken as notice on Thursday, May 2nd, from the Leader of the Opposition regarding Canadian General Electric and its contract with Manitoba Hydro with respect to the contract awarded for turbines and generators.

The Minister of Energy and Mines has discussed this matter directly with the Chairman and Chief Executive Officer of Canadian General Electric and has been informed that the news reports with respect to CGE were inaccurate and somewhat misleading. The company is not for sale; it is a profitable operation in Canada.

In any event, Mr. Speaker, the contract that has been entered into by Manitoba Hydro and CGE ensures that CGE will be liable for any costs if they are not able to fulfill their obligations under the contract. Both this government and Manitoba Hydro are confident with the arrangements with CGE, which has resulted, I might add, Mr. Speaker, in lower prices than was initially anticipated with respect to the cost of the turbines and has significant economic impact and benefits for the Province of Manitoba, more than double that which was the case with respect to hydro-electric developments in this province.

MR. G. FILMON: My question then for the Minister, and following upon that response, is what aspect of the contract indemnifies Manitobans against the loss of jobs that would occur if CGE were closed down?

HON. E. KOSTYRA: The agreement is such that any costs that are incurred with them not fulfilling the contract are incurred by CGE. With respect to any industrial benefits for the Province of Manitoba, that would have to be the subject of any agreement or any contract that was put in place of that one, but we are confident as is Manitoba Hydro, that the terms of the agreement with CGE will be fulfilled, and there will be significant economic impact on jobs in the Province of Manitoba.

MR. G. FILMON: Mr. Speaker, I'm glad to hear that the confidence is based on the company's strength, but not on any assurance in the contract.

Mr. Speaker, I wonder if the Minister has had an opportunity then to correct the information that was

given by the Minister of Finance earlier when he said that there wasn't any connection between the parent company in the United States, and this CGE operated totally on its own, when we find that they now have a power over this Canadian company as to its operations here.

HON. E. KOSTYRA: As I indicated, Mr. Speaker, the Minister of Energy and Mines did discuss that matter with the President and CEO of CGE and he indicated that the company is not for sale and there is no threat of such things happening with respect to CGE in Canada.

Manitoba Hydro - Northern travel arrangements

HON. E. KOSTYRA: While I'm on my feet, Mr. Speaker, I'd also answer another question that was taken as notice from the Member for Lakeside with respect to northern travel arrangements and Manitoba Hydro.

I am informed by Manitoba Hydro that with respect to travel in the north, Manitoba Hydro has never been instructed nor have they instructed to make room available on any aircraft for any MLAs. The normal practice for Manitoba Hydro is that they charter an aircraft based on their needs, according to the number of people that need to travel to the destination. For this reason, Manitoba Hydro normally does not have any extra seating available.

With respect to accommodations in northern locations where Manitoba Hydro operates camps or staff houses, they have never been instructed that they must make room or rooms available for MLAs. It is their customary practice to provide accommodation for any MLA if requested by the MLA and provided there is room available.

MR. SPEAKER: The Honourable Member for Elmwood.

MR. R. DOERN: Mr. Speaker, I'd like to direct a question to the First Minister concerning the comments of the Finance Minister that he's going to introduce a Budget on May 23rd which will be tough but fair.

I assume that if the Budget is simply tough we can add 35 days, but if the Budget proves to be tough but fair, and I emphasize "fair," will the First Minister be delaying the proposed June election?

SOME HONOURABLE MEMBERS: Oh, oh!

Hudson Bay exploration - Impact on environment

MR. SPEAKER: Order please.

The Honourable Minister for the Environment.

HON. G. LECUYER: Thank you, Mr. Speaker.

I also took as notice yesterday, Mr. Speaker, a question from the Member for Lakeside on the offshore oil developments in the Hudson Bay area regarding the environment. I want to indicate, Mr. Speaker, that the Department of Environment, Workplace Safety and Health has been communicating with both Environment

Canada and Canadian Oil and Gas Lands Administration or COGLA for short, since back in 1982, where the previous Minister communicated Manitoba's environmental concern to both the company and the Federal Government, and in spite of strong representations that we have made in asking for representation on an advisory committee, the company declined saying that they reserved that, and they would allow only governments north of the 60 parallel to be part of this committee, but agreed to keep Manitoba informed in advance of any developments and has done so.

We have been informed, as promised, about seismic activities and we agree that they did not resolve any significant environmental impact.

We were also given assurances that the appropriate environmental issues would be addressed prior to actual drilling programs through the environmental requirements of the COGLA drilling regulations and we are awaiting further documentation of that.

If exploratory work were to prove positive enough to warrant actual development, then the project would certainly be subject to an extremely detailed environmental assessment, which comes under two federal acts: both the Canada Gas and Oil Act and the Gas Production and Conservation Act. These acts and their regulations, Mr. Speaker, contain extensive provisions for pollution prevention and remedial measures if pollution or marine emergency were to occur.

As well, Mr. Speaker, I might indicate that in order to be allowed to proceed they have to comply with some fairly stringent conditions, and we are satisfied, we are told by the Federal Government that at this point in time they have met these conditions.

PR 547 - construction on

MR. SPEAKER: The Honourable Member for Roblin-Russell.

MR. W. MCKENZIE: Mr. Speaker, some two weeks ago, the Minister of Highways tabled his Highway and Public Roads Project Schedule for 1985-86, during the examination of his Estimates. I read from Page 14, it says, "PR 547 - Saskatchewan boundary, 2.1 miles grade and gravel."

I would ask the Minister of Highways why he would write the Village of MacNutt, Saskatchewan, who is directly involved in the construction of this road: "On April 18th, it will be my intention to only consider this project next year when developing the 1986 construction program."

MR. SPEAKER: The Honourable Minister of Highways.

HON. J. PLOHMAN: Mr. Speaker, the honourable member should clarify the date on that letter.

MR. SPEAKER: Order please, order please. The time for Oral Questions having expired, Orders of the Day. The Honourable Member for Burrows.

MR. C. SANTOS: Mr. Speaker, I beg the indulgence of the House and respectfully ask leave that we return

for a moment to Item No. 3 of the ordinary routine of business of the House, so that I may be able to present a report a Report of the Standing Committee on Public Utilities and Natural Resources.

MR. SPEAKER: Does the honourable member have leave? (Agreed)

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

MR. SPEAKER: The Honourable Member for Burrows.

MR. C. SANTOS: Mr. Speaker, I beg to present the Second Report of the Committee on Public Utilities and Natural Resources.

MR. CLERK, W. Remnant: Your Committee met on Tuesday, April 30, Thursday, May 2 and Tuesday, May 7, 1985 at 10:00 a.m. in Room 255 of the Legislative Building to consider the 1984 Annual Report of the Manitoba Telephone System.

Your Committee received all information desired from Mr. Gordon W. Holland, General Manager and Chief Executive Officer, and members of the staff with respect to all matters pertaining to the Annual Report and the business of the Manitoba Telephone System. The fullest opportunity was accorded to all Members of the Committee to seek any information desired.

Your Committee examined the Annual Report of the Manitoba Telephone System for the fiscal year ended March 31, 1984 and adopted the same as presented.

MR. SPEAKER: The Honourable Member for Burrows.

MR. C. SANTOS: Mr. Speaker, I move, seconded by the Honourable Member for St. Johns, that the Report of the Committee be received.

MOTION presented and carried.

ORDERS OF THE DAY

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Mr. Speaker, would you please call the government resolution on Page 3.

PROPOSED RESOLUTION NUCLEAR WEAPONS FREE ZONE

MR. SPEAKER: The resolution of the Honourable First Minister standing in the name of the Honourable Member for Lakeside.

MR. H. ENNS: Mr. Speaker, I would ask to have this matter stand. I have no objection, of course, if anybody else wishes to speak to it at this time.

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

MR. D. SCOTT: Thank you very much, Mr. Speaker.

Mr. Speaker, it is with tremendous pleasure that I rise in this House today as a seconder of the motion to declare Manitoba a Nuclear Weapons Free Zone as was moved and presented and initiated to the House yesterday by the Honourable First Minister.

Mr. Speaker, the creation of a Nuclear Weapons Free Zone is not something new. They have been created now for a number of years. We will set a course as the first province in Canada to establish ourselves as a Nuclear Weapons Free Zone.

As is proposed in the resolution and as shown in the WHEREAS's in the fifth WHEREAS in the resolution, Nuclear Weapons Free Zones have already been declared in Antarctica in 1959; for Outer Space in 1967 - that one is under some jeopardy at the time being and is up for reaffirmation within two years time; most of Latin America under the Treaty of Tlatelolco in 1967; and the Sea-bed and the Ocean Floor in 1970.

I'd like to give a little bit of explanation exactly what a Nuclear Weapons Free Zone means to us, where it has been declared in other jurisdictions. Perhaps, I could start with a quotation from the Treaty of Tlatelolco which is the one governing Latin America, established in 1967. Article 1, Section 1A of that treaty states that ". . . the treaty prohibits the testing, the use, the manufacturing, production or acquisition by any means whatsoever of any nuclear weapons, and the receipt, storage, installation, deployment, or any other form of possession of any nuclear weapon directly or indirectly . . ."

Mr. Speaker, this has been further emphasized by a recent statement which was published in the Winnipeg Free Press on Sunday, February 24, 1985. The statement by the Prime Minister of New Zealand, Prime Minister David Lange. Prime Minister Lange, in declaring New Zealand a Nuclear Weapons Free Zone by maintaining that he was staying within the ANZUS Treaty's prerogatives, that the ANZUS Treaty was in no way created under the threatening arc of a nuclear umbrella, that it is a non-nuclear treaty and that they in that small nation set a course and established a course of independence which Canada would do very well to follow.

In the statement by Prime Minister Lange, he stated very clearly, "The bottom line for New Zealand is simple. If New Zealand was ever under threat of attack, we would not ask the United States to defend us by threatening the use of nuclear forces against the attacker. We will never ask an ally to defend us by annihilating the planet."

Mr. Speaker, since we have entered the nuclear arms race, the whole thinking of mankind, unfortunately, has not changed. In a statement issued years ago by one of the world's greater philosophers, Bertrand Russell, along with and beside the father of the nuclear bomb, Albert Einstein, they issued a manifesto together in which they implored us to remember our humanity, to recognize that nuclear weapons change everything but the way we think. It is very sad that so often on behalf of both superpowers and other hawks around the world - it's not just limited to the superpowers - that they still go back to the old Roman creed which stated, "Let him who desires peace prepare for war." That was stated close to 2,000 years ago. How many wars have we had as a result of that mentality since that time?

Probably the most classic example in this century was the First World War where no nation wanted that

war but they were all prepared for war. They had been gearing up for years to fight a war they hoped would never happen. They have a basically meaningless figure, an insignificant political figure, in Archduke Ferdinand, who was assassinated. That triggered a chain reaction that pulled the war into what could only be described as the First World War; a war that engulfed nearly all the so-called civilized lands of this world. They lost their civility. They fell into the depth of a war that was to last almost five years in which tens of millions of people died, in which countries were destroyed, and the end result of it was a division of Europe that could not last, did not last, and barely 25 years later they were back into it again.

The Second World War was really quite different than the First World War, in that the First World War was not so much ideologically based as the Second World War was very clearly a war based against a totalitarian regime that had no respect for human rights, had no respect for national borders and that wanted and bragged of it constantly, to take over all of Europe and then to move beyond.

They showed their methodology and in this past weekend, past few days and tomorrow for the celebrations that we on this continent, in Western Europe, in Central and Northern Europe, and Northern Asia as well, are celebrating as V-E Day. That was the end of the last war, the last great war involving civilized countries battling against one another, developed countries may be a better terminology because countries and nations, in particular, tend to laugh a little bit at this thing called civility.

We have now had a period of some 40 years without armed conflict between Western and Eastern powers directly. They have shown the cultural aspects of our society and the cultural immorality of Caucasian man in being willing to fight battles and skirmishes in other non-Caucasian states. We have had, I believe, something like 150 million deaths in wars since the Second World War.

So, war is not something that is extinct. War is not something, I think, shall ever be extinct, unfortunately. We, as civilized human beings; we who live in a free and democratic society; we who live off the riches that have been developed around us through our economic might, through our institutions of Parliament and democracy and its evolution in the past almost 800 years, we have a responsibility above all others to initiate and to continue actions to prevent wars not only involving ourselves, but also involving other persons.

The United Nations recognized clearly that the whole concept of Nuclear Weapons Free Zones goes a long way towards reaching that goal. We have under consideration at the current time a proposed broad Nuclear Weapons Free Zone in the South Pacific that is being initiated by the Government of New Zealand and many of the small islands in the South Pacific who have suffered the ultimate humility of having France and the United States in particular, use their islands as testing grounds for nuclear weapons.

Those people are paying for that, paying a price which has been virtually unheard of in peacetime, of unprecedented rates of cancer among their populations, of people who were once proud, who are now virtually destitute. The moral fibre of the nature collapsed, the health, not only of the individual but of the society in great sickness.

We have another initiative in what is perhaps a corner of the world that has shown the greatest light, as far as peace and conflict, and that is in the Nordic countries. Sweden recognized the folly of war and in 1825 the people rose against the king, who had just finished conducting extensive campaigns in wanting to expand the great Swedish kingdom of the day. They declared at that time, in 1825, that that should be their last war, that they would not send young Swedes off in battle once again or ever again. They have been able, since that time, to stay out of conflicts while the world around them has been engaged in conflict, and it has not been at no cost to them whatsoever. Their costs, if anything, have been extensive.

Mr. Speaker, in the Second World War, the Swedes lost tens of thousands of their merchant marine to submarine attacks and to surface ship attacks against their merchant marine, tens of thousands. I had the chance, when I was in Sweden a year and a half ago, to go and pay tribute to these men and women who lost their lives on the high seas, in the North Atlantic in particular. There are just column after column of names of people who lost their lives in a war they were not a part of, in a war that they actually played a fair role in trying to get the sides together and to stop the madness that was a Second World War.

