

# LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, 22 August, 1986.

Time — 10:00 a.m.

**OPENING PRAYER** by Madam Speaker.

**MADAM SPEAKER, Hon. M. Phillips:** Presenting Petitions . . .

## READING AND RECEIVING PETITIONS

**MADAM SPEAKER:** The Honourable Member for St. Norbert.

**MR. G. MERCIER:** Madam Speaker, on behalf of the Member for Sturgeon Creek, I have a petition.

**MADAM SPEAKER:** Is it the will of the House that the petition be read?

**MR. CLERK, W. Remnant:** The petition of Lt. Col. Lockie R. Fulton, Col. G. William Manson, Brig. Gen. George G. Aldous, Lt. Col. David Campbell, Lt. Col. Norman R. Donogh, Lt. Col. George I. James, Lt. Col. Hugh G. Johnstone, David McFetridge, Col. The Hon. Gildas L. Molgat, Capt. The Rev. Thomas Saunders, Col. Douglas B. Scott, Lt. Col. Robert G. Smellie, Lt. Col. William R. Spence, Lt. Col. Burton F. Waters, Lt. Col. Ronald E. Werry praying for a passing of an Act to incorporate the Royal Winnipeg Rifles Foundation.

## RECEIVING REPORTS BY STANDING AND SPECIAL COMMITTEES

**MADAM SPEAKER:** The Honourable Member for Burrows.

**MR. C. SANTOS:** Madam Speaker, the Committee of Supply has adopted certain resolutions, directs me to report the same, and asks leave to sit again.

**MADAM SPEAKER:** The Honourable Member for Burrows.

**MR. C. SANTOS:** Madam Speaker, I move, seconded by the Member for Inkster, that the report of the committee be received.

**MOTION presented and carried.**

## MINISTERIAL STATEMENTS AND TABLING OF REPORTS

**MADAM SPEAKER:** The Honourable Minister of Culture, Heritage and Recreation.

**HON. J. WASYLICIA-LEIS:** Madam Speaker, I'm pleased to table the Annual Report for 1984-85 for the Legislative Library.

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

## ORAL QUESTIONS

### MTS - PUNR - calling of re MTX

**MADAM SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Madam Speaker, my question is for the Minister responsible for the Manitoba Telephone System.

Could the Minister indicate when he expects to call the next sitting of the Public Utilities and Natural Resources Committee so we can continue the perusal of the MTX affair, Madam Speaker?

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

**HON. J. COWAN:** Again, with leave, we'd be prepared to call a committee meeting for this afternoon.

**MADAM SPEAKER:** Order please.  
The Honourable Member for Pembina.

**MR. D. ORCHARD:** Madam Speaker, all of us have commitments which, on short notice, do not allow, without transcript again, this hearing to proceed. Would the Minister in his full view of cooperation with members of the Opposition be prepared to call the Public Utilities and Natural Resources Committee to study MTX on Tuesday morning?

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

**HON. J. COWAN:** Yes, as I indicated earlier, we will be prepared to call it today, with leave. If the members opposite don't grant that leave for the reasons that they have prior commitments, then we accept that. What I would like to do then is check with persons on our side and also work with the Opposition House Leader and the Member for Pembina, to see when an occasion is that persons on this side would have not have commitments and we could call the committee at that time.

**MR. D. ORCHARD:** Madam Speaker, I would be prepared right now to offer to the Government House Leader Tuesday morning of next week for MTX at Committee, Thursday morning of next week for MTX at committee, Tuesday the next week of MTX at committee, if the Minister so desires. Hours which are convenient for which normal members . . .

**MADAM SPEAKER:** Order please. Does the honourable member have a question?

**MR. D. ORCHARD:** No, Madam Speaker, I'm offering advice to the Minister and to the Government House Leader on when we can schedule . . .

Madam Speaker, if you wish, I will simply ask the Minister then: will you be prepared to call Natural Resources, Public Utilities Committee Tuesday of next week; Thursday of next week; if necessary, Tuesday of the week following?

**HON. J. COWAN:** I appreciate the advice that the Member for Pembina is giving. I also appreciate the fact that they may have commitments which don't allow them to attend the meeting this afternoon. We won't have a meeting this afternoon. It may be in fact that persons on this side have commitments and may not be able to adhere to the schedule which he has outlined.

As in the past, he and I, the member responsible for the Manitoba Telephone System and the Opposition House Leader have been able to sit down and work out arrangements for when the meetings can be held. I'll remind the Member for Pembina that when he had commitments that took him away from the House for a period of time and we appreciate how serious those commitments were, we, in fact, stalled the meeting so that he would be present when the meeting was being held. We've gone out of our way on every occasion to call the meeting as soon as possible and to work the meeting in with the schedule of members opposite. We will continue to do that, but we expect the same courtesy from them in respect to commitments that we may have on this side.

**MADAM SPEAKER:** The Honourable Member for Pembina.

Order please. Order please.

**MR. D. ORCHARD:** Madam Speaker, I would be prepared to offer Tuesday morning again, Thursday morning next week.

A question to either the Minister responsible for Manitoba Telephone System or to the Government House Leader is: can we expect to have a rough draft of the transcript of last night's committee hearing available before late this afternoon, or when is the earliest available time that transcript can be ready in anticipation of the next sitting of the committee?

**HON. J. COWAN:** Well, just a moment ago, the members opposite told us they had commitments which would not make them available for a committee meeting this afternoon and now they want the transcript of the committee by this afternoon so that they can read it. I find that somewhat contradictory.

But notwithstanding that, the member should also have noted that, when he asked for the transcript to be ready before the meeting yesterday, we had the transcript through the good offices of the Speaker available to them as quickly as possible, as a matter of fact in stages, so that they would have it come to them on that basis so they could read the first part and then the second part when it was ready was delivered to them. We will attempt to have the transcript done as quickly as possible, but there are other duties that the Hansard staff have.

I can't make a commitment now that that transcript will be available to him this afternoon, but I'm certain it will be, with your advice, a priority item for them and it will be available to them as quickly as possible.

### **Manitoba Telephone System - business plan re Saudi Arabia**

**MADAM SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Thank you, Madam Speaker. A transcript would be most beneficial to our research staff this afternoon.

Madam Speaker, a question to the Minister responsible for the Manitoba Telephone System. Yesterday the contractual arrangements in the establishment of the 50-50 jointly owned company in Saudi Arabia with the Saudi Arabian sheik were tabled. Referenced in those documents was the business plan for that 50-50 joint venture. It was not attached to the documents that were tabled yesterday. Would the Minister responsible for MTS undertake to provide to our caucus room for our research staff as soon as possible, this afternoon if possible, the business plan upon which this government made the decision to invest in a Saudi Arabian jointly owned business?

**MADAM SPEAKER:** The Honourable Minister responsible for MTS.

**HON. A. MACKLING:** Madam Speaker, I'll take the question as notice. I am not familiar with the business plan itself and I'll take the question as notice.

### **MTX - disciplinary actions**

**MADAM SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Madam Speaker, I have a question for the Premier.

Madam Speaker, last night in perusal of the MTX affair, in testimony from MTS and MTX officials, we had two versions on the \$1.5 million loan to the wealthy Saudi Arabian sheik by our joint venture in Saudi Arabia. The two versions were conflicting. Has the Premier, in fulfilling his commitment to the House that if any staff member of MTX or MTS misleads the committee, that he will take disciplinary action? Has the Premier in fulfilling that commitment to the House made last week undertaken any disciplinary action on the obvious misleading of the committee by either Mr. Provencher or Mr. Aysan last evening?

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

**HON. H. PAWLEY:** Madam Speaker, this is exactly why the management audit review is so important, that we ensure that we do find out the truth of statements that may appear to be inconsistent, that we find out whether those statements are given purposely or not. It is only through a management audit review that we are able to track cash, track vouchers, track all the other necessary information that is necessary to ensure ourselves that we are finding out the reality and the facts as they are. It is only through the management audit review that we may be able, Madam Speaker,

with the facilities of Coopers and Lybrand through their facilities in Saudi Arabia, to interview as well witnesses there in order to ensure that there's further light provided insofar as apparent inconsistent statements.

**MR. D. ORCHARD:** Madam Speaker, a supplementary to the First Minister.

Is the First Minister now breaking his commitment to this House that if MTX officials mislead the committee or his Minister, that severe disciplinary action will be taken? Is the Premier now reversing that commitment to the House?

**HON. H. PAWLEY:** Madam Speaker, I don't know how one has to spell this out to the Honourable Member for Pembina — (Interjection) — yes, in huge block letters, but one of the very reasons for the appointment of the firm of Coopers and Lybrand was to evaluate whether or not the MTX board, the MTS board and the government were receiving complete and full information.

Madam Speaker, after that thorough management audit, it is discovered that there has been intentional misleading of the MTX board, the MTS board or this government, the Honourable Member for Pembina can be assured that firm disciplinary action will be undertaken, not before, but only after there's been a thorough analysis.

### MTX - sworn testimony

**MADAM SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Madam Speaker, will the Premier assure the House in trying to get to the truth in the MTX affair, and avoid the kind of misinformation we have been given to date by those senior MTX officials, who will be interviewed by Coopers and Lybrand presumably? Will the Premier give the commitment to the House and to the people of Manitoba this morning, that testimony before the Coopers and Lybrand consulting group will be made under oath and sworn?

**HON. H. PAWLEY:** Madam Speaker, I'll review that suggestion from the Honourable Member for Pembina.

Madam Speaker, I want to make it very, very clear again, as I have for the last two days, that the Honourable Member for Pembina may want to engage in Star Chamber inquisition for purpose of the political opportunism, and I recognize the political infighting that is taking place across the way insofar as the upcoming leadership review. But, Madam Speaker, we will not let Star Chamber inquisition tactics divert us from ensuring that we have a proper management audit review, so that upon receiving those recommendations, we can take whatever action is appropriate without bending to political opportunism.

**MR. D. ORCHARD:** Madam Speaker, a final simple question to the First Minister.

Why is he hiding from the truth in the MTX affair by not calling for sworn testimony from those same senior officials of MTX who have now misled his Minister, his government and committee on at least five different

occasions? Why is this First Minister hiding from the truth?