To continue on what Nuclear Weapons Free Zones mean, they mean for the United Nations and they are dealing with nation states and we must recognize, as the Premier clearly did yesterday, that we are not a nation state. We are but a province within a nation state. For nation states, they stated that to be a Nuclear Weapons Free Zone they must be free and remain free of nuclear weapons. Canada fits that category. We are, for the first time in about 25 years or 20 years, now free of nuclear weapons. They must establish effective grounds for verification - verification with the satellite technology that the European nations, the United States, the Soviet Union, and even Canada possess today, make verification very, very easy.

One of the things with verification as well, is for any new weapons system to be developed, to have any impact, and to have any faith by the military brass to rely upon it, it must be tested and any testing can be detected. Any testing.

The third aspect of the United Nations Declaration for Nuclear Weapons Free Zones is that an agreement between the nuclear powers that they will never use any of their weapons in that area designated as a Nuclear Weapons Free Zone, that they shall not attack and they shall not be, in fact, attacked from that area.

There is currently active discussion in Europe to expand the concept of Nuclear Weapons Free Zones to include virtually all of the satellite countries of Eastern Europe and the countries of Western Europe, from the Soviet border to the Atlantic Ocean, from the Baltic Sea right through to the Mediterranean. There are 30-some nations involved in this proposal at the current time and they already have, in some states, been led by the West German statesmen such as Willy Brandt and Helmut Schmidt, both former Chancellors of that land of West Germany, who are leading the proposition in Europe that Europe's - because the Europeans recognize that they are the biggest target around. They recognize fully that they're only - missile-speaking - six minutes away from launch. They recognize that that's

not enough time to counteract, even if counteraction would do any good. They recognize they're sitting on a powder keg and they recognize that there cannot be any degree of civilization after a nuclear conflict. There's great question whether there can even be life on Planet Earth as we know it now.

We have, Mr. Speaker, a position put forward as well by the Canadian churches and they have been tremendously active alongside as one of the principle peace organizations and that organization's advocating peace. Just this past weekend there was a meeting of some 200 people of what was formally called the Inter-Church Disarmament Project, now called Project Peacemakers, at Westminster United Church. They heard of our resolution on Saturday and, it's my understanding they adopted it unanimously, to support the province's initiative to make Manitoba and declare Manitoba a Nuclear Weapons Free Zone.

Other groups that have been very active and I have had the pleasure to work alongside as well as the church groups have been the Physicians for Social Responsibility and the Educators for Social Responsibility; Project Ploughshares, more so on communications and writing back and calling back and forth to get information from them, and especially the Winnipeg Co-ordinating Committee for Disarmament.

The WCCD has been working for the past four or five years now as a primary organization for co-ordination of peace activities within the Province of Manitoba and I think they have done an outstanding job, not simply in the 'great visible works such as the annual peace marches which have been among the most successful in the whole country - as a matter of fact the whole continent of North America - but as well in setting up speaker's lists and people to go out and to speak to people who are interested in learning more of the role of peace and conflict, to learn as well the consequences of what nuclear war would mean to Manitoba, let alone the world.

The Canadian churches, Mr. Speaker, in their declaration of what a Nuclear Weapons Free Zone for the country means to them, follows quite closely the United Nations, yet they say that no nuclear weapons shall be stored on Canadian soil; that there shall be no transportation by land, sea or air, across this land of ours. They call for no production or testing of components for any weapons systems that deliver or target nuclear weapons, and that is perhaps the principal key to it; for to declare yourself a Nuclear Weapons Free Zone as a nation, as a province, or even as a city, and to encourage or to participate in the development of that technology is, I would say, heresy.

Mr. Speaker, the fourth requirement that they call for is that Canadians, and particularly they're referring to members or people who are under the direction of the Government of Canada, be it through the armed forces or External Affairs or whatever, shall not provide any support and participate in the operation of support systems for nuclear weapons delivery systems, no matter where they are in the world. In other words, Canada cannot declare ourselves nuclear free and then go off in another sphere of the world and participate in the arms race, especially to participate in the implementation of nuclear weapons.

So why do we want to call ourselves and move towards developing Nuclear Weapons Free Zones? Why

do we want to start that seed and continue the growth really of that seed, because there are some 65 cities across the country who have declared themselves, to this point, Nuclear Weapons Free Zones. But our initiative in bringing this forward to the House and to the people of Manitoba is to assist in the developing of not only a national, but an international climate where confidence and trust through dialogue can develop, for it is only through that dialogue, it is only through trust and confidence between potential adversaries that we can ever hope to have reductions in the arms race.

So for Manitoba, what does that mean? Is it simply symbolic? Because we fully recognize that, constitutionally, the Government of Canada has responsibility for national defence, but does that mean that the provinces of this land cannot participate in the development of initiatives which could lead to a new and saner policy for Canada in the world community?

Does that mean that because defensive issues are primarily the constitutional responsibility of the Government of Canada that the Province of Manitoba or any other province cannot initiate change, that we cannot lead the way towards a Government of Canada adopting a similar policy for the whole country, to lift the head and the name of Canada high, as it was during the '40s, the '50s and the '60s with the creation of the United Nations, with our participation in the settlement of the Suez crisis, with our participation in the stopping of the warring factions on the Island of Cyprus and, more recently, in our efforts and our continuing efforts through the United Nations to get potential adversaries, be they superpowers or not - most of the conflicts we have around the world are not between superpowers - but in trying to get parties together, to get discussions going, to get dialogue going, because once you have dialogue you can then perhaps develop the conciliatory gestures that are needed. Without that, with only rhetoric you can get nowhere, and rhetoric is probably recognized as the most dangerous situation that the world can be in and that adversaries can be in when there's nothing but damning rhetoric between two nations, because they box themselves into positions and heaven only knows, we've seen that frequently enough.

So for Manitoba to declare ourselves a Nuclear Weapons Free Zone is a very tangible action. It shows a clear direction of the interest and the intent of this Legislature - and this Legislature's not doing something independent - we are following the wishes of the people of Manitoba, and that is the key to it.

Former President Eisenhower, prior to his deceasing, said at one time - and I can't remember the exact occasion of the declaration - but he said, "If the people speak strong enough and long enough and if they are determined enough, the politicians, sooner or later, must listen and follow their lead." We are attempting to do that here in Manitoba. We're attempting to follow the lead that has been given by the citizens not only of this province but of this country, and to start something which will snowball, one hopes, so that we will be able to live in a land that is not only free of nuclear weapons as we are today, but has this firm commitment that we shall continue keeping ourselves rid of nuclear weapons and that we shall move towards a state where this country shall not participate in an arms race which could trigger the conflagration which would involve nuclear weapons.

So what does this mean for the Government of Manitoba? What do we have to do? I'd suggest that we've already done a number of things. You will remember last fall the announcements, and in February as well, I believe, there was a group came through with great fanfare with a former Minister - and thank God he's the former Minister - Robert Coates, former Minister of National Defence in this country, on which was called the Pentagon Defence Procurement meetings that they had and they set up across the country to try, inevitably, to link Canada's industrial - not only industrial network and industrial base, but also our strategy closer and closer to the wishes of the United States and of the Pentagon in particular.

How could Canada, it has been written by military analysts, not just civilians like myself, how could we ever present a case to the Government of the United States and argue positions, be it acid rain, be it treaties in regard to fisheries, be it lumber exports from British Columbia or anywhere else in the country into the United States or other trade negotiations as well? What kind of bargaining power do we have and what kind of trust can we put in ourselves, as far as a position, when we go to the U.S. and they say, if you don't play our game, we're going to cut off the network that you have of \$4 billion worth of infrastructure in Canada to supply our military with its equipment; and if you don't play our game, we will cut those contracts off and we will say that you are no longer a preferential nation in regard to defence procurement.

What would the Government of Canada do then? It's my understanding it's already been used once. I saw the Government of Canada's reaction and that was over the testing of the Cruise Missile; and it's my understanding that the United States at the time told Canada that they could not expect a vigorous defence against restrictions of exports of lumber into the United States, that we could not expect a vigorous defence by the administration before Congress, where there is a strong mood to limit imports of raw lumber into the U.S. It's my understanding that we were told that we could not expect to have a vigorous defence put up by the administration to maintain Canada's preferential trade status in regard to lumber.

I personally believe that is the reason we tested the Cruise Missile in Canada. At the time, the Prime Minister was not overly anxious about it. He had many members of his Cabinet, it's quite well known the Federal Cabinet was quite divided on it, it's quite well known as well that the Conservative Opposition in the House of Commons was also divided on the issues, with prominent spokesmen like Douglas Roach, in particular, taking a position against the testing of the Cruise Missile.

So there are great risks for Canada to tie ourselves too closely to any nation in terms of their military procurement, for it can be a very deadly association if we were to take that forward too far. But the Government of Manitoba essentially means, in my opinion, to follow the basis of both the United Nations Declaration and also the Canadian Churches Declaration that we, as a province, will not participate and encourage and finance or whatever else projects in this province which are intended to develop new weapons systems or existing weapons systems which use nuclear weapons.

It also means, on a parallel with Star Wars - and more and more military analysts who are free to speak and are willing to speak are saying that is probably the most destabilizing initiative that the world has seen in an awful long time.

So it means that we will not participate in the development of nuclear weapons and also the delivery systems. As the Member for Radisson says, it's a waste of money and it truly is a waste of money. It's the biggest deficit-producing industry in the world today and certainly one of the primary reasons for the collapse of many nations, of their social structures and also of their economies, with high interest rates and high debt charges because they're borrowing so heavily for military purposes.

It means as well, another initiative that the province took, alongside and much prior to refusing to participate in the Defence Procurement meetings that were held here back in the fall and also during the winter, that we feel that any idea towards developing a civil defence system against nuclear weapons is futile. As a matter of fact, we feel, not only is it futile and a waste of money, but it is dangerous because it builds a false sense of hope and security in people that think that there is such a thing as the survivability of a nuclear war.

It is with great displeasure that I heard and read in the paper today that somehow or other Manitoba Hydro has a contract to study the effect of the nuclear magnetic pulse on hydro generating capacity. Who is the Department of National Defence going to supply for Winnipeg Hydro. Who are they going to supply electricity to?

Now when you're talking in nuclear terms and explosions alongside, you're talking of winds that are in the hundreds of miles an hour and our towers would never even stand that even if there wasn't such a thing as a nuclear magnetic pulse. The technicians wouldn't be around anymore to service or to try to get the mammoth undertakings back.

You know how much it is to put up a powerline, to build a powerline from the North to the South. It takes years to do that. Even if we had 3 percent or 5 percent of Manitobans or Canadians in North America somehow or other survived, are they going to have the equipment to work with to be able to put this stuff in place? Are there going to be any helicopters around to lift up the booms and to run the lines? It's nonsense! It's patent nonsense to participate in that, Mr. Speaker.

There are other initiatives which I hope to see the Government of Manitoba take. I'd like to see Manitoba take the lead, and it wouldn't be really taking the lead in Canada, because there's already a couple of institutions which I'm going to refer to in Canada; one at the University of Waterloo, which is tied very closely to Project Ploughshares.

I'm speaking of the institution and the creation of peace chairs at our universities, or at least at one of our universities, to create an institute such as in Lancaster, England the Richardson Institute for Peace and Conflict Research.

These institutes go an awful long ways to exploring and contributing to the debate in the use and the role of nuclear weapons. They look not only at the nuclear debate, but they look at the whole issue of peace and conflict in itself, what begets war, what begets peace,

should we be expecting more wars at this time in society's evolution and the earth's evolution? Or is what we are going through in a period of relative peace, for we in the Western World at least and also the Eastern Bloc countries; is it fully predictable? What has been the incidence of war between developed nations over the past 400 or 500 years?

Well, Mr. Speaker, there are various institutes that have started doing work of this nature. I refer in particular to the Richardson Institute for Conflict and Peace Research, which is tied to the University of Lancaster in England. They show quite clearly, by going back into 1500 and graphing out all the major conflicts that have been in Europe, in particular, in looking at the declining rate of conflicts over that period of time.

Why has there been a decline incidence of wars? For one thing as time progressed, the wars got progressively worse. The damage through the advances in technology became monumental compared to what they were just generations previous.

The other thing that is probably more telling is the development of democratic states and the development of the role of the citizen in society. You remember back up until this century, essentially, most of the world and the Western World, in particular, was still run almost as fiefdoms. They were run as an evolutionary step away from feudal kingdoms. You still had princes and kings and principalities who wanted to gain more power, more influence and with that, greater prestige. As those crumbled, as those types of societies and institutions of government crumbled over time, and the citizens became more of a participant and a choice in whether or not to go to war to some degree, or at least a willingness to even speak out against being conscripted and going off to fight in someone else's war, let alone a war in their own home territory, that, Mr. Speaker, is the principal reason for the decline in the incidence of war. It is the resistance of the citizens. The citizens are saying rather than us sending our sons and daughters off to war, rather than us dying in our beds, rather than us in mass campaigns of death and destruction, let us try a different approach, let us move towards dialogue. It's one of the reasons, and the principal reason the United Nations was created.

The League of Nations was created previously. It lost respect because the major nations would not follow and give it the respect that it needed.

The United Nations, we cannot afford to let it fall into the same fate. We have to build that institution to make it stronger and stronger, to take away in some instances or to evolve so that it usurps through institutions such as the World Court some of the jurisdiction perhaps of the nation state.

So, the individual in the society, as like Eisenhower said years ago, "Sooner or later when the people lead, the leaders must follow."

Another initiative besides establishment of a peace chair that I would love to see us do in this Year of Youth, and we must remember that one of the initiatives of the Year of Youth is peace, and I'd like very much to see Manitoba follow up our lead by declaring ourselves a Nuclear Weapons Free Zone and, perhaps, entertaining a thought of working with the Youth Council in the province to the establishment of a national conference on the peace issue, on peace and conflict if you wish, and hold it here right in the cornerstone

province of this country. For by declaring ourselves a Nuclear Weapons Free Zone, we make ourselves a stronger cornerstone. We show not only resolve on behalf of the people of Manitoba, we show resolve on behalf of people all over the world.

Here in Canada, we can take the lead that's given to it by the people and Legislature of Manitoba, and we can move with the same sureness as a nation, and we can tell our super powers that no we will not participate in your alliances if you're determined to go down one-way streets, that you must listen to the middle powers as well, and that we middle powers of the world as well as the lesser powers of the world shall have something to say with the destiny of the world. We're not going to leave that up to four or five nuclear powers. When that happens, Mr. Speaker, the world will be a much safer place for ourselves, the world will be a much safer place for our children.

Mr. Speaker, in a spirit of all humility, I beg all members of this House to support this resolution; to not only support this resolution, but to vigorously defend this resolution to take it forward as another example of Manitoba showing our lead not only in Canadian society but in the world.

Thank you very much, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. H. CARROLL: Thank you, Mr. Speaker.

I, too, would like to take this opportunity to speak on this resolution. I agree that the nuclear arms race and the danger of nuclear war are critical and important issues. I think that the Premier and his government are sincere in their desire for peace. Having said this, I now say that I oppose this resolution and that there certainly will not be unanimity in this House on the resolution.

The Premier stated that this resolution is a symbolic one. I agree. I further agree that symbolism is very, very important. My vote against this resolution is also symbolic. I am voting against the trivializing by politicians of the Anti-Nuclear Movement.

I am persuaded that there are certain things better done by the people than by politicians. The Anti-Nuclear Movement is a people movement. The minute politicians get involved, particularly at the level of provincial politics, and particularly in the Province of Manitoba, the issue becomes a matter of partisan politics.

Mr. Speaker, I would rather hear the sincere voices of our young people than the tiresome tirades of the Premier.

MR. R. DOERN: Hear, hear! Agreed. All in favour?

MR. H. CARROLL: Although I'm sure his horror of nuclear war is sincere, I suspect that the Premier has smelled the political winds and seen the popularity of this issue, and therefore has come up with this resolution.

I suspect that the Leader of the Opposition will be tempted to follow along like a little puppy dog. I should caution the Leader of the Opposition not to do this and I'd like to give a quote and I'd like the Leader of the Opposition to consider this. It's from an English

poet, Alexander Pope: "I am his Highness's dog at Kew; Pray tell me, sir, whose dog are you?"

All of us in this Chamber are against nuclear war, but for the reasons I have stated, I am against this resolution. Let it be a people's issue, not a politician's issue.

MR. SPEAKER: Order please. If there is no other member wishing to state his opinion at this time, the debate will stand in the name of the Honourable Member for Lakeside.

HOUSE BUSINESS

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker.

Mr. Speaker, before I move the motion for the House to go into Committee of Supply, I wish to advise the House that the tentative announcement of last week can now be confirmed that the Standing Committee on Economic Development will meet this Thursday at 10:00 a.m., to consider the Annual Report of the Communities Economic Development Fund, Channel Area Loggers and Moose Lake Loggers.

As well, Mr. Speaker, since we have completed the departments under consideration both in the House and committee, today we will start consideration in the House of the Department of Urban Affairs and in the Committee Room, the section sitting there will commence consideration of the Estimates of the Department of Consumer and Corporate Affairs.

Mr. Speaker, I beg to move, seconded by the Minister of Health, 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 to consider of the Supply to be granted to Her Majesty with the Honourable Member for River East in the Chair for the Department of Urban Affairs; and the Honourable Member for Burrows in the Chair for the Department of Consumer and Corporate Affairs.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - CONSUMER AND CORPORATE AFFAIRS

MR. CHAIRMAN, C. Santos: This section of the Committee of Supply will be dealing with the Estimates of the Department of Consumer and Corporate Affairs. We shall begin with a statement from the Honourable Minister.

HON. R. PENNER: Thank you, Mr. Chairperson. My remarks will be brief, but nonetheless cogent and convincing.

Historically, this department has had, as these things go, a brief life, but a checkered career. It's been something of a grab bag. It's had many functions assigned to it from time to time, but in recent years it has had a reduced, but a much more focused

mandate. The various functions that I will particularly mention: those of the Consumer Bureau, the Insurance Branch, the Corporations Branch, the Public Utilities Board, and the Securities Commission - all of them collectively play something of a hands-on role with respect to transactions having an aggregate value of several billions of dollars per year. I think people don't realize the extent of the regulatory function and the scope of the areas covered by the various components that make up this department.

We are active and have a hands-on role, as it were, in regulating in the main private sector transactions where we seek to protect not only consumers of goods and services generally, but - and I want to note here particularly and I think it's important to put on the record - we have a very significant role with respect to the consumers of financial services. Here's where, I think, there is a very important mandate and some very important developments.

With respect to financial services, there are several areas of concern that should be noted, albeit briefly. The traditional pillars, the four pillars of financial services, that is, banks, trust and loan companies, insurance companies and investment dealers, the hitherto fairly sharp lines differentiating them, both in terms of statutory framework, the market operations, and the regulatory framework are breaking down.

The Secretary of State for Finance, Barbara McDougall, has within recent weeks tabled a proposal for discussion on the regulation of the Canadian financial institutions. I had an opportunity to meet with her just last week. The proposals which I'll describe and not really do justice to describing, would permit the creation of financial services umbrellas, holding companies, which could hold what is called a schedule "C" bank, a trust and loan operation, an insurance operation and an investment dealer's operation and could do so under one roof, as it were.

In fact, some of the big four who would benefit most from this development: Crown Life, Trilon, the Power Corporation, Great-West Life is interested, it's part of the Power Corporation, of course; Investors is interested, it's part of the Power Corporation really. They are already beginning to talk in glowing terms of financial boutiques. In saying it in that way I don't want to be taken as being critical or saying this is a bad thing, but I think we have to realize what is about to happen in the very near future. The difference, incidentally, between the Schedule C banks which might be operated by a financial holding company, a financial umbrella and the Schedule A banks, which are the big banks about which we know, Commerce, Nova Scotia, Toronto-Dominion, Royal and so on, whereas there is a limitation on ownership with Schedule A banks, that is, they must be widely held. No one person or group can own more than 10 percent of a Schedule A bank.

The Schedule C banks can be closely held. It could be one family and the moment you begin to think about it one realizes that there is an increased risk element where you have a small, closely-held operation and we saw that fairly recently in the collapse of the Crown Trust Greymac and Seaway Empire where really the pinnacle of all of that was one person, one family; and with the self-dealing that went on between these entities, ultimately a great many people suffered loss.

The Minister of State for Finance, Ms. McDougall, is aware of that problem and would substitute for the

widely-held provision of the Schedule A banks, an absolute prohibition - that's her proposal - on self-dealing as between the components of a financial umbrella. That is one approach that would be taken by the federal statutes and regulations that are going to be developed very very shortly. I think that's important and we are encouraging that option, that is, an uncompromising ban on self-dealing; because what happens of course when you get self-dealing is that it's apt to be dealing at a more advantageous rate than the market warrants, hence putting other investors in the particular component at risk because there's a weak element in the self-dealt element.

We are also interested in examining very very closely the proposed supervisory structure which the Minister of State for Finance will put together to deal with this development. While it is true then that the breakdown of the traditional distinctions between the four pillars of the financial community of financial services poses some opportunities, it is thought that there might be greater competitiveness, there might be made available a capital market that they could not otherwise access. There may be better international competitiveness. There is a risk element and these have to be very carefully balanced.

I'm advised that technical papers, outlining in much greater detail, the way in which this scheme will be elaborated should be forthcoming in the near future and I am promised that there will be close working relationship between the provincial ministers and officials responsible in this area and the federal officials.

We simply, of course as I say, cannot play King Canute and try to sweep back the tide of change in the financial market. It's just as susceptible to change and in a way requires change as much as any other area of the market. But we must do everything possible to build for our consumers of financial services in this province some secure bridges over these troubled waters - and they are troubled.

I should just note that we've seen many people of Manitoba suffer losses with the collapse of Northern Union Insurance, with the Winnipeg Mortgage Exchange and here we're proposing, I might note, to introduce very shortly into the House a much revised Mortgage Brokers and Dealers Act, which will attempt to add the protection to that particular financial services area, which was not there when the Winnipeg Mortgage Exchange collapsed.

We've seen the collapse of the Saskatchewan-based Pioneer Trust with some losses in Manitoba. There's been a bit of a federal-provincial bail out there and we'll have to see to what extent it's applicable to the few, but important Manitobans, who appeared to have suffered a loss initially in the Pioneer collapse; the collapse of the Commercial Bank, and I mentioned previously, the Crown Greymac Seaway collapse.

All of these are indicators that in the volatile times in which we live, with respect to fiscal and monetary transactions, that the waters are troubled and if there's to be any drastic changes in the financial services market of the kind that will be proposed, then Manitoba has a duty to its citizens to make sure that they are protected.

We know that the Canadian Deposit Insurance Corporation has proved inadequate in many instances and is in trouble because it's being used as a bail out

mechanism, where perhaps it ought not to have been used. We know that regulatory mechanisms, in many instances, are inadequate.

I've talked about what may we do in our own bailiwick, in mentioning The Mortgage Brokers and Dealers Act. Our superintendent of insurance who is with us today and who we may need shortly, Mr. McGill, is meeting with his peers, other superintendents of insurances, are working very hard on the development of a national protective mechanism in the insurance industry and that, we think, is very very important.

Immeasurable harm can be done if there were ever to be the collapse of a life insurance component in the insurance sector. They're looking at both a national insurance fund and solvency testing, much more a hands-on solvency testing to make sure that doesn't happen.

In the somewhat less esoteric world of consumer transactions, we are proposing some amendments to The Consumer Protection Act which will deal with variable rate credit. But we think that on the whole the time has come to seriously consider some major revision, not for this Session, but for one or another of subsequent sessions.

Dealing with trade practices, we've been watching very closely the Ontario experience with its Trade Practices Act. There are one or two other jurisdictions which have equivalent legislation which would allow us to move from our present, rather passive, but nevertheless effective mediative role in consumer protection, to a more active regulatory role in a whole number of areas where we feel the consumer has been at risk.

We're monitoring the Ontario Lemon Law, with respect to automobiles in the mediation of problems as between arbitration of problems as between purchasers of new automobiles and their dealers. We are actively supporting the Association of Canadian Travel Agencies proposal for a travel plan, a national travel plan, as a mechanism not only to reimburse travellers who lost their year's travel savings with the collapse of a travel wholesaler or retailer, but to be able to offer them an alternative travel plan. It's not just a question of getting the money back, but that thing that they've looked forward for the whole year, the trip somewhere, that the other agencies can step in and provide them with the trip. We are an active supporter of that. We're watching the price wars that have been of considerable concern to many Manitobans, both with respect to gasoline and bread, to use two examples.

We don't have the existing statutory or regulatory base to do more than meet informally with interested parties and seek to make sure that the consumers are protected to the best extent we can, but we, as I said a moment earlier, are looking at a trade practices act or a trade practices section in The Consumer Protection Act to give us a somewhat more active role in the marketplace as required, but no more than required.

So, in some, Mr. Chairperson, we're consumer protection in every area, both with respect to goods and services, and now increasingly important in financial services is something that we're very concerned about, and while this may a bit of a wait and see year, it's also a wait and prepare year. We will be working, as I've pointed out, with our counterparts in the insurance

industry; we will be working with officials in the federal departments to make sure that the regulatory schemes are adequate.

I think that those opening remarks are meant by me not to be an overview of the department as a whole. I think the material that has been circulated is quite detailed, but to identify and focus on some of the major problems about which we're concerned and with respect to which we hope to be able to act in the near future.

MR. CHAIRMAN: Thank you, Mr. Minister. As is customary, the Chair now calls upon the leading opposition critic to make his reply, if he so desires, to the Minister's statement.

MR. C. BIRT: Thank you, Mr. Chairman. I welcome the opportunity to become involved in the review of the Consumer and Corporate Affairs Estimates for the upcoming fiscal year.

I am pleased to hear that the Minister is continuing the policy of a hands-on role in the protection and correcting of problems affecting the consumers. I know that although some of the legislation may seem inadequate, it has far-reaching implications. A concern I have is that perhaps we have gone past the time of study and that we should be doing more. I, with the Minister, share the concerns that it is time to overhaul the principal piece of legislation that we have, The Consumer Protection Act, and either bring out a new omnibus one or perhaps a series of specific acts dealing with specific areas and he touched on two or three of them. So I'm looking forward to hearing about these proposals but I am just, as I've indicated, disappointed that there is not something coming forward this year.

I welcome the addition of the attempts to prevent a Winnipeg Mortgage Exchange from reoccurring but again I think it is something that in the light of the changing circumstances of the four pillars of the financial community that the Minister dealt with, it would perhaps be just a stop-gap measure. We may be looking at other activities or legislation that will give us greater protection in the other areas.

So with that I will just conclude my remarks and we can proceed.

MR. CHAIRMAN: Thank you. At this point in time the Chair now invites the member, the departmental staff to kindly take their respective places.

Deferring Item No. 1.(a) relating to the Minister's Salary, we shall start with the consideration of Item No. 1.(b)(1) Administration and Finance, Executive Support: Salaries; 1.(b)(2) Other Expenditures - the Member for Fort Garry.

MR. C. BIRT: Could the Minister, through you, Mr. Chairman, advise if he has an executive assistant, who it is, and if he has a special assistant, who he is? I was a little confused when the namings were given out the other day in the Attorney-General's Estimates and there was some transferring back and forth of names and I just wonder, is there someone in both of those positions. If so, who are they?