**HON. H. PAWLEY:** Madam Speaker, I could accuse honourable members across the way of hiding from the truth, of avoiding the truth, of wanting to engage in Star Chamber tactics rather than supporting this government's decision to call in the RCMP to investigate the criminal allegations; calling in the management audit firm of Coopers and Lybrand in order to deal with the non-criminal charges. Madam Speaker, that is attempting to open up this matter to get to the bottom of the issue, rather than dealing with Star Chamber inquisition tactics for political opportunistic reasons without getting to the truth of the matter.

### Manitoba deficit

**MADAM SPEAKER:** The Honourable Member for Morris.

**MR. C. MANNES:** Thank you, Madam Speaker.

Given the grim revelation in the first quarterly financial report released yesterday, that our first quarterly deficit in this fiscal year alone is \$200 million, Madam Speaker, and given the fact the forecasted deficit was exceeded by some \$27 million, is attributed by the Minister of Finance to timing differences, can the Minister indicate the essence and the reason of the early-July directive to all departments of government with respect to their spending over the rest of the fiscal year?

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

**HON. E. KOSTYRA:** Thank you, Madam Speaker.

I thank the member for that question and I certainly do not agree with his premise with respect to the grim findings or the grim report contained in the first quarterly report.

As the member should know, if he doesn't know, it's very difficult on a first-quarter basis to make any type of projections in terms of the year-end deficit. He has gone out now and suggested that the year-end deficit this year is going to be much worse than it was in previous years and what was contained in the Budget.

But if one reviews what has taken place with respect to the first quarter reports, you'll find a wide variance between that which is reported in the first quarter and that which ends up in the end of the year. In fact, if the member suggests the fact that there is a 10 percent variance, or just over 10 percent variance in this first quarter report and he considers that grim, I wonder what he would say about the variance that existed when members opposite were in the same position as members here and the then Finance Minister in his first quarter report, the late Mr. Craik, indicated a variance of some \$36 million which is in excess of 30 percent. The fact of the matter is, in that year at the end of the year the deficit figure was lower.

If one reviews, you'll find in some years the first quarter report indicates a higher a level; end of the year it's a lower level; other years it's reversed. The fact of the matter is because of timing differences with respect to payments, you cannot make those kinds of

projections as the member opposite is attempting to do.

**MR. C. MANNES:** Madam Speaker, the Minister of Finance did not answer the question. I asked him specifically the essence and the reason for the early July directive to all departments of government. Can he now tell us the reasons that directive went out and what it contained?

**HON. E. KOSTYRA:** I was attempting to explain the situation with respect to the first quarter report. The directive that the member refers to is a directive that indicates to departments that we'd like them to review their spending this year to ensure that it is maintained within the levels that were projected at the beginning of the year and as a normal practice with which governments do from time to time to ensure that spending does stay within the limits so that we can keep our house in order.

I hear the Member for Emerson making mention of cutbacks. You know, this is the difficulty we have in this House with members opposite. We have the Member for Morris getting up and expressing concern about the level of deficit, expressing concern that the deficit may rise, and indeed when we went through the Budget Debate, he suggested the deficit was too high. But we consistently, on occasion after occasion, in this House hear members opposite, like the Member for Emerson, who in this House last night was berating the Minister of Natural Resources saying why do you have less money; you should have more money for your budget. Well you can't have it both ways, Madam Speaker.

We also have other members who consistently attack us for putting extra taxes on banks, on interprovincial pipeline companies, and on other large corporations, Madam Speaker. The fact of the matter is, you can't have it both ways in that regard.

**MR. C. MANNES:** Madam Speaker, the Minister is stonewalling my question. I beseech him to tell me and the members of this House, Madam Speaker, I ask him to tell us specifically the essence of that directive, to what degree were the departments of government asked to reduce their expenditures over the remaining period within this fiscal year.

**MADAM SPEAKER:** Order please. The honourable member's three questions have been in essence identical. That question is repetitious. A member cannot dictate the method in which a Minister answers a question.

The Honourable Member for Morris, with a supplementary.

**MR. C. MANNES:** Madam Speaker, a new question to the Minister of Finance.

Madam Speaker, as badly as we are in debt, this government, this fiscal year, is going to the money markets, the financial markets, borrowing an additional \$1.3 billion. I ask the Minister of Finance, to this point of time in this fiscal year, how much of that \$1.3 billion has been borrowed?

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

**HON. E. KOSTYRA:** Thank you, Madam Speaker.

I have, again, a problem understanding the concern of members opposite. The members suggest that somehow we ought not to be looking mid-term at expenditures within the government. He is somehow suggesting that the exercise we are engaging in, and we are, Madam Speaker, reviewing the ongoing expenditures this year.

The essence of the memo that the member talked about is that we've asked departments to look at 2 percent of their discretionary spending, which is not 2 percent of all government spending but 2 percent of that which is considered discretionary as against that which is statutory or of less discretionary level, which is about \$40-odd-million of total government spending. We've asked departments to look at that to ensure we have the kind of lapsing that should occur with respect to expenditures.

Somehow the member opposite is suggesting we shouldn't do that, that we should allow expenditures to rise. I don't know where he's coming from when on the one hand he talks about the level of deficit, the level of borrowing, the level of debt, but on the other hand suggests that we ought not to be looking at reduction exercises.

In terms of the amount of money that has been borrowed to date, I would have to review the specific figures and provide it for the members but it has been as for the purposes that were laid out in the Budget with respect to the needs of Manitoba.

#### Swiss loan - completion of

**MADAM SPEAKER:** The Honourable Member for Morris.

**MR. C. MANNES:** I thank the Minister for finally answering my first question. Madam Speaker, an additional supplementary. Has the Swiss loan been completed?

**HON. E. KOSTYRA:** Yes, and there was a release of that a couple of weeks ago.

**MR. C. MANNES:** Madam Speaker, can the Minister then indicate why he has not provided for us a copy of the prospectus that I believe was prepared for that issue, given his July 7th comment and answer to me when he indicated that he would share that prospectus with us and that it would be filed during the Swiss issue? Could he indicate why he has not provided a copy of that prospectus to the House?

**HON. E. KOSTYRA:** Yes, that is a good question. I'll find out why that information hasn't been given to me to provide for the member.

**MADAM SPEAKER:** The Honourable Member for Morris with a final supplementary.

**MR. C. MANNES:** Madam Speaker, does the Minister have a copy of the prospectus? If he does, can he tell us why he did not provide a copy for members of this Chamber.

**HON. E. KOSTYRA:** As I indicated, I will find out why that information hasn't been forwarded. The fact of

the matter is, Madam Speaker, as a result of the review of my department's Estimates and also the review of Public Accounts, there has been more requests made for specific information than has ever been the case before with respect to Estimates. Staff are working and collecting that information and providing it to me to provide to the House.

As I indicated, I will get that information and provide it to the member.

### **Northern Flood Agreement - liability**

**MADAM SPEAKER:** The Honourable Member for Lakeside.

**MR. H. ENNS:** Thank you, Madam Speaker. Madam Speaker, a question directed to the Minister responsible for Manitoba Hydro.

During the debates or discussions on the Manitoba Hydro report before the Standing Committee of this Chamber, we did ask questions about the ongoing liability that the government, along with the Federal Government, faces with respect to the Northern Flood Agreement. At that time, the government disputed the figures which were coming out of Ottawa that the liability could range anywhere from \$340 million to \$550 million.

My question to the Minister: Just recently a senior official in the Department of Indian Affairs indicates that figure is still being talked about as realistic in Ottawa. What is the current figure that Manitoba Hydro acknowledges as being their liability under the Northern Flood Agreement?

**MADAM SPEAKER:** The Honourable Minister of Energy and Mines.

**HON. V. SCHROEDER:** Thank you, Madam Speaker.

I'm not aware of any changes to the calculations by Manitoba Hydro since the committee met at that time as the member will probably recall. We indicated that we had contacted the Department of Indian and Northern Affairs to determine how they came up with those numbers because they had surfaced during one of the Nielson Reports. In fact the letter was written in May of 1986 to these people. As of yet, they haven't explained to us how they came to the numbers. In fact, they haven't even acknowledged receiving the letter, but we understand that because they've been busy with other things here in Manitoba.

**MR. H. ENNS:** Madam Speaker, I direct a supplementary question to the Minister of Finance.

Has any portion of this liability which the Federal Government has now on two occasions claimed to be between \$340 million and \$550 million which last week senior officials in the Department of Indian Affairs claimed could leave Manitoba with a liability of some \$390 million - has any amount been set in any of the prospectuses that the Minister of Finance has to by law put out when borrowing money for government and Hydro purposes?

**HON. V. SCHROEDER:** I believe it's somewhat premature. I think members on all sides of the House could come up with probably 100 or more examples

of where the Nielson Task Force was wrong on its numbers, be it on agriculture, be it on a whole host of western issues. On this particular issue, we have asked the Federal Government to tell us how they come up with those numbers. That's not an unreasonable request. That was some months ago. That was in the spring of this year. It was in May of 1986. We are now in the middle of August and they haven't seen fit even to reply yet to indicate where they came up with these numbers.

As far as we are concerned, we believe that we are in the midst of serious negotiations. We have every intention of not paying people who have been deprived of rights and property any less than is fair. We will pay what is fair. We believe that we are negotiating in a fair and forthright manner. We will continue doing so and we will not accept numbers that come from out of the air without any kind of substantiation whatsoever and numbers, incidentally, which have never been acknowledged by any federal politicians. It has only so far been bureaucrats who have been involved with those numbers and we don't accept them until they tell us what it is that they are talking about.

**MR. H. ENNS:** Madam Speaker, a further supplementary question to either the Minister of Finance or the Minister responsible for Manitoba Hydro.

What I'm trying to determine, Madam Speaker, how fair and how forthright we are with those people and institutions that we are borrowing money from, leaving aside the disputed figures, whether it's \$40, \$50, \$300 or \$390 million that the contingent liability is. I believe the last offer from Manitoba Hydro and the Province of Manitoba was for some arrangement between \$30 and \$40 million with respect to settling outstanding claims under the Northern Flood Agreement. Was that \$30 or \$40 million in the prospectus filed, for instance, with the Department of Finance in the recent borrowing application?

**HON. V. SCHROEDER:** Our latest offer was in the range of \$31 million. That is an addition to many millions. I believe Manitoba Hydro has already paid in the range of approximately \$25 million and certainly that offer, although not accepted, was well received and it certainly did touch on all of the issues of compensation and was one which we felt was fairly put forward.

### **MTS - judicial inquiry re MTX and subsidiaries**

**MADAM SPEAKER:** The Honourable Member for St. Norbert.

**MR. G. MERCIER:** Thank you, Madam Speaker. I have a question to the Premier.

We on this side of the House have just received a copy of a letter sent to the Premier from Mr. Vince Lopston and Mr. Tony DeLuca, two employees of the Manitoba Telephone System requesting the Premier to prevail upon the Minister responsible for MTS, MTX, to reconsider their request for an impartial non-partisan judicial inquiry. In the light, Madam Speaker, of this request from what I believe are long-serving MTS employees, would the Premier take this letter into

consideration and reconsider his position with respect to this . . .

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

**HON. H. PAWLEY:** Madam Speaker, I dealt with this concern by Mr. Lopston, in fact last week. The reference to Mr. Lopston and the other individuals principally deal with the criminal proceedings. The proper forum for them to deal with any information they have in respect to the allegations in the Ferguson affidavit is the Royal Canadian Mounted Police and, Madam Speaker, let me tell you I, for one, will be extremely disappointed if the individuals referred to by the Member for St. Norbert don't fulfill their legal obligation to give a complete, full and comprehensive report to the RCMP.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MADAM SPEAKER:** Order please, order please. Order please.

The Honourable Member for St. Norbert.

**MR. G. MERCIER:** Thank you, Madam Speaker.

In the material sent to the Opposition, as well as the Premier, there is a copy of a letter dated August 19 for Mr. Lopston and Mr. DeLuca indicating that they had already been interviewed by the RCMP and have cooperated fully with the RCMP investigation. But they are concerned with a request by Mr. Maguire of MTX to answer questions to them. In view of their assertions in favour of a judicial inquiry, that they wish to be assured that what they say is not mistated or misquoted and they wish assurance that if, in fact, we were to allege improprieties on the part of some responsible party, that party would be called upon to give evidence and such allegations . . .

**MADAM SPEAKER:** Order please. I remind the honourable member reading telegrams, letters or extracts from newspapers as an opening to an oral question is an abuse of the rules of the House.

**MR. G. MERCIER:** Madam Speaker, in view of their position that they wish to be protected in their employment with MTS, that they do not wish in the future to be making allegations against some party which would affect future advances with MTS in some subtle way, would the Premier reconsider his position with respect to this matter in view of their concerns over their long-term positions with MTS and the position obviously of a number of employees at MTS that they wish to be fully protected in their employment positions with MTS?

**MADAM SPEAKER:** The Honourable Minister responsible for . . .

**HON. A. MACKLING:** Madam Speaker, I'm sure that the honourable member will be informed if he contacts the writers of the letter that I have responded to their letter thanking them for their indication they were cooperating with the RCM Police and indicating that while they didn't disclose the reasons for their discomfort in talking to Mr. Maguire, I believed that

they should have no difficulty in talking with Charles Curtis, the Acting CEO of MTX and indicating to them any concerns they have.

I have also confirmed in this House, as has the First Minister, our concern that employees cooperate fully with the RCMP and the management audit and Mr. Curtis, in any information they can bring on the matters that have been raised in connection with MTX.

**MR. G. MERCIER:** Madam Speaker, it appears both the Premier and the Minister responsible for MTS misunderstand. As far as the Premier is concerned, they have already dealt with the RCMP. The Minister indicates he already wrote to them. This letter is in response to his letter of August 20th. I would therefore ask the Minister responsible for MTS and the Premier, if they would reconsider the position, as this letter has been written in response to the Minister's letter of August 20th, and they have already cooperated with the RCMP.

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

**HON. H. PAWLEY:** Madam Speaker, it's very interesting that my office has just advised me, by way of a memo, that this letter was just delivered to my office at 10:30, so the timing is very, very interesting - the very appropriate timing insofar as honourable members across the way. We have dealt with all the matters raised in the letter, Madam Speaker.

**MR. G. MERCIER:** Madam Speaker, this letter was just delivered to the Leader of the Opposition's office and was just brought in to me during question period, as I rose to ask these questions.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MADAM SPEAKER:** Order please.

**MR. G. MERCIER:** Madam Speaker, the Premier's answer gives even greater concern to our concern over MTS employees and their future security with MTS, when he makes such allegations.

### Manitoba Telephone System - mobile phone list

A new question to the Minister responsible for MTS. I've just received a phone call from a constituent who indicates that the mobile phone list is one year long, and he wants to set up a new business and he may have to move to another province if he doesn't get a phone immediately.

Could the Minister responsible — (Interjection) — it's apparently a matter of humour to the government, Madam Speaker. Could the Minister responsible for MTS check into the waiting list for the mobile phone list and its effect on people who wish to set up new businesses in Manitoba?

**MADAM SPEAKER:** The Honourable Minister responsible for MTS.

**HON. A. MACKLING:** Madam Speaker, I know that — (Interjection) — I'm sure the Honourable Member for

Emerson will give me the courtesy of answering his colleague.

Madam Speaker, it is no secret that the Telephone System, of late, has been burdened by the economic success that is happening in Manitoba. We have had to bring technicians from Alberta to assist us in the resurgence of demand for telephone services. I'm sure that that same increase in demand applies in respect to mobile telephone services. I'll certainly look into the matter. I know that we're doing our utmost to keep up with the increased demand that has occurred in Manitoba. I'll certainly look into the matter.

### Tourism in Manitoba - statistics

**MADAM SPEAKER:** The Honourable Member for Portage la Prairie.

**MR. E. CONNERY:** Yes, Madam Speaker, to the Minister of Tourism.

Would the Minister now inform the House of the tourism statistics for the month of June, for Manitoba?

**MADAM SPEAKER:** The Honourable Minister of Housing.

**HON. M. HEMPHILL:** Thank you, Madam Speaker. Yes, I would like to inform the Member for Portage la Prairie that we have an additional drop in our tourism statistics in overnight stay from the United States. We're one of three or four other provinces who are experiencing this same decline. We know that one of the reasons for the decline is the incredible increase that Expo has given and brought to British Columbia, where they're experiencing 115 percent increase in overnight stay in people from the United States. So clearly, I think we have to recognize that people are travelling directly to Expo, largely by plane, and they are by-passing ours and other provinces.

However, Madam Speaker, I'm also pleased to indicate that this decline is being offset by other increases in other travel: travel of Manitobans within Manitoba; in-province travel is up considerably; our park's tourism statistics are up by 20 percent; non-resident traffic entering Manitoba from the east is up 16 percent and from the west is up 18 percent, Madam Speaker.

Our restaurant sales during this period are up, our accommodations are up, so while the one statistic, which is U.S. travel overnight, is down, it is being offset by other tourist indicators.

**MADAM SPEAKER:** The Honourable Member for Portage la Prairie, with a supplementary?

**MR. E. CONNERY:** Yes, Madam Speaker, the Minister baffle-gabs about certain statistics, but she failed to tell us that the automobile . . .

**MADAM SPEAKER:** Question?

**MR. E. CONNERY:** Yes, but I have to give the content as to what the question is. The automobile traffic is down 22 percent, not . . .

**MADAM SPEAKER:** Order please.

Question period is not a time for debate. Does the honourable member have a supplementary question?

**MR. E. CONNERY:** Yes, Madam Speaker.

How does the Minister correlate Manitoba's decrease in tourism traffic to that in Saskatchewan, where it is up by 5.2 percent auto, and non-auto up 15 percent; where in our statistics, we're down 22 percent by auto and down 13 by non-auto, and then you baffle-gab - are people eating more in Manitoba? - that the restaurants are up. The Minister has incompetently run her department and the tourism industry is in really difficult shape.

**MADAM SPEAKER:** Order please. Question period is not a time for making speeches.

The Honourable Member for River Heights.

**MRS. S. CARSTAIRS:** Thank you, Madam Speaker.

**MR. E. CONNERY:** I asked a question.

**MRS. S. CARSTAIRS:** She refused to answer it. Do you want to supplementary it?

**MADAM SPEAKER:** Does the honourable member have another supplementary question?

**MR. E. CONNERY:** Well I would like the Minister to tell us what action she is taking to offset these horrendous losses to the tourist industry, when it's the third major earner of dollars in the province, and we're seeing the decreases of this magnitude; what has she done to protect it for the rest of the year?

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

**HON. M. HEMPHILL:** Madam Speaker, we're taking a number of steps to promote this marvelous province of ours, for people in Manitoba, people in Canada, and people out of our province. We have been able to attract, Madam Speaker, two of the major conferences and activities that relate to the travel industry, to our province this next year.

One is Rendezvous Canada which is going to bring 1,000 people into our province from which are the key travel agents, hand-picked for each country, which will be coming in and seeing what Manitoba has to offer.

We've also attracted International Planners Association, both of which will be taking place next year, which are going to do a tremendous amount to get the message of what Manitoba has to offer to people and countries outside of our country.

**MADAM SPEAKER:** The time for Oral Questions has expired.

### ORDERS OF THE DAY

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

**HON. J. COWAN:** Yes, Madam Speaker, would you please call today Second Readings in the order in which they appear on the Order Paper, starting with Bill No. 4 on Page 5, and continuing through with Bill No. 20 on Page 6.

**ADJOURNED DEBATE ON SECOND  
READING**

**BILL NO. 4 - THE FAMILY  
FARM PROTECTION ACT**

**MADAM SPEAKER:** On the proposed motion of the Honourable Minister of Agriculture, standing in the name of the Honourable Member for Springfield.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MADAM SPEAKER:** Order please, order please.  
The Honourable Member for Springfield has the floor.