HON. R. PENNER: No, there is only a special assistant. A Minister is only entitled to have one executive

assistant. The executive assistant, of course, being the Minister's alter ego in the constituency since the Minister only has one constituency and is only entitled to one E.A., but I do have an S.A. with substantial responsibility for Consumer and Corporate Affairs and that is Nancy Allen.

MR. C. BIRT: Pass.

MR. CHAIRMAN: 1.(b)(1)—pass; 1.(b)(2)—pass.

Item 1.(c)(1) Research and Planning: Salaries; 1.(c)(2) Other Expenditures - the Member for Fort Garry.

MR. C. BIRT: Mr. Chairman, the question I have, and I'm not sure whether it occurs here or perhaps later on, but as it deals with Research and Planning, the Minister made reference to the federal position paper in dealing with the changing rules for financial dealings in the business community. Is this the department or division that would be preparing either position papers or research in this area?

HON. R. PENNER: Yes and we're fortunate in having as our Deputy, Mr. Don Zasada, whom I'd like to introduce. A person with a strong economic background and he has been invaluable as a resource person in this area and will continue to work very closely with the zone involvement as well as involving the Research and Planning staff.

MR. C. BIRT: Mr. Chairman, there's a reduction of some \$10,000 in salaries for it. Is it intended that some of this research, and especially as it relates to the new federal financial services, is it to be contracted out or is the staff in the department doing it? If so, why is there the \$10,000 reduction?

HON. R. PENNER: The reduction was in a clerical position and some sharing in clerical support, as between the deputy's office and this branch, but it wasn't a reduction in the professional staff.

Although, let me say for the record, in agreeing with the implied comment of the Member for Fort Garry, that I feel that with what is before us we may have to imminently consider beefing up the professional staff in that area.

MR. C. BIRT: I believe that, traditionally, part of the department has been primarily dealing with Corporate Affairs and matters like that, or Consumer Affairs - am I correct? - in really developing policy for the department?

HON. R. PENNER: That is right, Consumer Affairs.

MR. C. BIRT: Then in keeping with the thrust of the Federal Government in this new financial affairs, can the existing department handle this type of research in preparing position papers for the department and, if so, will you be adding or will you be contracting out for those services?

HON. R. PENNER: About one year ago, in anticipation of these developments, we formed an interdepartmental group - as have, incidentally, other provinces - but we

are not leaving it solely in the hands of Ministers of Consumer and Corporate Affairs who tend to be relatively uninformed in these areas, but we are involving Finance and Economic Development.

We expect, indeed, that some of our senior people in the Department of Finance will have to play a key role in providing the resources that we'll need to make sure that the Manitoba interests are protected.

MR. C. BIRT: This interdepartmental group, Mr. Chairman, will it be primarily civil servants drawn from the different line departments or will they be using outside personnel and experts?

HON. R. PENNER: At this time we'll be using people we have within government, senior civil servants. We believe that we're very well served in this area by a number of people in the departments that I have mentioned. If necessary, we certainly are not foreclosing the possibility of utilizing outside consultants, but at the moment that has not become an issue.

When we get the technical paper that will be the key to the areas that we'll have to really look at.

MR. C. BIRT: Mr. Chairman, once the technical paper arrives and the province has had a chance to review it, I take it the province, either this Minister or some other Minister, will be making representations to the Federal Government toward whatever standing committee will be considering the proposed legislation?

HON. R. PENNER: We most certainly will.

MR. C. BIRT: I believe, Mr. Chairman, that when these changes are brought about it will require, perhaps, some corresponding changes to provincial legislation because, I believe, they're sort of a hand-in-glove effect here, that the Federal Government may make changes that will require, either us to adapt concurrent legislation or complementary legislation. Is the government now reviewing what legislation or what changes they might have to make, or will it have to wait until this technical paper is tabled?

HON. R. PENNER: It will have to wait for the technical paper. The member is quite right though that there is, in the area of financial institutions, an overlap between federal and provincial jurisdiction; and the proposal issued by the Secretary of State for Finance, Ms. McDougall, takes that into account, does make specific mention of the fact that there will have to be a very close working relationship between the Federal Government and the provinces.

It's also been suggested by organizations which have commented on this matter to date, the banks, for example, on making submission to an Ontario task force on financial institutions have proposed that there be, in fact, an ad hoc continuing working group of federal-provincial officials until the wrinkles are ironed out.

MR. C. BIRT: Mr. Chairman, is it the province's intention to solicit public input before it finalizes its position or develops its position in response to the federal initiative?

HON. R. PENNER: No decision has been made on that, because I think that at the moment, as far as I can

see, any changes in provincial legislation - and there may not have to be changes in provincial legislation, but changes perhaps in the role that we play - any changes in provincial legislation will, to a considerable extent, have to mesh with federal proposals.

One area where there might have to be some considerable changes. We've thought about it where, indeed, we would certainly consult with the industry and to the extent necessary with the public, would be some greater regulations of trust and loan operations, and we were concerned about that and we've been sort of following and tracking that since the Seaway Greymac Crown fiasco.

We're aware of the fact that virtually all of the trust and loan operations are federally incorporated and only licensed and registered here, but we feel that the sections of our legislation that deal with trust and loan companies will have to be looked at.

MR. C. BIRT: The Minister made reference to one of the aspects of the federal paper dealt with the deposit insurance and the current limit is \$60,000, and I think the Minister made reference to it, sort of as a bailout agency at the moment. I believe the Federal Government has created either a review team or a task force to study it and its merits. Have they consulted the province and, if not, or if they have, has the province made any representation to this committee?

HON. R. PENNER: No, we haven't been consulted and, accordingly, we haven't made representations. I believe that's very much, in terms of the federal proposal, in its infancy.

MR. C. BIRT: Mr. Chairman, the concern I have is that I don't think the \$60,000 limit is sufficient in today's world. When a couple sells their home they can often get, in addition to the \$60,000, and it's one thing to tighten up regulations and improve solvency tests but, as the Minister outlined in his opening statement, I would think in the last three years the number of institutions that have gone under, and the amount of rescue work that has gone on would seem to indicate that, I would think for a great number of Canadians, that \$60,000 limit is not sufficient; and I realize the astute one will put \$60,000 in one name, and in the husband's name, and then joint and then you get a multitude of that, but most people don't think of that and I'm wondering if the government is contemplating making any request of the Federal Government to raise that limit.

HON. R. PENNER: I certainly share the concern. We know that with the collapse of Pioneer - at least I've been advised, I shouldn't say know, I know secondhand - I've been advised of the case of an elderly couple in the Dauphin area who, in fact, had just sold a farm, a substantial farm, and had placed something in excess of \$300,000 with Pioneer. Now they were not a sophisticated couple. I mean, you think, well that much money, that's sophisticated and it's not these days when you sell a lifetime's investment in a farm. I haven't had any recent information as to what extent that couple will be protected; but if it was strictly within the CDIC limit, then they would lose \$240,000, and they wouldn't

know about placing \$60,000 here and \$60,000 there, that never occurred to them. They would have dealt with their local friendly financial institution and probably placed it there on the short term while they're thinking about how to deal with that money and, lo and behold, there's a collapse and it's gone, so it is a problem.

The difficulty, of course, is this, that the banks who are the main contributors to CDIC are raising cane. They seem to be taking the line that indeed we are dealing with sophisticated investors, if you're dealing with anything in excess of \$60,000.00. They're looking at it with some degree of self-interest since they're the ones who have to anti up the bulk of the CDIC funds and they, in a sense, are being heard to say, well let people take the risk, once they go into the financial marketplace.

I don't think people who go into the financial marketplace should be called upon to be at risk anymore than I think consumers of goods and services should be called upon to be at risk where government can play a role. The principal role, however, does have to be front end; that is, solvency testing, close regulation, tight regulation, in terms of scope of investment, self-dealing and things of that kind.

MR. C. BIRT: Then I take it from the Minister's answer that there is a concern and if, and when, an opportunity presents itself, the government will be making a statement to affectively either increasing that limit, in addition to some of the other suggestions he has just made.

MR. CHAIRMAN: 1.(c)(1) to 1.(e)(1) Financial Services: Salaries were each read and passed.

1.(e)(2) Other Expenditures - the Member for Fort Garry.

MR. C. BIRT: Mr. Chairman, my next question relates to (e), (f) and (g). The department, by itself, is not terribly large, I think there are some 99 or 100 people in it and, in comparison to other departments, it's quite small as far as number of people are concerned. I'm wondering why the department would have these three services in them and perhaps they wouldn't be provided by the Civil Service Commission or some other agency; in other words, I feel there might be a little bit of duplication in here considering the size of the department.

HON. R. PENNER: I think probably I may have missed the fine tuning in the question, but I think, as the member knows, that we do administration and financial services not only for Consumer and Corp. but for the Department of Legislation and for Co-op Development.

MR. C. BIRT: Mr. Chairman, could the Minister advise then how much work load is done for the other departments, 50-50, how does it . . . ?

HON. R. PENNER: Fred Bryans, in fact, is the genius - I almost said evil genius, but he's anything but that - the jolly genius who services and does so very well the needs in this area of the three departments. He advises me that it's about 50 percent Consumer and Corp. and 50 percent between the other two. I would

think that would likely be an equal division. The financial requirements of the Legislative Assembly management group, is really what we're talking about, has increased somewhat in recent years.

MR. C. BIRT: Mr. Chairman, is there then recovery cost to the department because you're doing work for the other department?

HON. R. PENNER: No, we're just the Santa Claus of government. We do so gratuitously and never even get much of thanks from the Ministers. I don't even know that we'd bear the burden. It's part of the responsibility of those who would build an empire.

A MEMBER: Is it part of being a nice guy?

HON. R. PENNER: It's part of that, you know, one of the torches I've had to bear. You know, I mean you go around smiling — (Interjection) — a lot, too.

MR. CHAIRMAN: 1.(e)(1)—pass; 1.(e)(2)—pass.

1.(f)(1) Personnel Services: Salaries—pass; 1.(f)(2) Other Expenditures—pass.

1.(g)(1) Administrative Services: Salaries—pass; 1.(g)(2) Other Expenditures—pass.

We shall have no resolution until we come back to the Minister's Salary.

Item No. 2.(a).

MR. C. BIRT: Mr. Chairman, not knowing what our future is, perhaps we could go down to 3.(d).

MR. CHAIRMAN: We will reach that one if we pass 2.

MR. C. BIRT: No, I have a number of questions.

MR. CHAIRMAN: You want a reverse order?

MR. C. BIRT: Just a reverse order down.

HON. R. PENNER: I agree.

MR. CHAIRMAN: With the consensus of the committee, I shall be calling Item No. 3 ahead of Item No. 2.

Item No. 3.(a)(1) Corporate Affairs, Corporations Branch: Salaries.

MR. C. BIRT: Could we go 3.(d).

MR. CHAIRMAN: All right, right to 3.(d).

Item No. 3.(d)(1) Public Utilities Board: Salaries; 3.(d)(2) Other Expenditures - the Member for Fort Garry.

MR. C. BIRT: The annual return for 1984 filed on behalf of the Public Utilities Board deals with, and I'm referring to Page 7 of that report, the cost of natural gas to each of the provincial natural gas utilities. It primarily deals with the mechanism of passing through the costs to the consumer and how the board adjudicates on it. It says that the board's principal role on these occasions is to ensure that the adjustment to the price of gas is fair and equitable.

My question to the Minister, Mr. Chairman, is: this report deals only with increases, are there any

mechanisms whereby that if there is a decrease a board automatically can review and pull it forward and adjust the price downward?

HON. R. PENNER: In fact, the experience has been that in some instances the utilities have voluntarily come to the board. The board has then been able to deal with the issue clearly in that way. The board does have the power to call in where there's been a request, let's say, on the part of the users of the service of the utility where there have been some indications that there ought to be a review, but this has not proved necessary in recent years.

MR. C. BIRT: Mr. Chairman, I believe that there is a new National Energy Agreement in effect. Though it only deals with oil, it may have an impact on the price of gas and there's reference on Page 8 saying: "Currently discussions at the federal level are being carried out with a regard to the future of this agreement."

I realize that the current gas agreement between the producers and the Federal Government have not been revised, but I think the general principle has been that natural gas is roughly 65 percent of the oil price. The reason I asked my earlier question is that it would appear that the price of oil is either stabilizing or will be reducing. Will the board be monitoring the price of gas and would they then intervene to pass on these reduced prices to the consumer should this occur?

HON. R. PENNER: Yes, the board will be monitoring what might well be - this is not an intended pun - a volatile area or can be. It hasn't been recently. There's been an element, comparatively speaking, of stability in world energy prices for the last several months. That, of course, can be upset at any time. Who knows what will happen in the Iranian and Iraqi conflict that could upset the supply situation?

The supply situation worldwide has improved to the point - you know, North Sea oil. Now with some of the longer-range prospects in Canada beginning to produce that even a drastic upset of the kind we used to fear, living in darkness and in cold, is not now as likely, and extrapolating from that very drastic changes in world prices suddenly are not really anticipated. But let's hypothesize should that happen, since we're now much more closely tied into world price - indeed we will be tied into world price by the agreement - there is a drastic movement one way or another. The PUB is prepared to move in as quickly as it can.

MR. C. BIRT: Mr. Chairman, there is a reference in the last sentence on that page. It says, "The anticipated February 1, 1985 increase has been postponed, as the date of this writing, 60 days pending review of the agreement." Two questions flow from that. Has there been an agreement? It makes reference to the Alberta price of natural gas. So has there been any change in that agreement?

HON. R. PENNER: No.

MR. C. BIRT: Mr. Chairman, is the increase being continually postponed? What was the ultimate decision of the board?

HON. R. PENNER: My information is that it's frozen until at least August.

MR. C. BIRT: Is it the intention then of the board to continually postpone that increase until the agreement has been changed or at least some word is at least stated that it's going to be in existence for some time?

HON. R. PENNER: Yes, the agreement between the feds and Alberta freezes that price pending some renegotiations. Our hands are tied, in a sense delightfully so, because things have a habit of going up rather more frequently than they have of going down and we'll just have to wait till the fall to see what emerges from those discussions.

MR. C. BIRT: Mr. Chairman, the reason for the postponement is to do with what the cost has not gone through and this had been an earlier award to the producers? Oh, I'm sorry, I guess the distributors of the gas.

HON. R. PENNER: Yes, there are discussions perhaps, rather than negotiations taking place between the feds and Alberta to replace the tax and that may have some bearing. It may be that in effect nothing happens.

MR. C. BIRT: But the proposed increase though will just be put on hold until something happens?

HON. R. PENNER: Yes.

MR. C. BIRT: Then currently there is nothing that will justify giving this increase to the distributors?

HON. R. PENNER: Not of which we're presently aware.

MR. C. BIRT: Thank you, Mr. Chairman. We could pass (d)(1) and (2).

MR. CHAIRMAN: 3.(d)(1)—pass; 3.(d)(2)—pass.

HON. R. PENNER: I don't know if I introduced Murray Donnelly, an esteemed member of the Faculty at the University of Manitoba, who is the chairperson of the Securities Commission; and G. Barron, who is the Executive Director of the Public Utilities Board - the executive secretary.

MR. G. BARRON: Thank you, Mr. Minister.

MR. C. BIRT: What's our status with time?

HON. R. PENNER: Is there anything we can do in five minutes?

MR. C. BIRT: I've got one or two questions on insurance here.

HON. R. PENNER: Okay, sure. Let's do insurance.

MR. CHAIRMAN: I'll call Item No. 3.(b)(1) Insurance Branch: Salaries; 3.(b)(2) Other Expenditures - the Member for Fort Garry.

MR. C. BIRT: Thank you, Mr. Chairman. I believe the Insurance Agents' Association of Manitoba has been pressing the Provincial Government to impose licensing standards and I'm wondering if the Minister can advise what, if anything, is being done in this regard.

HON. R. PENNER: It's been a little while since I met with the representative of the agents but I did, and this is one of the topics that was discussed. There has been a committee struck between the industry and the agents to try to develop some consensus with respect to testing and with respect to some licensing controls.

Our Superintendent of Insurance Ed McGill, whose - Earl McGill - why does that other name always stick in my mind - Earl McGill who is with me is working closely with the committee in this respect.

MR. C. BIRT: Mr. Chairman, is it the intention that they will end up either having their own act or that they will be licensed, much like the real estate salesmen, or entered in another department?

HON. R. PENNER: I think as the member knows the agents are licensed now under the provisions of The Insurance Act and there's been no request for a change and there's no proposal for change presently under consideration.

MR. C. BIRT: Mr. Chairman, then as I take it from that answer, the thrust then of the agents is to merely increase the criteria or standards for the licensing that they now get, only there would be some additional requirements to that licence.

HON. R. PENNER: That is right.

MR. C. BIRT: Mr. Chairman, in relation to something that the Minister made earlier in relation to insurance companies, I know there are two areas of request that the agents seem to be zeroing in on errors and omission insurance and a fidelity bond on the chief agent and all staff. That seems to bring home the fact that it's a protection of the public against any potential errors or problems created by these agents.

Is there any intention by the department to either require that or have that brought in, either this year or in the very near future?

HON. R. PENNER: It is under active consideration. Saying that, I can't put an immediate time line, but I think the key word there is "active." It is under active consideration.

MR. C. BIRT: Mr. Chairman, would this require a legislative change or can it be done by regulations through the licensing process?

HON. R. PENNER: It could be done either way but I think it would be preferable to eventually, in any event, give it a statutory base.

MR. C. BIRT: Mr. Chairman, the Minister made reference to establishing - my wording may not be quite right - but a national projector to develop a mechanism for the protection of life insurance companies. I believe

there was the establishment of a solvency testing or more stringent testing for solvency, and some sort of national fund or protection fund.

I'm just wondering if the Minister could elaborate on what he means by both those areas.

HON. R. PENNER: Yes, let me just speak a wee bit slower, although time has effluxed.

MR. C. BIRT: Mr. Chairman, I'm dealing with those two and then that will be it for the insurance.

HON. R. PENNER: Okay, it'll just take me one minute.

Yes, there has been meetings of insurance and superintendents of insurance and the solvency testing means just a more hands-on approach, so that a mechanism is set up, both with respect to federally regulated companies and working through the provinces. So companies doing business in the insurance field can be, in a sense, audited much more closely to make sure that they have the requisite reserves and are dealing with insurance premiums in a responsible way, particularly looking at the elements of risk that they may have assumed in terms of reinsurance and all of the things which might affect the solvency of an insurance operation.

The compensation fund is one that - my most recent report isn't in my file - but the thrust there is to have contributions from the insurance industry in each province based on its premium income. That would be fed into a national fund and administered by federal-provincial agreement, so that if a company went belly-up and left a lot of people hanging loose, the industry itself would be able to step in and both compensate and reinsure.

MR. C. BIRT: Mr. Chairman, then they become a self-insurer. Is that the idea being forced through, either by provincial and/or federal legislation then.

Another quick question, if I can. Is it anticipated that this would result then in national and provincial legislation, much like we have The Federal and Provincial Corporations Act? Is this the idea behind both the fund and the solvency testing?

HON. R. PENNER: Yes, it would require both federal and provincial legislative changes.

MR. C. BIRT: Okay. Is there any contemplated time when this might be coming forward?

HON. R. PENNER: I think within a year.

MR. C. BIRT: Okay. Mr. Chairman, I'm prepared to stop at the moment or proceed as the case might be.

MR. CHAIRMAN: The hour being 4:30 p.m., we are interrupting the proceedings of this committee for the Private Members' Hour. We may or may not be back, depending - but in any case we shall be back at 8:00 p.m.

SUPPLY - URBAN AFFAIRS

MR. CHAIRMAN, P. EYLER: Committee, come to order. We are considering the Department of Urban Affairs. Does the Minister have an opening statement?

The Honourable Minister.

HON. L. DESJARDINS: Mr. Chairman, I don't intend to make a statement at this time; I'll try, instead, to answer the questions that I will be asked by the members of the committee.

I'd like to say that this department, of course, is rather new for me, I am still learning, probably will for quite awhile. There's more than I thought there would be before accepting this responsibility. Although, Mr. Chairman, a few weeks ago I think all the members of this House, in probably one of the most emotional days that I've witnessed in my time in the House, paid respect to the late Minister of Urban Affairs, Mary Beth Dolin. I do not want to repeat what I said at that occasion, but I would like to go on the record, Mr. Chairman, to say that I think I should recognize that she laid the groundwork with the discussion with the City of Winnipeg to make my responsibilities that much easier.

I might say that what I have tried to do in the short time that I've been there is establish a good relationship with city council and the mayor. There has been very good co-operation on the part of the mayor and the members of the committee. That's not to say that there's not going to be some disagreement, of course. When you're talking about different levels of government there's always some disagreement but, all in all, I think that there's been co-operation and I hope that we continue to co-operate as we have.

Thank you, Mr. Chairman.

MR. CHAIRMAN: The Member for Kirkfield Park.

MRS. G. HAMMOND: Thank you, Mr. Chairman.

I had been hoping that the Minister might make an opening statement, but I guess he's been too busy grappling with Health in the last few weeks. I wanted to put a few things on the record that I feel about the City of Winnipeg and how this government has behaved. In spite of the fact that the Minister is new, a new Minister takes on the responsibilities of that particular portfolio.

This government - and I'll hold it up, as we have often, in the promises - they promised to ease the property tax burden on the City of Winnipeg taxpayers, and what we have now is the highest property taxes in Canada. There have been increases, in the four years from '77 to '81 the property taxes went up \$78.03. Now we repeat this time and time again, but it's very important, for people to understand that under the NDP Government, in their fourth year, \$349.92; since 1981 the ambulance charges in the city have increased from \$75 to \$100; transit fares have gone from 60 cents to 80 cents for adults, everywhere we turn around in the city there is an increase in fees.

The core area initiative, the assistant general manager is quoted as saying that a major reason the job creation efforts are lacking is the failure of the Logan Industrial Park to attract a single tenant. Surely, the major emphasis in the core area initiative was to create jobs, to provide training. Yet this government single-handedly got the other two to agree; they wanted to change the course of the agreement which was aimed at creating jobs. They are using money from the Jobs Fund, and they reduced the size of the industrial park and, instead,

emphasized the housing component which was a purely political decision.

Now everything I read about the core area initiative, going back to the time when it was first thought of, when the Member for St. Norbert was the Minister at the time who signed the agreement, the very first component was jobs. Yet, here we have a government who, instead of doing something that could have been great in the core area and creating jobs, where better are they needed, instead they have created a vacuum; not one single business is in that industrial park, and that's a disgrace.

What we have in the core area - what was it? The Education Minister during the winter is starting a "No Child Shall be Cold" campaign. What kind of an indictment is it on this government that we have the Minister of Education out begging for clothes for inner city children? Now there is something drastically wrong with the programs of this government when they have to do something as callous as that. She said the children can't wait while we solve the big social issues. Well, they are not solving the little issues, and they are certainly not solving the big ones.

The failure of this government's efforts to create jobs is shown clearly by the staggering increase of the people in the City of Winnipeg forced to go on welfare. In 1980 there were 2,207, and that was bad; but in 1985 there are 7,259, and that's counting single households and heads of families, it's not counting the dependants, which brings it closer to 15,000, and that's disgraceful.

What we have had from this government are promises and no fulfillment. I think that the Minister had better start paying attention to the City of Winnipeg because things are pretty bad there. With all the money that has been put into the core area, the one action of the government, which was the Logan development, the industrial site, probably was their giant mistake and cost the people in the inner city jobs.

I just want to say to the Minister that I hope that things will pick up, but I certainly doubt it from the way I see things going now.

MR. CHAIRMAN: Would the Minister like to bring in his staff?

The Member for Ellice.

MR. B. CORRIN: Mr. Chairman, I would be remiss if I didn't point out to the honourable member that the industrial park, which she so loathes and which she's so concerned about, in terms of the high vacancy rate, was promulgated and promoted and put in place indeed by her government. I omitted to mention one factor, and it's relevant, that the industrial park component was to be much larger.

Now if she thinks that the industrial park occupancy rate, that low rate - at present I think it is true that there have been no rentals in that particular area - is simply premised on the fact that the park is smaller, as opposed to a bigger one, which was originally planned by her government. I think she is in error; I think her judgment is misapplied.

It seems clear to me that one of the initial problems with this particular project was the very fact that there was an industrial park proposed for an area where there was no commitment or interest from the private sector in locating businesses.

I put this on record now because if this is going to be a major point of contention between the opposition and the government the member should be aware that there is very little factual basis to believe that the larger park, as proposed by her government, would have had any more success than the smaller park which, from our point of view was a remedial step, is now enjoined. I think that should be taken into account.

Also, there is no evidence upon which she could propound a belief or propose . . .

MR. CHAIRMAN: Order please. I was giving the Member for Ellice the benefit of the doubt that he was raising a point of order. It is customary under the procedures of committee after the Minister's introductory statement that the opposition critic gets to make a response. I had thought that the Member for Ellice was going to make a point of order, but it seemed to develop into a debate.

The Minister's staff are present now, so I would call Item 1.(b) Executive Support, Administration and Finance - the Member for Kirkfield Park.

MRS. G. HAMMOND: Mr. Chairman, would the Minister indicate if there has been any changes in the Executive Support in Urban Affairs?

HON. L. DESJARDINS: No, Mr. Chairman, it would be the same staff, the same numbers.

MRS. G. HAMMOND: Mr. Chairman, could the Minister indicate what Mr. Sanders is doing now in Urban Affairs and what his responsibilities are?

HON. L. DESJARDINS: Mr. Chairman, I think that was covered quite well last year. If you'll remember, there was the discussion on the contract that was signed between Mr. Sanders, who is an advisor to the Minister, and he's been working mostly with the Deputy Minister at this time, and it's the same contract that was discussed quite extensively last year. There is no change in this situation.

MRS. G. HAMMOND: Is Mr. Sanders working on any particular project? Is he working with the City of Winnipeg Review Committee, with North Portage Development, with the Core Area? Is there any particular area that he's working on in his contract?

HON. L. DESJARDINS: Mr. Chairman, the main responsibility of Mr. Sanders is with the review of The City of Winnipeg Act.

MRS. G. HAMMOND: What exactly is he doing with that review committee? I know they have a secretary to the committee. I was wondering what Mr. Sanders is doing?

HON. L. DESJARDINS: As I said, this was covered. This is a contract that was signed on November 9, 1983 for two years, and according to the terms of this contract, it provides analytical technical research to The City of Winnipeg Act Review Committee to assist in the **successful** completion of its mandate. He also helps to identify the priorities and issues requiring an

in-depth analysis. He might be involved in assisting in the final drafting of the Report of the Committee of Review and his contract goes on until November 9th of this year.

MRS. G. HAMMOND: Mr. Chairman, if it's all right with the Minister, will we deal with just this section as a whole, and I'll just go on to the next area.

HON. L. DESJARDINS: You mean on administration?

MRS. G. HAMMOND: Yes.

HON. L. DESJARDINS: Okay.

MR. CHAIRMAN: That would be excluding the Minister's Salary, I take it.

MRS. G. HAMMOND: Yes.

MR. CHAIRMAN: The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, I think that perhaps under Executive Support there are a significant number of issues that we should deal with in this particular area because they simply don't come up as specific items in the rest of the Estimates.

My first question, Mr. Chairman, would be with respect to The City of Winnipeg Act review. Could the Minister of Urban Affairs give us his vision of what he wishes to accomplish for the City of Winnipeg through a review of The City of Winnipeg Act?