**MR. G. ROCH:** Thank you, Madam Speaker.  
Could you bring the members opposite to order, please?

**MADAM SPEAKER:** Order please, order please. If honourable members want to engage in private conversations, could they please do so elsewhere and not disrupt the business of the House?

**MR. G. ROCH:** Thank you, Madam Speaker.  
Now that we have some order back in the Chamber, I'm happy to rise today to speak against Bill 4, the so-called Family Farm Protection Act, a bill which is neither in the best interests of the family farm nor will it do anything to protect the family farm.

Madam Speaker, I am opposed in principle to government intervention and government involvement between debtors and creditors, not only in this manner but also on philosophical and practical grounds. Madam Speaker, again we have this "Big Brother" government trying to inject more socialism into our system.

I think we should take a look just for awhile at history, because history teaches us a lot and we should learn by it. By learning from the faults and failures of others, we can all benefit in the future. Let's take a look at the birthplace of socialism, the Soviet Union, where socialists first came to power in 1917.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MADAM SPEAKER:** Order please, order please.

**MR. G. ROCH:** The members opposite laugh. They laugh at their cohorts, their colleagues in Moscow. Well, they can keep on laughing, because that's where the idea of sharing the wealth was first born. Now, Madam Speaker, they want to share the debt. That's basically the same idea. Socialists want to share someone else's wealth . . .

**MADAM SPEAKER:** Order please, order please.  
The Honourable Minister of Agriculture on a point of order.

**HON. B. URUSKI:** Madam Speaker, while I certainly don't mind a differing of facts from the Honourable Member for Springfield, but please would he at least in his remarks make his historical context accurate?

**MADAM SPEAKER:** Order please, order please.

A dispute over the facts is not a point of order. Order please, order please. Would honourable members please stop arguing across the floor, and allow the honourable member to have his turn to speak in debate?

The Honourable Member for Springfield. Order please. If other members want to again debate the bill when they've already spoken on it, they can do it elsewhere in the building. At this point, it's the turn of the Honourable Member for Springfield. Could you please give him the courtesy of a hearing?

The Honourable Member for Springfield.

**MR. G. ROCH:** Thank you, Madam Speaker, for bringing that unruly bunch to order. Just for the record, Madam Speaker, 1917 is historically accurate.

But anyways, as I was saying, when they first came to power, the idea of sharing the wealth; now, they want to share the debt. The only thing is, with socialists, they always want to share someone else's wealth and, when they're in debt, they want to share that debt with someone else. That's the basic difference between socialism and free enterprise.

Madam Speaker, free enterprisers are willing to take a chance, borrow, pay off their debts, work hard and, hopefully, they can keep what they have earned if they have made a profit, something that is not always guaranteed, whether in farming, in business or even in the professions.

There is nothing wrong with sharing, Madam Speaker, but again let's take a look at the model of all socialists, the Soviet Union. After 69 years, what have they shared? Radiation, that's all they've shared with the rest of the world, whether we liked it or not. But socialists, Madam Speaker, with their outdated and unworkable philosophy continue to live in the past.

(Mr. Deputy Speaker, C. Santos, in the Chair)

Fortunately or perhaps unfortunately, Mr. Deputy Speaker, I did not live through the Dirty Thirties, but my parents, my grandparents and many others did live through the Thirties. All will tell you the same thing about debt moratorium legislation, Mr. Deputy Speaker. They'll tell you from their own experiences it was a total failure. It destroyed the credit rating of every farmer for 15 to 20 years, and it wasn't until 1950 and even 1960 in some cases that farmers would go out and borrow again after that. Members opposite laugh. Obviously, they haven't had that kind of experience.

In this day and age, Madam Speaker - Mr. Deputy Speaker, I'm sorry there. You're starting to look like Tweedle Dee and Tweedle Dum.

This type of legislation could be devastating to the farm community. The majority of farmers operate on credit today. They need credit for fertilizer, fuel, chemicals, seed and many other items required to properly operate a modern farm. The Member for Transcona laughs. He hasn't got the monetary problems most farmers have today. That has been made pretty obvious in the recent past.

If this NDP Government destroys those credit ratings by passing this very regressive legislation, they will be doing more injustice to the farming community than anything else that has ever happened in the last 50 years. They will set them back 50 years. If this bill is

passed and a farmer goes to a lending institution and says, look, I've got 75 percent equity in my operation; I want to borrow a little bit of money, they'll say - and that includes credit unions - no, we can loan it to someone else.

Mr. Deputy Speaker, I know that, when 75 percent equity is put out, I've got some security. I also know that, if this bill is passed, farmers will have trouble borrowing one red cent.

I would suggest, Mr. Deputy Speaker, that if extended over the long term, moratoriums and interventions would mean that risk-taking by lenders would be substantially reduced to the detriment of the whole economy. What would be the point of a lending institution taking security on land or buildings or through the pledging of accounts receivable or the hypothecation of securities and assets, if they simply could be set aside by legislation, which would defer and add a cumbersome time element to the realization of those securities?

Let's look at, say, a retired farmer, for example, who sells his farm, has a little bit of money, deposits it in his local credit union at a contracted time period. When he wants that money back at a contracted rate of interest, he then becomes a liability to the credit union. The asset is clearly, to me, those contracted obligations registered on the left-hand side of the balance sheet as an asset or the loan of a client.

If a moratorium is placed on that client's ability to repay that loan, it distorts the whole relationship between the depositor and the borrower. When we extend that through the macro economy, we are talking about the collective deposits of many, many people and all the collective loans. If this act was implemented, all farmers, good and bad, would become credit risks, Mr. Deputy Speaker. That would be most unfortunate.

I believe that moratoriums are simply a delaying tactic which undoubtedly adds expenses which are reflected in higher borrowing or interest costs, lower rates on savings deposits, and perhaps even higher service charges, that remains to be seen.

Moratorium essentially means postponement, and postponement means extra expense. It's an extensive legal process which requires extensive costs as part of its *raison d'être*. It does nothing to prevent or to avoid the unfortunate circumstance of foreclosure. It only delays and complicates the inevitable loss of property.

By preventing foreclosure and seizure, secure loans become insecure, security is diluted, lender's confidence would be weakened and the supply of credit would shrink. Everyone would be affected, Mr. Deputy Speaker, if loans became more difficult to get. This bill would change the existing rules applying to mortgages and contracts after the fact.

In my opinion, altering the rules after a decision has been made and after a contract has been made, as far as I'm concerned, is unjust to all those involved. I realize it is popular these days to take swipes at the lending institutions, but, Mr. Deputy Speaker, let us not forget that - be they credit unions, banks, trust companies, whatever form of a lending institution - let us not forget that they provide jobs, assets and economic development in our communities. Let's remember also that they do not want to get into the farming business by running out and foreclosing. But

in any business deal, if a time comes when you can no longer win, you have to be able to realize on your security.

Mr. Deputy Speaker, I believe in the principle of honouring commitments and paying your bills. This bill, Bill 4, is diametrically opposed to those principles. Unfortunately, this bill is an "Alice in Wonderland" extension of socialist thinking, which always seeks for more and more ways to increase government intervention and to control all aspects of our economy and indeed our lives.

There are no examples anywhere of socialist ability to implement or manage effective programs, in this or any other arena. Indeed, examples of the opposite are in abundance everywhere and anywhere that socialists have seized power, and Manitoba, unfortunately, is no exception.

Mr. Deputy Speaker, this bill is typical of what we have come to expect from this NDP Government. It is shallow, not well thought out, and neglects to take into full consideration the total consequences and ramifications. Like so many proposals they bring forward, it lacks imagination and naturally involves more government interference, control and regulation, without any respect for the taxpayers' dollars, and that is the people's money.

**MR. E. CONNERY:** Anybody that likes mosquitoes more than people shouldn't complain.

**MR. G. ROCH:** I agree with the Member for Portage on that one.

What we really have here is a bill that is intended to exploit the unfortunate crisis that presently exists in the agricultural community. It's a desperate attempt to gain a handful of votes, regardless of the expense of the farm community, and indeed, to Manitobans as a whole. Why is it, Mr. Deputy Speaker, that the timing is always wrong among the socialists? Here we are, in 1986, and the NDP are returning to the Thirties for solutions. Debt moratorium did not work then and it will not work now. It's time they woke up over there, and soon.

All we have to do, Mr. Deputy Speaker, is to look at the research done in the 1984 moratorium in Saskatchewan. This research very clearly showed a number of things. Firstly, it showed there had been an increase of .25 to 1 percent in the cost of credit to all farmers over what it was in 1984. Secondly, it showed very clearly that there had been a decrease in the supply of money available to the farm community, a 15 to 20 percent decline in available money between 1984 and 1986. Thirdly, there has also been an increase in collateral needed to obtain a loan. In 1984, farmers of Saskatchewan were able to obtain 75 percent of the appraised value of their land for mortgages. It now sits in the range of approximately 60 to 65 percent.

Furthermore, Mr. Deputy Speaker, the proposed powers of the so-called mediation board take away that fundamental right people have in a free society to make their own decisions and to work out their own problems, through negotiation and cooperation without government intervention. We don't need more government intervention, we need less.

A better solution is Bill C-117, Mr. Deputy Speaker, a bill recently passed by the Federal Conservative

Government, The Farm Debt Review Act. This legislation represents somewhat of a compromise between creditors who wish no interference and farm organizations who want an independent body which has authority to restructure farmers' debts. That, Mr. Deputy Speaker, is positive and progressive legislation.

Unlike Bill 4, which is negative and regressive, it's going to work with farmers and the financial institutions to the mutual benefit of all concerned. It's going to do it in a very fiscally responsible manner. It's not going to set back any sector of our economy, Mr. Deputy Speaker, whether it's farming, financial, or any other sector. It's out there to work with all concerned, in an attempt to solve this serious crisis we find agriculture in today.

Mr. Deputy Speaker, there is no doubt in my mind that, if implemented, Bill 4 will be a total disaster, another dismal failure that this government can then add to its list of botched-up socialist experiments. It will be a regrettable day for every farmer in Manitoba, and indeed, all Manitobans. I, for one, will be proud to stand up and say that I voted against it.