HON. L. DESJARDINS: Well, Mr. Chairman, there is no way that I'm going to try and give you the answer before I've seen the report. That would be rather unusual. I think this task force was set up to review the, as is customary, especially when there have been changes going from the metropolitan form of government to the total amalgamation and the change in the makeup of the different wards.

I have met with some of the members and certainly the Chairman, Mr. Cherniack, and I can tell you that I'm impressed by the quality of the people who are on this review committee and their dedication to the responsibility they have and their determination to make sure that their recommendations are meaningful; and also to try to assist the province and the city of being able to manage the affairs of the city somewhat better.

I'm looking forward to the recommendation that we should be getting some time in August and then, of course, we look at the recommendations. I'm told that we'll be given different options, and then it would be the proper time to comment on it and see if there are going to be any changes.

MR. CHAIRMAN: The Member for Kirkfield Park.

MRS. G. HAMMOND: Mr. Chairman, I recognize that the Minister is waiting for the report. Has he not got something in mind? Surely when they called for a review, there must have been something in mind. There must have been some reason that you just don't call a review because, you know, well it looks like it's time. So there must have been some areas of dissatisfaction,

something that the government was looking at in the way of policy or some ways they wish to see change. We'd like to hear what the government's thoughts are on this.

HON. L. DESJARDINS: Mr. Chairman, I think I've explained this. I think the situation - I don't remember exactly how many years - but it started with the metropolitan form of government; then the total amalgamation. It's obvious. I think, that every government that was involved in this, starting with the Roblin Government, admitted that there is no way that politically you could change things only at one shot. There is no way I think that you could have gone any other way than we did a few years ago to have the different suburban municipalities represented, and it hasn't always been easy to govern with the numbers for instance; that is being looked at.

The participation of the people of the city in decision making and in the advisory capacity, that is a few of the things that are looked at. I would imagine that they will discuss again the possibility of having the mayor - I expect some recommendation on that - should he be elected at large. Those are some of the issues that we'll get recommendations on.

I think one of the things is that the act is very difficult to administer. It's large; it's difficult for lay people to find anything in there; to read it. There's a possibility, I'm told, that there might be instead of the one act, that it might be divided. It might be that the assessment will be dealt with separately, but I can't understand where the members - well, I don't think they're too serious in asking me to try and announce the policy of our government when I don't know exactly how much money has been spent - but we know there has been quite a bit of money spent on that. If we got all the answers now, what's the point in setting up this task force? I'm told that there won't be any delay, they intend to, as requested, file their report by some time in August, and that there will be some clear-cut policy decisions to make. There will be some recommendations and some options, and the government will have to act.

MRS. G. HAMMOND: Mr. Chairman, we're deadly serious when we ask these questions, this isn't a frivolous question. We're not asking you to come down with exact policy, but what we are suggesting is that surely the government has something in mind when I hear the Minister mentioning the number of councillors and the rag groups and different things like this, and how the mayor is being chosen. Was this review set up, since the NDP weren't able to get in politically, is this a way that they're going to circumvent so that they can have more of their members, possibly an even split from the core to the urban area? There are many ways that the government could be thinking of.

When you have a review committee and, supposedly, it's independent, but when you put someone at the head of it who is a partisan NDP - very nice fellow, I'm not suggesting he's not - but the fact is you have put someone in that position who has a bias right to start with. So we're not looking at what is exactly an independent inquiry.

I would think that the government, or the Minister, would have some idea of where he's looking for this

group to head. They may give him the numbers of what people say, but I would suggest that there has to be some reason for this inquiry, for this review. Surely you just don't have it because it was even nine years ago. If the Minister is just talking about amendments to The City of Winnipeg Act, well I've got, I think, 45, 46 pages of amendments that the city has requested over the years, and some just recently, that they would like the act amended. So it's not as if the act could never be changed, it is from time to time.

So I'm quite serious when I am asking if the government does not have some . . . Surely they're not just going to just take a pig in a poke and say, oh well this looks good and they've suggested this, we'll go along with it. I would think there would be some plan of some kind before you ask for a review to start with.

HON. L. DESJARDINS: Mr. Chairman, I don't think that the statement made by my honourable friend is worthy of an answer, certainly not worthy of the honourable member to suggest that this is just a way to try to elect members to the House. I don't think that is a proper discussion.

Now my honourable friends might have ideas, so maybe they would use a task force just in a certain direction. I would rather that we take it seriously and that we keep an open mind. Now you know the statement, how many NDP have positions in Canada, for instance? You say, well it's not independent, because it's a known NDP. Then there is not an independent judge in Canada.

MRS. G. HAMMOND: Surely the Minister's not . . .

HON. L. DESJARDINS: No, the judges - do you want me to tell you what party they belong to before they became judges? Because somebody is a member, is active in politics, do you mean that they can't serve independently? I think that, in the past, Mr. Cherniack has certainly proven that he is that type of person. He might end up and you might see that it might be even more difficult and embarrassing to the ND Party than anybody else. So I think you're barking up the wrong tree when you talk about this independence.

What my honourable friend said, surely you're not serious when I say there's not an independent judge. Of course, they're Conservative and Liberal. They can do it, but an NDP can't do it. I would say that Mr. Cherniack can be as independent as anybody else — (Interjection) — Of course, you're going to bring in somebody that you have confidence with — (Interjection) — Well you're independent now, that's different. — (Interjection) — Oh, I see, I see. Well that's why I'm not independent.

Mr. Chairman, no, if my honourable friends want to give their thoughts before seeing the report of the commission, I don't intend to be drawn into it, especially as a new Minister, I intend to keep an open mind. Then if there is anything that could be done - my honourable friend referred to some of the things that I mentioned. I think that you mentioned, has there been some criticism? That was what I was giving you, some of the criticisms or some of the concerns of the citizens.

It can't be done. There is no way politically - let's not be naive - that you can come in and bring an act

immediately that will be perfect. First of all, there is no way that, without the great number of councillors, for instance, you would have been able to sell it. It was difficult enough at the time to sell it to the rural municipalities, including St. Boniface and so on. It wasn't an easy thing to sell at the time, and some seats were lost by the NDP because of that.

Now Roblin admitted it himself. In the old days, he started with a metropolitan form of government, all the time wanting a total amalgamation for the City of Winnipeg and some of these things. I think that we could be patient enough to wait until this act comes in and then, of course, the government will have to take its responsibility. In some areas, or some recommendations, or some changes, it might be that all the members of the House will agree, and others, there probably will be quite a discussion. It might be that we do not all agree, but surely you can be patient enough to wait till that recommendation comes and then you'll know where the government is going.

MRS. G. HAMMOND: Mr. Chairman, does the Minister plan to bring in any amendments to The City of Winnipeg Act in this Session, during this Session?

HON. L. DESJARDINS: Yes, there will be minor amendments, more in the house cleaning-type of thing at this time.

MR. CHAIRMAN: The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, the Minister answered my question a few moments ago, I think, by indicating that he had no specific matters in mind for change to The City of Winnipeg Act. Surely the Minister was part of the government that, by Order-in-Council, set up The City of Winnipeg Act Review. Surely they must have had something in mind to change with respect to The City of Winnipeg Act; surely a City of Winnipeg Act Review has not now become just something that should happen every four or five years automatically and a great deal of money expended on that type of process.

I think the Minister should be more specific with the committee and indicate what areas the province is particularly concerned with. Are they concerned with the number of councillors; are they concerned with the boundaries of the wards; are they concerned with financial dependency of the city upon the province; are they looking at new financial arrangements between the city and the province? Surely the province must have had something in mind when they ordered the review. I ask the Minister if he would share some of those concerns that the province had with the committee.

HON. L. DESJARDINS: Mr. Chairman, for the information of my honourable friend for St. Norbert, it's true that I haven't been the Minister responsible for Urban Affairs very long, but I've been here long enough that he's not going to get me to talk about what the province is going to do before we get the report. You can talk about it all afternoon if you want, my choice is certainly to keep an open mind, of course. If anybody can tell me here that it has been working perfectly, that there's no room for improvement, well

then, fine, then we will see what the recommendations bring and the actions of the government.

Now certainly there are certain ideas that I have, but my personal and private ideas shouldn't come out at this time. It wouldn't be fair to the people who have been working long hours and are working quite diligently to try to bring the best recommendations to the province. I certainly don't see anything wrong with the recommendations.

Those members of Cabinet who weren't as concerned as I, they didn't have the same responsibilities as I have now. My responsibility was more in Health, Recreation and Fitness. It's a different responsibility now.

I welcome; I am pleased. As I said, I am very pleased with the people who are on the Commission. I think it's an excellent Commission, those whom I know and what I know of these people. I am convinced that they are going to be very serious.

It's not going to be a whitewash; it's not going to be anything to stall or to try to find a way to elect more people at all. It's a recommendation, and we will just have to wait to see what the government announces when the government is ready to announce any changes as a policy. We'll stand up quite tall and explain and go on record very clearly for the change that we want and we'll stand behind it.

MR. G. MERCIER: Well, Mr. Chairman, I am disappointed in the answer of the Minister. What this reveals is really this government, despite its professed and alleged concern for the City of Winnipeg, really has no idea, no vision of what should happen in the City of Winnipeg with respect to the operation of the city and its financial, social and economic responsibilities.

What we obviously have here, or have had, is a government that is desperate to do something. It doesn't know what it wants to do, so it appoints an expensive review committee, hoping that perhaps this will be some demonstration for its alleged concern for the City of Winnipeg and hoping, of course, again, that the report will come in after the next election so that they don't have to make any decisions with respect to the City of Winnipeg prior to an election.

MR. CHAIRMAN: The Member for Elmwood.

MR. R. DOERN: Mr. Chairman, just a few remarks on the City of Winnipeg review that is now taking place and that has taken place for a number of years.

Mr. Chairman, I feel, like many other citizens, that the council is too large and that there should be rather than the existing council, a smaller full-time, better paid City of Winnipeg councillor. What the exact number is I think remains to be seen, whether that number is a dozen or 15 or 18 or whatever the magic number is. I guess I have to be considered, as I have been over the past 15 years on this question, a centralizer, one who believes in a smaller, more efficient city council.

I remember well the debate, as I am sure the Honourable Minister does, in the formative stages of The City of Winnipeg Act where there was essentially the two view points and the basic difference of opinion between the centralizers in the Schreyer Government and the decentralizers. Out of that came a council of

50 which was a — (Interjection) — well, I think that will be in the next book. You always have to save something for the sequel.

HON. L. DESJARDINS: What's the title? "June 25th is Election Day"?

MR. R. DOERN: That's right, approximately, give or take 48 hours.

Mr. Chairman, I think that all of us recognize that the first council of 50 was cumbersome and inefficient, and that without the party system which exists in this Chamber and exists in Ottawa and so on, it's somewhat difficult to function. Now we are down to 29 councillors and counting.

I would simply say to the Minister that when the report comes in, and when the government considers the proposed changes and recommends them to the House, that I will be one of those who will argue for a smaller council.

I also think that the Minister has a very tough problem to grapple with in this portfolio, and that is that it is unquestionably true that the City of Winnipeg requires a larger portion of provincial revenues, that they are in fact the tax base of the Province of Manitoba.

But when it comes to sharing in the revenues, that council does not have adequate financial support from this government. In a way that's surprising because of the very strong urban tradition and the urban support that has been existent for many many decades in terms of the CCF and the NDP. Yet, despite that, the government on more than one occasion has turned a deaf ear to the pleas of the council and of the mayor. The existing mayor has also, I think, just only a few days ago, made his plea for some larger revenue sharing. Mr. Chairman, I would like to hear the Minister's comment on that.

I would also like to just say in passing that in terms of the mayor, I think the temptation is once more there on the part of the government to give consideration to a mayor selected from council. Mr. Chairman, I think the only thing that I could say on that question is that the logical basis and the logical extension of the large council was to have a mayor who was selected from the council just as the Premier is selected from the MLAs. I guess the only way one could express that is in slang and simply say that "the government screwed it up."

There was no question whatsoever that the original plan was to have a party system and to have a mayor elected and to lead his party in the council. As a result of pressure that came from the outside, the government of the time lost heart. There were those who fought the issue, but they were narrowly defeated. The result was a hybrid system of a mayor elected at large and a large council.

Now we are into a different phase altogether and it will be interesting to see whether the government once again toys with this system and what sort of combination they would come up with if they go for a smaller council, which I urge them to do, and then somehow or other try to revert to the original concept.

Because, Mr. Chairman, in my opinion, the government made a mistake and the government cannot recapture and revise that original plan. I think

the opportunity has passed by for that kind of a city council, and that the best system that we can come up with at this time is a small council, half the size of the present council, and a mayor elected at large.

So I would wonder whether the Minister could comment on his view of City of Winnipeg funding from the province, whether he intends to enrich that, and if he'd care to enlighten us about his general thinking on the size of council and the position of the mayor.

HON. L. DESJARDINS: Mr. Chairman, I'm going to say this for the last time. I intend to keep an open mind. I intend to take advantage of the work of this task force, to be informed of what they learn from the taxpayers and the citizens of Winnipeg. I think it would be starting certainly on the wrong foot of having a task force that has not even reported. Their report has not been prepared. They haven't started yet, and I'm going to have all the answers.

There is no way that a Minister responsible for the department can stand up in this room and give his private views. He is speaking for the government at this time, and this thing will have to be looked at, like my honourable friend knows. He sat in Cabinet. He knows that this will be studied by Cabinet with some recommendations from the Minister and probably staff, with some direction from Cabinet. It might be that some of the information we get might change your mind completely on a certain item that we might have felt one way at one time.

There is certainly room for improvement. It's a unique problem in this province where you have more than half of the population live in the one city. The question of the funds will have to be discussed, the taxing, the planning, the number of councillors. All these things will be looked at and, as I say, there is no way that a government will be able to duck its responsibility and they'll have to stand or fall with the change or the policy they will enact after getting that.

A MEMBER: You wouldn't want to duck anyway.

HON. L. DESJARDINS: No, I wouldn't want to duck.