Mr. Deputy Speaker, it has never been shown anywhere, not now, not in the Thirties, that debt moratorium legislation works. I cannot recall of any instance of the people I've spoken to, that they felt that the availability of money was increased due to legislation such as this. Mr. Deputy Speaker, I must support a free enterprise system, not only on philosophical grounds, but also on very practical grounds. The whole area of family farm protection lies in the fact that more must be done to assist the farm community, and we will not assist them by shrinking the availability of money.

Mr. Deputy Speaker, as I've pointed out, and I'll repeat it over and over again, this type of legislation will simply add to the crisis, will not help to solve it. It will make the sharing of the debt, the burden so to speak, forced down to other people who are, at present, good credit risks. It will just postpone the inevitable failure of farmers who, for whatever reasons, are no longer viable.

(Madam Speaker in the Chair.)

Madam Speaker, I would like to believe that the original intention of the Minister of Agriculture in bringing this bill forward was to in fact benefit the family farm. I sincerely believe - at least I hope that he was sincere and wanted to do that. Unfortunately, as has been pointed out by many of my colleagues time and time again, as has been pointed out in other jurisdictions, it cannot, it will not work. I think it's time, especially on this very important bill, a crucial bill, a bill so crucial to all Manitobans, even the urban members feel compelled to speak out against it, and speak out strongly. After all, it is the farm community which feeds us all.

Madam Speaker, I would hope that the Minister considers withdrawing the bill or at least amending it, and to also check out the constitutionality of it for, without federal approval, this bill cannot come to be. Yes, it would give the Minister an opportunity to bash the Federal Government. Yes, it would give him an opportunity and an excuse to say, well, we tried to help, but the Federal Government wouldn't allow it. But the fact is, Madam Speaker, that the Federal Government

has introduced legislation, as I mentioned, Federal Bill C-117 to assist farmers. That's a recognition on the part of our national government that there is a crisis in agriculture, not only in Manitoba but across the nation.

It would be very nice, yes, as the Member for Brandon West points out, if these guys wanted out, but obviously there's more concern on this side of the House. You can tell this by the number of farmers elected on this side of the House, as opposed to the number elected on that side of the House.

Madam Speaker, although I come from a rural riding, only a small part of the electorate, of the population, is actively involved in full-time farming. Unfortunately, because of economic circumstances, that is the case in many areas. In order to remain viable, the family farm has to become larger. That brings in increased costs for land, for supplies, for equipment. In this day and age, all this cannot just be done with cash out of pocket unless someone is extremely fortunate. In most cases, farmers, like the rest of society operate on a credit system. Raising the costs of interest, raising the costs of credit, shrinking the availability of credit or transferring it to other sectors of the economy will do nothing to help the farm economy at all.

Madam Speaker, I believe it is time. I know it's difficult, given the high feelings running on MTX, MTS and many other issues, but I think it is time, on this one issue, that we work together cooperatively and put partisan politics aside and really do something sincere, bona fide sincere to help the farm community. Maybe withdrawing the bill totally is not the answer. Maybe a compromise can be achieved through amendments. That may be the way to go. I am sure that, if the members opposite are willing to reconsider this ill-conceived legislation, we will be prepared to look at proposed amendments.

However, it seems that, as one or more of their speakers get up to speak in favour of the bill, it seems that they are unwilling to do such a thing. Possibly, after it goes to committee, they might be. I don't know. I sincerely hope so.

But in the meantime, as has been said by my colleagues, as I have said earlier, in its present form, this bill is totally unacceptable. It cannot, it must not pass. It's a very dangerous bill. It's a bill which can do nothing but harm the whole economy. If this were applied across the board to other sectors of the economy, there would be an uproar. But in this case, maybe it's because of the small numbers on the farm, we hear less about it. But I believe that, as the issue continues to be brought up before the people, that people in other areas, other sectors, urban communities will realize that their source of food, their source of agricultural products is being threatened by this bill.

Madam Speaker, I don't want to belabour the point much longer, but I would urge all members of this House not to support this bill when it comes to a vote. I realize the government members have a majority, but I would ask some of them, especially those few over there who are actively involved on the farm, to take a good look at it, to talk to their constituents in the farming areas, to talk to the people in those communities which are dependent on the agricultural sector, to see and listen and hear what they have to say.

I think they will find, Madam Speaker, that those people out there do not want this bill to go through.

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They will find that, if their costs of borrowing go up, it will make their task that much more difficult. Postponing the inevitable in some cases will not help those farmers. Increasing the cost of borrowing to viable operators will not make their lives any easier and, when it comes a time that a successful farmer wishes to retire - and essentially selling his farm is basically his pension plan - and depositing that money, he will want to know that his money is properly secured, the same as any other person. Based on that, Madam Speaker, I would once again urge all members of this House not to support this bill when it comes to a vote.

Thank you.

**MADAM SPEAKER:** The Honourable Member for River East.

**MRS. B. MITCHELSON:** Thank you, Madam Speaker.

I am pleased today to address Bill No. 4, The Family Farm Protection Act, to add my comments and my opposition to this bill.

As alluded to by some of my rural colleagues who spoke previously on this bill, the title was chosen very skillfully by this Minister and this government with the hope of convincing the urbanites in this province that this government is genuinely concerned about the plight of our Manitoba farmers. However, Madam Speaker, my common sense as an urbanite tells me that this legislation will be prohibitive. It will not address or solve the problems of our Manitoba farmers. Indeed, all urbanites should be concerned for, without the farmers of Manitoba for which this government shows no concern, we, the so-called urbanites, would not survive. The family farm is indeed the backbone of Manitoba's economy, and is responsible for Manitoba's economic stability.

Madam Speaker, about 45 percent of Manitoba farmers are in a position that they require no form of credit to operate. They are the fortunate ones who will not be affected by this legislation. Of the 55 percent remaining, those who do require credit in some form, only 5 percent are in severe financial difficulty. Of this 5 percent in severe financial difficulty, Madam Speaker, some will fail. Some will be unable to meet their debt obligations as in any other business. There are bound to be some farm foreclosures for reasons of poor management, overextension or inexperience.

However, for those farmers in severe financial difficulty because of situations beyond their control, financial help should be provided by society as a whole, Madam Speaker, not as suggested by the Minister of Agriculture and this legislation, just by the remaining 50 percent of farmers who require some form of financial assistance.

This 50 percent of the farm community who use credit to operate are being placed at risk, Madam Speaker, risk of having to pay more interest to receive that credit. My common sense, Madam Speaker, tells me that it is not the lenders, the banks or the credit unions who are going to suffer. It's the farmer, the borrower who will have to absorb the costs in the form of higher interest rates, that farmer who is efficient but does require some credit.

The lending institutions will not absorb the losses if they are unable to foreclose on loan defaulters. They

will simply pass these costs on in the form of higher interest rates to farmers who are already struggling to try to make a living.

Those on the borderline of being eligible for a loan will certainly be denied credit if this legislation is introduced. Who is going to lend money to someone if they cannot be reasonably assured that they can foreclose and recover some of their losses on the collateral that the borrower puts up?

Can we expect this NDP Government to start another government bureaucracy to take taxpayers' money to support loans to those individuals who certainly will be denied funds from lending institutions should this legislation pass? If so, Madam Speaker, what would the rates be? Will the same rules of foreclosure apply to this new government lending agency if and when it should be set up?

Madam Speaker, anyone with the slightest idea of how lending institutions operate - and obviously this Minister of Agriculture does not - knows full well that a lending institution simply will not provide funding to many needy farmers now getting support, because of fear they will not be able to recover their money from defaulters.

Another foreseeable problem, Madam Speaker, is: what incentive will it be for certain individual farmers to pay loans if they know that the lender will not be able to foreclose? Madam Speaker, if the Minister of Agriculture had consulted with the experts, the presidents of the major banks, the credit unions and other lending institutions, and received expert opinions, he would know that if they don't have a reasonable chance of recovering at least the principle on their loans, why would they bother to lend money in the first place? Who is going to suffer as a result, Madam Speaker? Not this Minister of Agriculture or this government who have a history of not being interested in expert opinion but make decisions based on short-term political gain, but the farmer, the family farm, the backbone of Manitoba's economy, that will have to borrow at increased interest rates or will be denied necessary loans.

If I have learned anything in my short time here in this Legislature, Madam Speaker, I have learned that this is indeed just another example that has convinced me that this government lacks common sense. In fact, Madam Speaker, this government lacks any sense at all.

I would urge this Minister of Agriculture, Madam Speaker, to withdraw this bill. Dovetail provincial support for those farmers needing loan guarantees with The Federal Farm Debt Review Act, recently enacted by the Government of Canada, and get to work on some concrete common sense legislation that would truly help these farmers in difficulty; not at the expense of only one segment of the farm community, Madam Speaker, but as a result of a responsible commitment by all Manitobans.

Thank you.

**MADAM SPEAKER:** The Honourable Member for Brandon West.

**MR. J. McCRAE:** Madam Speaker, I move, seconded by the Honourable Member for Turtle Mountain that debate be adjourned.

**MOTION presented and carried.**

**BILL NO. 14 - THE MANITOBA  
ENERGY FOUNDATION ACT**

**MADAM SPEAKER:** On the proposed motion on the Honourable Minister of Energy and Mines, Bill No. 14 - the Honourable Member for Fort Garry.

**MR. C. BIRT:** Thank you, Madam Speaker.

I am pleased to become involved in this debate and I think it's an important debate. I think it's important to carry on this debate as long as is necessary to convince the public, and more particularly, the government, that what they're proposing with Bill 14 is a deception, a sham, an abuse of the parliamentary system. In fact it does nothing to enhance the image of politicians in the eyes of the public.

(Mr. Deputy Speaker, C. Santos, in the Chair.)

It does nothing to enhance the image of government in the eyes of the public because we are dealing with some rather weird ideas as to what is fact, what is fiction, and in fact, what the future might hold. In fact, when one looks at this, when one looks at what the Minister said in his opening remarks and has said from time-to-time in various comments on this particular bill, you would almost think the people that drafted the Budget Speech for the Minister of Finance in fact created and drafted the particular bill and speech for the Minister in question. Again, as I indicated in the Budget Debate, I hope they are extremely well paid because they say a great deal and when you look at, there is no substance; no substance whatsoever.

In fact it's interesting. We have a new form of political gainsmanship in the Legislature and it's called naming of bills. The bill is named one thing but when you look at the speech that the Minister makes, when you look at the content of the bill, they're as different as black and white. It's much like the Minister of Agriculture introducing his Farm Protection Act; what a misnomer. He's the Minister that wants to bury at least a third of the farmers on their own land with that legislation, yet he laughingly calls it, The Farm Protection Act.

We have something here called The Manitoba Energy Foundation Act. Well, I think it should be more appropriately called The Illusionary Profit Act or The Shell Game Act; and that's the little game where you have to figure out where is the profit under the little cap. Well, there is some illusion of profit. It depends on the creative accountants, the economists who created the concept that there might be some profit.

I think, quite frankly, if this bill ever gets to committee stage, I for one will be voting against it. I will certainly be voting against the title because it has nothing to do with the concept of profit or creating a foundation, because a foundation needs something and there will be nothing from the comments of the Minister or the activities of this government.

In fact it's interesting. The concept of profit that gives rise to this creation is to put money from some sale into a foundation for expenditure on behalf of Manitobans. That expenditure is by politicians who will be making it, in theory, on behalf of the people of Manitoba.

The intriguing thing is that we had a Minister of Finance in the previous administration who's idea of

a profit was to go to the banks every year and come home with huge sums of money. Every year he would come to Cabinet and say look, I found another \$500 million. His idea of a profit is spelled deficit and four years in a row, he accumulated the largest, in his mind, profit for the Province of Manitoba because we've been using that profit to live well and much better.

Now after creating that illusion of profit, we've transferred this man over to look after the financial affairs of Manitoba Hydro; and with a stroke of a pen on the same illusion, we're going to create more profit.

Again, I believe the Minister means well, but I think he is misinformed and like a number of his colleagues in Cabinet today, seem to fail to understand what government is all about, and more importantly, seem to be unable to ask those hard questions. The Minister seems to take great delight in talking about a computer formula and Moses when one reads his particular statement to the House.

Well, it would be interesting if the Minister would take some time to think, to inquire, to act; not to be misled, not to be part of a process that is deluding the public into thinking that they're going to achieve something from some mythical sale to the United States. Yes, there is a contract; yes, power will flow. But at what cost and who will pay for it?

The other interesting part of this whole exercise is it's something we're planning for the future. These people can't even plan on a 12-month basis. Just look at our current problems with MTX. One Minister hoping to make a \$3.4 million profit in the nature of some 10 months had MTX enter into an agreement. I can't believe that politicians would believe that government could make profit that quickly in such a short period of time. It's never been done before in the history of this province or anywhere; business don't do that. So what makes them think they can create profit?

When one looks at the statement or press release that the Minister had issued when he announced this particular legislation, it says, "Through the firm export of hydro-electricity, Manitobans will obtain significant profits." That's interesting. It's a qualification on profit. It says "significant." There is no amount specified. A year ago, leading into the election, we had billions thrown around as profits. Now we're talking about significant profits. I mean if they make \$1 on any transaction, that would be considered a profit; that would be considered significant by these people.

It's interesting. In a short period of time, we have moved from the billion-dollar profit category down to something called significant profits and it goes on to say that it can be reinvested to secure this province's future.

What they're failing to tell the public and, more importantly, what they're failing to understand themselves is they aren't securing this province at all. They aren't securing its future one iota. They have undertaken this project prematurely. They have taken it under with no idea of where they're going in the future as far as capital plans, future growth plans for this entire province. They wanted to build one project. They wanted to generate some jobs for a campaign. They were successful in that, but if there is no profit, how can you then reinvest in the province's future and how can you make a province secure if you have mortgaged it to the hilt by one premature project?

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We already know, by the Annual Report of Manitoba Hydro, that currently approximately 50 cents of every dollar that flows into its treasury flows out to service the debt that we acquired in creating all of the power plants along the Nelson. So where are we going to get these significant profits?

It goes on to say, "Electricity is our economic comparative advantage." If nothing flows, we will have no advantage and we will have a great amount of debt to service. Who will service that debt? Manitobans. We are exporting electricity, yes, to other people to make the profit; to other people to make the jobs; to other people to build a secure province for their states and what are we doing? We've got the quick-fix for some multi-billion dollar project.

It then goes on to state: "In February of 1986, Premier Pawley announced three new hydro-electric export arrangements." Well, my recollection of the press announcement in February of 1986 was that they were contracts . . .

**A MEMBER:** Deals, power to be delivered.

**MR. C. BIRT:** That's right. Big fanfare. In fact, we were going to launch into Conawapa. We hadn't even cleared the site of the current project when we were going to jump into a 5 point something billion dollar project in Conawapa.

In the Speech from the Throne, we had three contracts of new, strong energy exporting agreements for contracts. It's interesting. On May 8, I believe, the Speech from the Throne was read. Some month or six weeks later, the Premier admitted reluctantly under oath, there were no contracts and now, by July 30, we've dropped down to arrangements. In fact, the only strength to these arrangements may be this press release because you'd think they'd be championing this whole process by now. Where are they? They are fictitious.

Mr. Deputy Speaker, I'd like to refer to some of the comments made by the Minister in his opening remarks. He claims that we have consistently been against the development of our renewable resources. Well, the people who started the renewable resource development program on the Nelson was the Conservative Party of the Province of Manitoba. It was one Premier Roblin and his vision that started the process, and what happened? We then had a change of government and the Schreyer Government took office. What happened at that time? They kept building, building and building, and the cost of the bills to the Manitobans kept rising, rising and rising. In fact, that particular rising taxation on energy to the customers of Manitoba was probably one of the most significant factors that contributed to the defeat of the Schreyer Government.

We have a similar scenario developing in this province. The Minister for the Telephone System and the Minister for Finance about a year ago was wailing against the freeing up of long distance telephone lines and the cost to consumers and their telephones in Manitoba would rise dramatically. Remember the fight, the petitions for protecting the user and the cost of providing service to the telephone people in the Province of Manitoba.

Well, they've done something. They've heightened the public awareness of that utility in this province, the

Telephone System, and now they are using Manitoba money to invest offshore and we're losing it all. The people out there are angry about the handling of that particular project. How do you think it's going to affect the charges on a monthly basis to each Manitoban? The poor, the single - remember the crocodile tears that were flowing down those Minister's eyes - what would happen to the average user of the Telephone Service in the Province of Manitoba? Well, they remember and they are remembering now what the \$20 million will do to that whole argument. They are angry.

**A MEMBER:** The people on fixed and low incomes are the first to be heard by socialists.

**MR. C. BIRT:** That's right. They say one thing and hurt the very constituency that in theory they're supposed to be representing. Then they go on to talk about a successful record of marketing hydro exports in North America. They claim that this is the first major contract of firm power to the United States. I agree with them; there is no argument. I would also agree with them that they've got a contract. I would also agree with them that they have set a certain price for it. But what we don't know is what the cost is going to be to Manitoba.

The Minister, you could always tell when he is on thin ground, he argues and uses the so-called National Energy Board report as justifying his argument that there is profit, there is justification for incorporating this act and there is justification for proceeding along the lines in which they intend to proceed.

If his facts are so accurate, and I would just refer the Minister to Page 2555 of Hansard, wherein he's quoting so many cents per kilowatt hour that they will be paying in the States and how many cents per kilowatt hour we'll be paying in Manitoba. You know, he almost has a case. Then he goes on to say: "And to suggest at any time, in any way, that we are subsidizing when in fact a Conservative appointed, federally appointed body, an objective body, has said that we are right and you are wrong, it's just simply continuing to perpetuate an untruth." And he's referring to the National Energy Board, something as simple as a regulatory body called the National Energy Board. This Minister didn't even know, in fact, even under questioning and shouting across the floor in this Chamber, wasn't prepared to understand that the membership on the Energy Board are appointed for fixed terms and they had been appointed by the Liberal Government, the previous Liberal Government. Yet this man, in his great sound and fury, quoting all these facts, couldn't even get the simple thing, the underpinning to his logic for proceeding. It was a federally appointed body. I mean, how ludicrous. He can't even get the simple thing of how the governing body was appointed and who appointed them.

I agree that the Conservatives inherited that board and there is nothing wrong with that board. Changes will come with time to that board, as it does with any board. But on a very fundamental issue - he may say it's not significant - but on a fundamental issue, the Minister was wrong. The Minister has constantly been wrong, whether he was in the Finance portfolio, and

now he's mucking around with the financial structure of the Hydro body in this province.

Mr. Deputy Speaker, I have made reference to some of the opening statements by the Minister. He states that the function of this particular act and what it will be doing is to support the economic and social development in Manitoba; to develop a mechanism such as loans, loan guarantees and joint ventures. The foundation will ensure the profits from the sale of our Hydro resources are used to build and diversify our economy, creating permanent jobs.

Now, in dealing with this particular point raised by the Minister, he seems to think that if you talk about some of the issues that he raises, some of the principles that he's trying to sell in this Chamber, that you therefore are accepting the premise of his argument that there will be profit. Well, let me state here and now that I dispute his concept of what the profit will be, if there will be any profit. Only time will tell and, unfortunately, the gamble may be that Manitobans end up picking up the shortfall and not receiving any profit.

But it's interesting that he wants to use these so-called monies for the support of economic and social development in Manitoba and to develop a mechanism for loans, loan guarantees, and joint ventures. That sounds almost like the development program we've got with MTX and our investment in the world of Manitoba scarce tax dollars. It certainly sounds like it; joint ventures in Manitoba; joint ventures in the world? What are we doing?

When you look at how the government creates its own planning; when you look at how the Minister for the Telephone System sat on a sub-committee of Cabinet and approved certain expenditures by MTX in the United States and some plan to make a quick profit, that I made reference to, we find that the act will be creating another board, and it's going to be composed of five Cabinet Ministers, and the Executive Council will designate who is the chairman. That sounds very much like a sub-committee of Cabinet that gave us the same world of high finance in the MTX affair.