MR. R. DOERN: Mr. Chairman, the Minister skirted around the financial question, and I wonder whether he is going to tell this House and the City of Winnipeg and the people of Winnipeg whether he is going to go into Cabinet and fight for the City of Winnipeg and fight for the Urban Affairs portfolio with some vigour; and whether he is going to attempt to provide the city with additional taxation room or additional transfer payments, because it would seem to me as it does to other people that the city does not have the financial revenue that it requires to properly function.

HON. L. DESJARDINS: I don't know any other way to fight but with vigour if I decide to fight. Now my honourable friend was a member of Cabinet, and you know, I'm going to be the good guy here. I'm going to tell everybody I'm fighting for the City of Winnipeg, but my colleagues, they're the bad so-and-so's and do not want to give anything to the City of Winnipeg.

The thing is that I'm not going to accept any responsibility if I'm not ready to fight for the

recommendations that I'll make and then I have to accept. I think the opening remarks of the official critic for the opposition, was right. It's a new Minister, but he has a responsibility for the government of the department. He assumes that the minute that he is sworn in as Minister of Urban Affairs. I accept that situation.

But I'm certainly not going to tell you that I'm going to fight for certain things, or this is what I believe and blame somebody else in Cabinet. There are a lot of factors. You're on the safe side if you're talking about suggesting there's more money to the City of Winnipeg, of course you're on the safe side. You have a city seat, and I'd be on the safe side saying that it would be easy also to say the same thing. Every level of government is trying to get more from the senior government.

I think the main thing for the City of Winnipeg is to hurry up and have this assessment, and then we'll have a better idea of what is needed. You're raising it from many of the same taxpayers anyway. So it's a responsibility and I don't think we necessarily have to raise all the funds for the City of Winnipeg, providing that they have means of raising the funds. That's another thing that should be looked at also.

MR. CHAIRMAN: The Member for River Heights.

MR. W. STEEN: Mr. Chairman, I have a few comments for the Minister. I would like to say, and I know that he knows there are only two aspects to urban government, and that's the political aspect and the carrying out of the services that are delivered to persons and property.

With those thoughts in mind, my criticism to the personnel of The City of Winnipeg Act Review Committee is that it's made up of a former councillor as chairman, which I welcome having somebody that had been in the political urban arena at a previous time. It's made up of a former senior bureaucrat, who was the chief commissioner. And the weakness of the review committee is it's got three academics who have never been in the world of politics or in the world of carrying out the services to the homes or to the residents of the city. They're all on university payrolls, and are paid to write books as to how city government should perform.

In my opinion, what the city review committee should have had was more people that have dealt with the day-to-day problems of the citizens, and maybe a second former councillor would have been good for such a committee, and maybe another middle-management former employee.

But one of the problems that I recall from my days as a city councillor and a problem that is constantly mentioned to me by citizens is the bureaucratic red tape that they must go through, whether it be for zoning and rezoning and for planning. In that one area of urban government, citizens have always said that in Winnipeg - and this has gone on during this Minister's government's day, our government's day and so on and I used to mention it regularly to the Member for St. Norbert who was our Minister of Urban Affairs - is the greatest single concern I hear from citizens who want to improve their property is the difficulty and the

red tape you have to go through at City Hall to get a building permit and to get a plan of action fast, and how it can be stalled for weeks and sometimes months.

I can recall trying to help my elderly folks sell their property on Corydon Avenue, and it taking seven months to put a sale through because we wanted to change a piece of property that was in an unconditional zoning because it had been my father's dental office for about 40 years and he was there prior to zoning. So to change it to commercial to sell it, it took seven months to go through City Hall and the red tape. This is a common complaint that citizens have, the bureaucratic red tape.

To the Minister I would say he has mentioned that he has had some conversations with the chairman. I note that in the city review report on Page 2 that, yes, they're to give their report to the Provincial Government by August 31, 1985, and there is no provision that I'm aware of that they would give an interim report to the government. So the only thing that the Minister can do, and he hasn't had an opportunity to be in this portfolio very long, is to meet with the chairman and find out how the committee is going along, whether they're meeting with the public and doing their job as they were selected.

I would hope that the report will come in. Having been a councillor, I would hope that the city would, in the future, elect the mayor at large, meaning every citizen would have one vote to elect the mayor. That is one way that we'll keep from having strong party politics at the city level because if the mayor is going to be selected as metro was, as the chairman was selected by a group that got together, the majority group, and they picked the strongest person from amongst them and that person acted as chairman.

If you want to have party politics at the municipal level, the best way to do it is to go back to having the group with the largest number pick the chairman who would then be the mayor. If you want to avoid party politics as much as possible - and I can tell the Minister and I know he knows well that he'll never avoid party politics - but you can water it down to some degree by leaving the mayor selected at large.

Another common complaint that the Member for Elmwood has said, there are too many councillors. I might point out to the Minister that there are 29 councillors, but there are also 29 MLAs representing the same jurisdiction in the Legislature. The reason why there are 29 MLAs naturally is the population of the city being about 62 percent of the population of the province. A city with less councillors perhaps could work better, but the greatest problem is, if we could streamline the government system so that when people want to deal with City Hall they don't go from department to department and so on; and, if he's talking to Mr. Cherniack and other members of the committee, one area that I would hope that he would mention to them is look at the red tape that the citizen has to go through to make improvements to his or her property.

MR. CHAIRMAN: Item 1.(b)(1) - the Member for Kirkfield Park.

MRS. G. HAMMOND: While the Minister doesn't feel it's fair to make any comments on the review committee,

there is an article here in the Winnipeg Free Press, December 6th, where Laurie Cherniack, said he had been brought up to believe that the parliamentary system best assures accountability and responsibility and, although he'll keep an open mind, it went on to say, it's clear that his preference is to recommend some sort of parliamentary process for the City of Winnipeg. Then it went on to say that Alan Artibise agrees and he has asserts that, and then it quotes, "the public can find out who is responsible only with the greatest of difficulty. I am in favour of party politics, but they need not be the same as federal and provincial parties." But party politics is what he believes in. So, here we have two out of the five who profess a bias right in the middle of it, so I don't know why the Minister feels so compelled not to give any idea of what he favours.

I just have a question to the Minister on the assessment part, when he was, supposedly, starting a class action, and I ask the Minister if he feels that it's acceptable for someone who is on a committee to do something such as this, start an action against the city, when he's wanting the city's co-operation; and, if he feels that the Legal Aid lawyers are just at the beck and call of anyone who wants to start an action. I found that most amazing when I read about it. It sounded like anyone could walk into Legal Aid and they'd be off and running on a case like this. I'd like to have the Minister's impression.

HON. L. DESJARDINS: Mr. Chairman, on the last question, of course, my honourable friend knows that this is a legal opinion that the member is seeking, and that is something that should be discussed with the Attorney-General who is responsible for Legal Aid.

Now, also, I think that whatever is done has to be legal and then, if my honourable friend wants to talk about the, in her mind, the poor judgment of one of the members responsible, although the assessment is not within the terms of reference of this committee. It was also said that some of the people - Mr. Cherniack has expressed preference. I have not known people to not have some bias. I know that Mr. Sherman, who I felt was an excellent choice, I know he has biases. I think that you can — (Interjection) — I'm talking about Mr. Sherman who was selected to a post by the Conservative Government, and I think it was a good choice. I didn't think because it was a Conservative Government and a former Conservative, that it was a nasty thing to do.

Now, we were told today that two of the people who are involved with the review of the act are saying that they're going to keep an open mind, but that they were in favour of political parties. I think that you can argue both ways on that. You can argue that there shouldn't be party politics in civic affairs, and then you can also say that right now it is so difficult. It is difficult also, as Minister of Urban Affairs, to get any decision and so on, because there is not one person who can speak with any authority, it is very difficult. The mayor certainly can't because he doesn't know whether he's going to be overruled by the members of his committee, and he'll be the first one to admit that. It's takes an awful long time before you can get a decision.

My honourable friend has been coaxing me to give him some opinion. I'll give him lots. As a former

alderman in the City of St. Boniface, I have always said that there shouldn't be party politics in civic affairs, and now you've got it. I'm odd man out in this government, as you know, but this was long before any of these people were members of this House or that I was a member of this House and I always felt that it was the same thing, it was not the same kind of principles, policies, that a provincial government has, and I still believe that.

MRS. G. HAMMOND: That there shouldn't or should?

HON. L. DESJARDINS: There should not be party politics in civic affairs. That was my feeling, I know that I'm in the minority in this government. I made that statement before, I'm not going to, all of a sudden, just forget what I said. I'm going to say the same thing as Mr. Cherniack, that I'll keep an open mind; I could be swayed, or I might be outvoted, but this is the way that I felt, and I don't think it'll prevent me from looking at it, and certainly I won't be alone in making the decision. So that is the situation.

I must say that I met twice - the Member for Fort Rouge suggested that I should meet - with the chairman, and I was very impressed. He's a no-nonsense fellow, and he is not going to do anything that's going to make it easy for this party. I can tell you right now, that is not his intention, he would not have taken this position if he felt that this job - and I think those that know Mr. Cherniack will believe that. He is that type of person, and I think he is a good choice. Of course he has bias, every single one here is biased, especially those who were councillors. It was obvious in the time that the member from . . . Well there are two that were city councillors at one time that spoke here, you could see their values. That's not necessarily bad, it's the experience that they've had and that's what democracy is all about.

I am anxiously waiting for this report and I intend to - if I ever get out of here, I've been here for a month steady - to do my homework a little better and to have more meetings and discussions with some of the people, but I accept the suggestions. I'm certainly taking notes of the suggestions that have been made this afternoon; that will be made over time, and I'm sure that there'll be a lot of discussion when we finally get the report. I'm sure that then there is no way that I could be able to hide and have no comments on the report, or the government also.

MR. CHAIRMAN: Order please. The hour is 4:30 p.m., time for Private Members' Hour.

Call in the Speaker.

IN SESSION

PRIVATE MEMBERS' HOUR

MR. SPEAKER: Order please. The time being 4:30 in Private Members' Hour, the Honourable Government House Leader.

HON. A. ANSTETT: Yes, Mr. Speaker, I neglected to ask if there was leave to dispense with Private Members' Hour when I moved the House into Committee of Supply earlier this afternoon.

With your leave, Sir, I would like to ask now for that leave.

MR. SPEAKER: Is there leave to dispense with Private Members' Hour today? I am not sure whether I heard everyone. Is there leave to dispense with Private Members' Hour?

The leave has not been granted.

The first item on the agenda for Private Members' Hour for Tuesday is the adjourned debate on second readings of private members' public bills.

On the proposed motion of the Honourable Member for River East, Bill No. 20, the Honourable Member for La Verendrye. Stand? (Agreed)

On the proposed motion of the Honourable Member for River East, Bill No. 30, the Honourable Member for Lakeside. Stand? (Agreed)

PROPOSED RESOLUTIONS

RES. NO. 3 - TELECOMMUNICATIONS

MR. SPEAKER: Resolution No. 3, the proposed resolution of the Honourable Member for River East, the Honourable Member for La Verendrye has seven minutes. Can anybody advise the Chair whether the honourable member intends to be here?

MR. R. BANMAN: Thank you, Mr. Speaker. Several weeks ago when we were given the opportunity to speak to this resolution, I put several concerns on the record and I think, in a small part, reiterating what I said at that time, the resolution which I will be supporting does not necessarily carry along with it the blessing that all the endeavours that Manitoba Telephone System is involved with, that I will be giving my blessing with regard to everything that they are undertaking.

This morning in committee I think we had some interesting revelations. We find out that MTS is enclosing brochures in telephone bills and isn't even really quite sure of the amount of money or what the benefits to MTS are with regard to the equipment that is being sold.

Mr. Speaker, they are going into competition with the private sector; they are going into competition with people who are trying to employ people in this province. So, Mr. Speaker, I find it incredible that at a time when we are trying to encourage job expansion, job creation in this province, that we have a Crown corporation, who really has a monopoly, who can use the vehicle of putting inserts in telephone bills to go into competition with all our small retailers who are struggling under trying to pay the payroll tax and many of the other taxes that we have imposed on them over the years.

So, Mr. Speaker, I have to say to members opposite, I have spoken to people who are involved in the Telephone System, people that have been long-time employees and people who are concerned about the things happening at the Telephone System, and the information that I can receive almost universally from everybody involved, either from the user standpoint or from being directly involved who are employed at MTS, that really the validity of government being involved in the sale of computers, whether it be Commodore 64s

or in specialized equipment, such is being provided to fire departments, or even for that matter in such ventures as MTX, which really, it is now being proven, have no value in providing what the Manitoba Telephone System mandate was, and that was to provide the lowest possible cost for the users of the telephone system in this province.

So, Mr. Speaker, I look forward to the Member for River East and the members opposite to deal with this issue.

I noticed, driving in yesterday, that the Premier has announced that there will be a new chairman, or chairperson, or chairwoman of MTS, and I hope that she will take the time to read some of these debates and find out what the people of Manitoba really want their public utility and their telephone system to do.

Let's direct our energies at expanding the system, expanding the services to rural Manitobans, and providing the service at the best cost and not get involved in all of these other things, such as the retail marketing of computer software and hardware and everything, and stick to the very thing that this system was designed to do and that is to provide service at cost to the user.

Because I fear that what is going to happen is that we in rural Manitoba, who are constantly asking for upgrading in the facilities, will be not able to receive that type of upgrading because the senior staff and senior management will be embroiled in doing all kinds of other things that really are not the mandate and should not be the mandate of Manitoba Telephone System.

So I say, Mr. Speaker, again, that I will be supporting the resolution. It's afforded us the opportunity to bring to light a few other concerns with regard to the MTS. Hopefully, the Minister in charge and members opposite who are now government, along with the board of directors and the new chairman, will take these to heart and make some of these changes which I think would be in the best interests not only of the telephone users but also of the small business people and the taxpayers of this province.