There are no guidelines; there are no stipulations that this will all be in Manitoba. There is nothing to indicate how this place, how this particular body will function. We're going to create an illusion of a foundation with five politicians, at least, sitting on it allocating funds. Well, the same thing happened on another venture with another Crown corporation in this province, and that sorry tale is just beginning to unfold.

It is not necessary to create this. Let the monies flow back to Manitoba Hydro if there is a profit in the sale, because we didn't make a profit in the Hydro Report this year. They show a \$30 million profit, but they dismantled one of the premises on which that profit can be actually calculated. In fact, it's a mis-statement.

There was a freeze imposed, but that freeze was imposed and there was an offsetting change in legislation to allow the provincial treasury to pick up any shortfalls in the foreign exchange fluctuation dealing with the loans with Manitoba Hydro. And what did that cost amount to in this year? That's \$80 million. They claim they had a \$30 million profit, but if you allocate that \$80 million to Manitoba Hydro, and it should be, then there was a loss of some \$50 million, but it's the same Minister that says, well, we made a \$30 million profit this year; we're going to make millions in the

future. It's the same illogic. One wonders how you can define profit. What is profit? Do you borrow money and say it's profit, because that seems to be what this government wants to do.

If you had monies flow right through to Manitoba Hydro, yes, it would go to ensure that their rates are low, and then the public treasury would not have to subsidize the foreign exchange losses. As the Member for Morris has pointed out, by borrowing offshore the way we have and without hedging, the potential for losses is increasing dramatically. One wonders with our tying the Canadian dollar to the U.S. dollar and its fall on the international markets, what this shortfall will be in next year's budget to cover those offshore borrowings of Manitoba Hydro. Will it double? You don't need to transfer money into one department to move it across and out in another area. Let the profit, let the sales revenue - whatever you want to call it - flow to Hydro and then turn off the guarantee that we have.

You won't have to borrow any more money. The money will be there. You won't have to subsidize these large exchange fluctuations, but that makes common sense; that sounds too logical. That probably is the sound way to proceed, but will this government do it? No, Mr. Deputy Speaker, because they want to deal in a shell game.

It's a shell game started this year for something 15 years down the road. You can bet that every major undertaking in the future which relates to the economic development will be saying we'll get it from our foundation program. Again, a continuation of a deception on the public of Manitoba.

You know, it's interesting, this large commitment of capital, coupled with this illusion, this shell game, is really not new, because when you look at the picture of Premier Schreyer in Room 255 at the back, in the background you have the Nelson, and you have a power dam, and you have the former Premier holding a scroll of blueprints. I have great respect for Premier Schreyer; I think he provided some good leadership. I have some quarrel with his handling of the Hydro development and its ability to recognize problems when he was presented with the evidence. — (Interjection) — He was a Manitoban and I think he did a good job, but the key here is in one particular area, Hydro development, the financing of that Hydro development is again coming back to haunt us.

It's interesting that even Mr. Schreyer had some misgivings in '72 and '73 - and remember he had only been in power for a very short time - about the Hydro development, the commitment of capital to the development of the Nelson. In fact, in December of 1973, Premier Schreyer established a task force on Hydro and to that he appointed Mr. Bateman, the Hydro Chairman of the Day; Mr. J.S. Anderson, the then Deputy Minister of Finance, and who had long been involved in Manitoba Hydro affairs; Mr. Briggs, a consulting engineering from Ottawa; Mr. Eric Kierans, as you recall, who was at that time a professor of the Department of Economics at McGill University, but a Liberal luminary in the early Sixties; and Mark Eliesen, then secretary of the Planning Secretariate of Manitoba Cabinet.

Its purpose was to examine and advise government about several important issues including the financing, speeding up of the Lower Nelson development and pricing, and then the current negotiations with Northern

States Power on arrangements for long-term export of power from the major lower Nelson plants.

Well, they gave the report, and I'll get to the contents in a moment, Mr. Deputy Speaker, but the intriguing thing about it is those people who were involved in the construction program, the creation, the continuation of the development of the march down the Nelson, attempted to sandbag that report. Well, Eric Kierans found it sufficiently disconcerting to him to bring about, in fact, to write to Premier Schreyer directly, and he raised questions about those who were choosing to ignore the early storm warnings. It says, "Given that Hydro demands on capital markets during the next decade, I can only conclude that your government will not be able to find the dollars needed to carry out your plans for investment in the human condition; housing, education, health, welfare, the stay option, resource of exploration and development, and the elimination of poverty."

Well, they continued to develop, but they didn't have a deficit in those days. If it was, it was so minimal in the relation to the total amount of government spending of the day.

Today, we not only have the Hydro development debt, we have the provincial debt created by this very same Minister, who would appear to have created profit for the government in his four years of being the Minister of Finance. He gave us \$2 billion in debt. His successor in that office seems to have enjoyed that game of illusionary profit and is continuing along that path.

Now we have a high deficit. We have all of the debt related to the earlier developments in this province. We are expending an increasing amount of new tax dollars in servicing that debt and we are faced with what? Cutbacks. Cutbacks in service to Education, to Health, as we found out yesterday in Mines and Resources, even that department is being pruned.

Our deficit for this quarter has increased by some 22 million. The Minister of Finance calls it a question of timing. Well, that's an unusual way of explaining, when your money flows out faster than it's coming in, in my definition, that's deficit, but to the Minister of Finance, it's called timing. It's unusual, to say the least, on his phrasing.

But the important thing is in the early Seventies it was recognized that if we didn't handle our scarce capital carefully, we would be condemning our future generations and shortchanging the function and the ability of government to provide services.

But what happened? Mr. Kierans further goes on in his correspondence to the Premier of the Day: "May I make the following recommendations. A cutback in the existing pace of investment in capital construction. If this is not done the province will pay heavily for excess of investment in Hydro facilities being forced to limit the growth in the other sectors of the provincial economy."

Well, we have Limestone. It's a fact; it's flowing. It's going to be completed. We are then going to have to service its debt. But, what about the next one? During the campaign we were told we had three contracts of firm power sales and we're going to build Conawapa. If we do, will that wipe out our ability to borrow money for other capital purposes in this province such as hospitals, telephones, roads, all of the infrastructure that is needed to make this place a good place to live?

Have we seen any long-range plans? No. We have asked for long-range plans. Have we got them? No.

Then it goes on: the Task Force Report had a further addendum attached to it and this addendum was made by Professor Kierans. In other words, it was sort of a dissenting opinion to the major report, concurred in by Mr. Eliesen, who was a severe critic of Hydro, and contained the following comments: "That the government itself does not have a projection of its own capital requirements for the next 10 years, which list could be compared with the Hydro proposal on the grounds of profitability and overall benefits to Manitobans."

When the Member for Morris asked the Minister of Finance when he tabled his Estimates and he delivered his Budget Speech, if he had a five-year projection for the economic future for this province, he said he didn't have it; he wouldn't be able to table it.

We then were involved in the great review by one of their rating agencies. We again asked for that particular information and, again, it wasn't made available. Isn't it interesting that the comments made by Mr. Eliesen and Mr. Kierans in the Seventies are just as fitting today because this government is following the same road.

Development is important but it must be planned development. There must be a recognition that resources are limited. There must be a recognition that resources must be applied in a priority sense. Do we have that in this province with this administration? No. Do we have any forward planning? No. We have the quick-fix for political gain but we don't have an orderly development plan for this province.

He then goes on to say: "The overall capital requirements of the province and the priorities have not been related to the province's borrowing capacity, i.e. the supply of capital likely to be available for all needs. This is a sure road to the exhaustion of the province's credit."

Isn't it funny that we have high debt, high deficits, reduction in our credit rating and, slowly but surely if the trend continues, our borrowing markets will diminish, may disappear. Yet do we have a plan to see what our borrowing requirements are for other areas in the Province of Manitoba other than Hydro development? No. We're talking about Conawapa; we're talking about additional billions of dollars. And where - where is the planning? There is none.

It's interesting that they further went on to state in their recommendations, and I'm talking now about Mr. Kierans and Mr. Eliesen, that a cutback in the existing pace of investment in capital construction, rising energy exports during the rest of the Seventies indicate the capacity exceeds the need and rate of growth of Manitoba. The province will pay heavily for excess investment in Hydro facilities by limits to the growth of the other sectors. That question, that statement is as important today as it was back in the early Seventies.

At the bottom of the statement it says: "Mr. Eliesen would like to associate himself with the above comments and recommendations of Mr. Kierans."

Well, it's interesting. Now we have the man who raised all of these questions in the Seventies - and they were legitimate questions and concerns but unfortunately were swept aside by the Government of the Day - he is now one of the kingpins in planning this large design for Manitoba, its Hydro development, its alleged export and its profits flowing from these exports.

Now, Mr. Eliesen was so concerned that he, on his own, wrote to Premier Schreyer in response to comments made by Mr. Bateman to the Premier. He states: "Len's comments about resources which we would have to develop at even a higher cost later, due to high current rates of escalation, may be understandable from Hydro's point of view, but from the point of view of the province as a whole, it is simply economic nonsense. The only way to avoid inflation is to build absolutely everything today which, of course, is impossible. The province must choose between putting its limited financial resources into one project, which will be more expensive to do later, or another project, which also will be more expensive later."

He goes on, Mr. Deputy Speaker, to say: "In weighing some decisions a necessary element is, of course, the price which one expects to receive for the product of its investment. It is simply not possible to entertain and evaluate seriously the concept of undertaking investment for export without having a price in mind."

Well we have a price in mind but when one looks at how the Minister and his staff are calculating price, the alleged profit, one wonders if in fact there is any real price being paid by the Americans for this particular electricity, because the Minister has said with great glee that the cost of construction of this particular project has dropped dramatically. But the price that is going to flow to Manitoba for the sale is tied to a particular price of coal, a particular heating unit in the United States.