MR. SPEAKER: The Honourable Minister of Culture.

HON. E. KOSTYRA: Thank you, Mr. Speaker. I am pleased to rise and speak on this important resolution. I have had the opportunity of being responsible for this area of policy in Cabinet for a period of time up until the most recent changes that were made by the Premier with respect to Executive Council.

I was very much involved in dealing with this policy issue on behalf of the Government of Manitoba in discussions with the new and the former Federal Minister of Communications, with my provincial colleagues in the other Prairie provinces - Alberta, Saskatchewan - and also in having discussions with many citizens of the Province of Manitoba, whether they were representatives of organizations like the Manitoba Chamber of Commerce, the Winnipeg Chamber of Commerce, the Association of Rural and Urban Municipalities in the Province of Manitoba, consumer groups, trade unionists, representatives of the Senior Citizen Organization, and just general members of the population. I had the opportunity of

discussing this issue with them. I can tell you that this is a major major concern of people of the Province of Manitoba.

You know, I had the opportunity of talking to one of the back bench Manitoba MPs from rural Manitoba, and he told me that he has received more mail on this issue than any other issue that he has been dealing with as a federal member of Parliament; that more people in rural Manitoba have written to that member of Parliament regarding the proposed changes in the telecommunications field that are being forced on us through the present application of CNCP before the federal regulatory agency; that he received more written submissions from members of his constituency, rural constituency, than any other policy area that he has been dealing with since the election of last year. So it is of major concern and major importance to citizens of our province.

I believe that we have to look at what is happening in the whole field of telecommunications throughout the world. The argument that those that support this kind of so-called competition state that without it we are not going to be able to keep up with evolving and changing and developing technology in the field of telecommunications. Well, it seems to me, Mr. Speaker, that we've done quite well, thank you, without getting into competition.

Canada, Manitoba has one of the finest telephone services, telephone systems worldwide, and we've done it through successive governments making a commitment to Crown ownership, ownership by the people of this basic service. But, at the same time, we've been able to keep up and, in fact, be the leader in many cases of changes in telephone service. Many of the countries that have other kinds of systems, in terms of ownership, are way behind us in terms of technological advancement and basic service being provided to people of their area. More people in Manitoba have access to good quality telephone service.

That's not to say that there aren't needed improvements, as the Member for La Verendrye suggests, that there still are too many people on rural exchanges. There still are some communities, though very few now, that don't have dial service in the Province of Manitoba. In fact, just last year, the community of Tadoule Lake was able to receive direct telephone service or dial service for the first time. Before they had to rely on the somewhat difficult, in terms of service, radio telephone service.

So there still is a need to improve the access to the service to provide greater accessibility but, when you look at it in comparison to other countries, you'll find that Canada, and Manitoba in particular, stack up quite well in terms of level of service and, probably just as important, in terms of the cost of that service. We certainly stack up well in terms of other provinces in Canada.

So I think the argument that somehow, by introducing this element of so-called competition, that somehow it's going to help us advance technologically, I don't think has that much relevance, at least to us in Manitoba.

As I indicated, I've had a lot of discussions with people in Manitoba and, indeed, elsewhere on this issue. This is one area that is certainly of common accord between those in the western provinces. I had the opportunity

of meeting with my colleagues in the Provinces of Saskatchewan and Alberta to deal with this issue, and we were of one mind, of one position, with respect to that decision. In fact, the Province of Saskatchewan, I'm told interestingly enough by the President of CNCP who ironically, I suppose, was in to see me just on Friday when he was coming through Winnipeg to have a brief chat, Mr. Jack Sutherland, who I've had the opportunity of meeting on a number of occasions, told me that he felt that the Province of Saskatchewan was taking a much more extreme position with respect to this issue than the Province of Manitoba. But there certainly is no question that all of the prairie provinces are of one mind on this issue and one position.

I fear that the new Federal Minister is going to have a great deal of difficulty in dealing with this issue. He indicated to me when I met with him back last fall, when I had the opportunity of meeting with him for an extensive period of time in Ottawa last November, I guess it was, he wanted to come up with a telecommunications policy that would be able to meet the needs of Western Canadians. At that time, he said he expected to have that policy in place by the end of the year.

Well, we're now in May and we still haven't seen any sign of that policy. I suspect, because I have not discussed this issue with him as of late, I suspect that he's having a great deal of difficulty coming to grips with this issue, particularly if he was sincere in his comments in terms of attempting to protect the interests of particularly Western Canadians.

I had the opportunity, just prior to losing, if I can use that term, losing responsibility for this policy area, of travelling to the United States to try to get an understanding of what took place in terms of the changes with respect to long distance telephone service and the breakup of AT and T in the United States, to get a kind of firsthand look and reaction from people. I travelled to the City of Minneapolis, Minnesota, along with some other representatives from Manitoba, to meet with people in that state to get their views on what has taken place in the United States with respect to telephone service, as a result of the move to open up the long distance toll service to so-called competition in the United States, and the concurrent breakup of AT and T.

We had the opportunity of meeting with the new operating telephone company that exists in Minnesota and other states as a result of the breakup of AT and T. We also met with a number of representatives of the small telcos in Minnesota, the ones that provide the local service to many communities. They have a somewhat different system than we do here where there's kind of a proliferation of local telcos that provide service, either in one community or a grouping of communities or a grouping of counties. So we met with their association and, I think it was five or six representatives of those telcos. We also met with representatives of the State Regulatory Agency, the equivalent to our Public Utilities Board, in the State of Minnesota. We also met with representatives of the trade unions that are organized and represent employees of the telephone companies in Minnesota; and we also met with representatives of consumers' groups and seniors to get some idea from them as to their views on the changes that took place in the United States.

You know, one of the most interesting comments that I received during those presentations - and we spent a whole day meeting with them and listening to their comments on what has taken place in the United States and getting into some dialogue and discussion with them - the most interesting comment was one that was made at the start of our discussions with the organization that represented the local telephone companies in the State of Minnesota, they have this association. Just as we were starting our proceedings, and the way we did it is we introduced ourselves and gave them a brief overview of what we were about and asked for their comments on what was the situation in the United States. Well with this group, before I had the opportunity of giving kind of this overview, one of the gentleman, the President of CEO, one of these telephone companies said, well before you start, Sir, I'd like to ask you a question. He said to me, I want to know why you people in Canada want to go along this disastrous path that we've gone through in the United States. Before I even had a chance to tell him what we were about, he asked me the question, why would you even want to do what we did in the United States?

So I, of course, explained to him that this is something that we didn't want to do, but it was a situation that was developing because of the kind of jurisdictional problems we have between the Federal Government and its regulatory agency that governs certain telephone companies in Canada, and the fact that there are other telephone companies that are under provincial jurisdiction. I explained to him this is something we didn't want, but we were attempting to stop it and to suggest that we should deal with the problem and the issue in some other forum rather than having a state regulatory agency bring this about. He said whatever you do, don't go along the path that we went in the United States. He said the worst thing that we did was open up the long distance field to competition. He - and this is a company president - said it had disastrous impact and effects in the United States.

That was a common theme that we heard throughout our meetings in Minneapolis from seniors groups, from consumer groups, from state regulatory agency.

The other point that was made by all, and I guess the one area where there was some division was the president of C.O. of the new operating company that was formed as a result of the breakup of AT and T. He thought there were some good benefits in terms of the competition, but even he said that one of the problems in the United States was that this whole system was put in place, not through a process of discussion and thought as to how it should take place, rather it was as a result of a court decision that allowed for all this to take place.

The point he was making, and it was made very strongly to us by others, is that before you make major changes in your telecommunication system you should think through what the impact of those changes are. Don't make the changes and somehow expect that everything is going to fall in place after and everything is going to work out because now, in the United States, what they're doing, they're trying to find ways to subsidize rates, to provide for social services structure to deal with rates. The regulatory agencies are attempting to keep down rates that the telephone

companies claim they need significant increases in order to provide them with some levels of reasonable return. There is a complicated system, if you want to call out, where you've got to go through a whole series of digits and numbers, depending on which company you're using, or there are some areas of the United States that don't get service because they're not tied into one of the competing long distance companies because they are in an area that is not of much significant value to that company. So they made the point, before you make any kind of major changes in your telecommunication system, sit down and think through what your doing.

So I think, to me, that's one of the most important components of this resolution that we're debating here, Mr. Speaker, and that hopefully will be adopted unanimously by this House and submitted to the Federal Minister, is let's not allow a federal regulatory agency to make a major political policy decision that's going to affect a significant number of citizens and impact on a major Crown corporation in the Province of Manitoba and in other provinces. Don't allow a federal regulatory agency to make a policy decision. That is something that ought to be discussed at a federal-provincial level, between Federal and Provincial Ministers, indeed, if warranted, between the First Ministers of this country, to decide what kind of telecommunication policy, what kind of telecommunication systems we want in this country so that we can deal with the difficult issues of changing technology, the difficult issue with respect to what is happening in the United States where, because of the breakup of AT and T and the competition in the long distance field, you can now bypass, in essence, Canada by zipping through the United States, deal with the issue of how do we provide some level of basic telephone service at a reasonable cost, because to many citizens of our province in rural areas, senior citizens, the telephone is a basic lifeline.

How do we deal with attempting to have some of the industrial spinoffs that come with changing technologies accrue to Canadians, in terms of economic development, to put all of these issues on the table for discussion at the federal-provincial level so that we can come up with a Canadian solution to these problems, not merely allow for something that has happened to take place in the United States, and because one company here in Canada sees significant economic benefits to themselves, and I don't fault CNCP, they're operating like any company should operate. They're trying to maximize their own profits for their own purposes, and I don't fault them for that, but I don't believe, by allowing them to get in through the back door, through the federal regulatory agency, that we're going to serve the broader concerns and needs of Canadians.

So, I say to members, and through this resolution to the Federal Government, let's sit down and discuss this in the appropriate form in a federal-provincial arena. I suggest to the Federal Minister that he have the leadership to sit down and deal with this, not hide behind the CRTC, because that's what's going to happen, we're going to have a CRTC decision come out that's going to impact on us. The Federal Minister is going to say, well, I can't do anything, it's a federal regulatory agency. I can't do anything, they decided, they've made this

happen. And that was the strategy of the former government, I can tell you, and the former Minister, Mr. Francis Fox.

So I would hope that's not the strategy that the new Federal Minister is going to adopt, because I think it has to take considerable leadership, a lot of dialogue, discussion and, indeed, compromise by various governments in order to deal with this in a fashion that's going to, on the one hand, protect the needs of the various regions of this country with respect to telephone service; at the same time, deal with the real problems that are out there in terms of technology, in terms of the impact that is being forced on Canada because of actions in the United States. But I think we should be dealing with it on the table, up front, not behind the doors or hiding under the cloak of the CRTC because, otherwise, I fear that we're going to have disastrous consequences, particularly in a province like Manitoba, and the prairie provinces will get hit harder than any other region of this country if this specific application is allowed and we open up the whole area to so-called competition in toll service. Let there be no mistake, no matter what CNCP tells you, they claim that this is only a specific application that's only going to deal with a specific situation.

Once that door is open, Mr. Speaker, even if it's open a little crack, I can guarantee you that within a short period of time it'll be wide open, and if that happens without the kind of consultation, discussion and agreement between the provinces and the Federal Government, it will have disastrous effects on senior citizens, on people in rural communities, on small businesses in this province.

So I'm pleased to have had the opportunity to speak on this resolution and to, in some small way, deal with this issue in the past, and I would hope that we can pass this resolution with speed, Mr. Speaker, because I'm afraid that circumstances and decisions of the CRTC, and a lack of action by the Federal Government will happen very quickly and we will see the negative consequences quite soon.

So I think we should adopt this, get it onto the Federal Government and convince them that they ought to be dealing on a federal-provincial level on this important issue.

MR. SPEAKER: Are you ready for the question?

The Honourable Member for River East will be closing debate.

MR. P. EYLER: Thank you, Mr. Speaker.

The issue which this resolution addresses, Mr. Speaker, is one of those issues which is potentially very explosive. People don't really put much credence in the warnings that telephone rates could double or triple in the province within two or three years, and perhaps it's just as good that they don't, Mr. Speaker, because we wouldn't really want an issue to blow up out of control at this particular time. I think that the measure of good government is the ability to anticipate problems and to avert those problems and if, in the process, you don't particularly raise a lot of attention in the public, you do at least preserve yourself and save yourself, and perhaps we even save the Federal Government from a great deal of grief later on.

I would like to take this opportunity to thank the opposition for setting aside their partisan differences and supporting this resolution. I know that it was not an easy decision for them to take. The first speaker spoke about a lot of peripheral issues, such as dead equity ratios and Saudi Arabia and a lot of other things, but the Opposition House Leader did in the end commit his side to voting unanimously for this particular resolution, and I thank the opposition for joining us in this effort.

I suspect that the Clerk will now be sending a copy of this resolution off to Marcel Masse in Ottawa and that this particular resolution, on behalf of the Legislature of Manitoba, will have a little bit more impact in the decision making in Ottawa and will perhaps make them stop and think a little bit before they give carte blanche to the CNCP application to compete freely in the long distance telephone networks in Canada.

In closing, Mr. Speaker, I would like to sincerely thank, and I would like to say it again, I thank the opposition sincerely for their unanimous support of this resolution, and I would support all members, whether they are

Conservatives or Independents for supporting this resolution, and I would like to see that go to the vote now, Mr. Speaker.

MR. SPEAKER: Order please. The question before the House is the Proposed Resolution No. 3, as printed.

QUESTION put, MOTION carried.

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker. I believe that members might be predisposed to call it 5:30 at this point.

MR. SPEAKER: Is it the pleasure of the House to call it 5:30 at this time? (Agreed)

The time, therefore, being 5:30, I am leaving the Chair and the House will reconvene in committee this evening at 8:00 p.m.