Now, what happens if that price falls? What happens if that price falls as dramatically as the alleged cost is falling in the Province of Manitoba? What happens if it doesn't stay static and the Manitoba costs drop? Is that going to happen? No. If costs are dropping all over the world, as they are alleged to have been, then the cost of producing the coal, or the value of the equivalent energy in the United States will also drop dramatically. What, then, does it do to the financing scheme here that was entered into?

What concerns me is that not only are we not handling one of our few resources, few potentials that we have in a proper and sound manner, but we're now entering into an illusionary game to deceive the people of the Province of Manitoba.

The unfortunate thing is, Mr. Deputy Speaker, we've heard that speeding up the construction of Limestone by two years, according to the Minister's comments, we're going to make untold additional millions of dollars of profit. If you use that line of logic, then let's use Mr. Eliesen's logic stated back in 1972. Then why don't we build them all right now? Well, it's silly. I think the idea of moving up the construction is going to make us extra profit is also silly.

When one looks at their financing proposals, their alleged profit formulas, one can only say that they used a writer as creative as that who created the Budget Speech for the Minister of Finance.

I guess the question that has not been answered by the government, and probably never will be, is: Why is this so-called Foundation being created now. There is no justification for it. Let us see; let's give the government it's due for a moment; let us see if something will flow. Let's just see how much will flow from that particular sale. Why, then, don't we wait and, with prudence, without prejudging, without

precommitting other revenues, let's wait and see what that particular sale to the States produces. Then, if we have some money left over, then let us decide on how it should be spent.

We don't need a Foundation now to deceive the public. We don't need a Foundation now to make pledges on future projects. What we need is the flow of revenue into Hydro to help service the debt load that it's carrying.

So, Madam Speaker, in conclusion, I find that I cannot support the act, its title or the way it is attempting to perpetrate, I believe, a hoax on the Province of Manitoba.

Madam Speaker, it is with disappointment that I find that the concerns expressed by the chairman of Manitoba Hydro in the early Seventies are not being renewed or stated in the late Eighties, a decade later. The same advice that was given strongly and freely in the early Seventies isn't being given today. If it is, it isn't being listened to, but I suspect, because we now have complete political control of the utility, that it is not being given. That is unfortunate because Manitoba Hydro has played a long and important development in this province's history and some great achievements have been created by that particular body.

Unfortunately, this is one more political manipulation, this bill, of that Hydro. It is attempting, if there are any revenues, to divert them for other purposes, and those purposes should not be entertained. If monies flow and there are profits, they should go to that Manitoba Hydro. They should not be diverted for political purposes by some political masters as it intends to be in this particular act.

Therefore, Madam Speaker, I intend to oppose this act as strongly and vigorously as I can throughout the balance of this Session.

Thank you.

**MADAM SPEAKER:** The Honourable Member for Portage la Prairie.

**MR. E. CONNERY:** Madam Speaker, I move, seconded by the Member for Springfield, that we adjourn debate.

**MOTION presented and carried.**

**MADAM SPEAKER:** On the proposed motion of the Honourable Minister of Finance, Bill No. 19, standing in the name of the Honourable Member for St. Norbert.

**MR. G. MERCIER:** Stand, Madam Speaker.

### **BILL NO. 20 — THE STATUTE LAW AMENDMENT ACT (1986)**

**MADAM SPEAKER:** On the proposed motion of the Honourable Attorney-General, Bill No. 20, standing in the name of the Honourable Member for St. Norbert.

**MR. G. MERCIER:** Madam Speaker, thank you.

I wish to, in speaking briefly to this bill, thank the Attorney-General for the detailed information that is normally supplied with such a bill. Madam Speaker, it's important information because one has to watch this act like a hawk to make sure, perhaps, no matter who

was in power, that the Government of the Day doesn't include some substantive piece of legislation in this act and attempt to sneak it through without too much notice.

I just have a couple of remarks to make, Madam Speaker, and perhaps if they're not matters within the jurisdiction of the Attorney-General, he might consult with the Minister responsible for that act.

I have a comment on Page 2 of the explanatory notes, Section 8(10), which is listed as a substantive section which would permit information in a record to be given by one agency to another, including out of province agencies, and this is with respect to the adoption registry.

I think it should be made clear, Madam Speaker, that the Minister of Community Services is here when I'm discussing the amendment in The Statute Law Amendment Act with respect to permitting information to an agency outside of the Province of Manitoba. I think it should be made very clear in perhaps an amendment to the section, before it should be considered, to make certain that the information that is given out to another agency, that there might be perhaps an agreement that that information be kept confidential there. I don't think there should be any releasing of information to an agency outside of Manitoba that perhaps might have . . .

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MADAM SPEAKER:** Order please, order please.  
The Honourable Member for St. Norbert.

**MR. G. MERCIER:** Thank you, Madam Speaker.

There are different laws in other provinces. I know a couple of them release information on a different basis than we do in Manitoba. I think all members of the Legislature support the legislation that we presently have in this province that was brought in a few years ago and I think is working fairly well, although it hasn't had much chance to operate; but I think it should be made clear that no greater information can be distributed outside of this province than is allowed in the province.

Madam Speaker, there is one other amendment that I find somewhat surprising, and that is on Page 3 with respect to The Criminal Injuries Compensation Act, an amendment which would allow recipients of social allowance to receive compensation under The Criminal Injuries Act . . .

**HON. R. PENNER:** That we're reversing.

**MR. G. MERCIER:** Exactly. As the Attorney-General says, they are reversing what they did in the 1982-83-84 Session, Madam Speaker.

We, Madam Speaker, at that time, found that - I know I expressed the concern, and the present Leader of the Opposition made a similar comment, that what was this great socialistic government doing at the time, because I think that party, certainly, and many of us consider, certainly, in the right circumstances, social assistance to be somewhat of a right, and there they were changing the legislation and now they're going back to it. It would be interesting to see, and perhaps

the Attorney-General can comment, on how many people have been affected by the previous legislation.

He's indicating from his seat "none." Perhaps, it might be interesting to know why are they changing it now. Who has recommended this change or brought it to the attention of the Attorney-General that they feel they should make this change back at this particular time?

There is one other section that I wish to speak to, and then I believe there are other members who wish to speak. That is with respect to Page 4, and it would involve the Minister of Health, Madam Speaker. This section would overcome, he says, "a court decision that a person who had been living in the United States for a year and then fell ill and was still a resident of Manitoba and entitled to have his bills paid by MHSC." The amendment would define a resident as meaning "a person who is legally entitled to be in Canada, who makes his home in Manitoba, and who is physically present in the province at least six months a year, and includes any other person who, under the regulations, is classified as a resident, but does not include a tourist, a transient or a visitor to the province."

I'd like to know, Madam Speaker, if the Minister of Health can give us any information later on as to how many people, in his estimation, would be perhaps adversely affected by this decision. Certainly, there are a lot of people who have worked in Manitoba all their lives, lived in Manitoba all their lives, and in their retirement years travel to winter homes and stay out of the province during the winter months and return to Manitoba for the summer months, which may or may not give them six months' residency per year in Manitoba. I'd like to have some information before we pass the bill or in committee as to how many people are affected by this particular amendment.

Those, Madam Speaker, are the few comments I have with respect to this bill, and I believe there are some other speakers who wish to address other concerns in the bill.

**MADAM SPEAKER:** The Honourable Member for Morris.

**MR. C. MANNES:** Thank you very much, Madam Speaker, I rise to address Bill 20.

Madam Speaker, there's an old adage. It goes something like this - it's well-known to everybody - "Once bit, twice shy." I use that in introduction to my presentation because Bill 20 has empowered yet another Crown corporation, Manitoba Properties Incorporated, to become involved in a greater sense in business activities that rightfully and traditionally, Madam Speaker, belong in the purview of the Department of Government Services.

Madam Speaker, I'm surprised that this government would allow to be not only created, but to allow the expansion of powers and responsibilities of yet another Crown corporation. Madam Speaker, over the last three weeks, if there was any reason that this government should want to pull back and make Crown corporations, if not more accountable, reduce their powers, I would think it would be the experience over the last two or three weeks. Yet, we have contained within Bill 20, Madam Speaker, specific references to Manitoba

Properties Incorporated which will allow that organization to grow in stature and, I dare say, to grow in responsibility.

Madam Speaker, it's a Western World phenomenon, in my view, that governments are selling off Crown corporations. They're doing it for various reasons. There have been large losses; taxpayers' dollars have been lost. There has been massive exposure to the taxpayers because of the fact that the profits that were expected have not been generated. Worse, Madam Speaker, as depicted and as demonstrated so clearly within committee over the last few days, accountability is failing.

It's because of these measures that governments of the Western World are gradually disposing of Crown corporations. Yet this government, Madam Speaker, continues to allow not only Crown corporations to continue to grow, but indeed gives them more powers. Bill 20, Madam Speaker, does just that.

Madam Speaker, the other day, as a matter of fact yesterday, when we were in the Estimates of the Department of Government Services, we spent significant time talking about what the government was attempting to do with respect to Manitoba Properties Incorporated. For the record, Madam Speaker - and I'll review again - this corporation was created by the government roughly two years ago as a major tax scam. It was a way of taking money from the Ottawa Treasury. It was a way of duping Ottawa into giving up a sizeable portion of tax funds.

Madam Speaker, we all can remember the glee with which the former Minister of Finance introduced that particular piece of legislation. We can also remember the urgency with which he requested that members of this House quickly expedite the movement of that legislation through this Chamber. Madam Speaker, we were told at that time that Ottawa was stepping in to prevent this type of activity, that the benefactors of individuals lending money to the government at a rate of 9.75 percent would be farmers, would be businesses within this province.

Madam Speaker, we accepted the argument begrudgingly. We accepted the argument. There was a sense of panic in the voice of the then Minister of Finance when he introduced that particular bill. Madam Speaker, what we find out today, basis other revelations, basis information that is presented in Bill 20, is that the government now has a different purpose in mind for Manitoba Properties Incorporated. No longer is the Department of Government Services going to be ultimately responsible for the activities of capital expenditure on buildings within this province, Madam Speaker. That area of responsibility will be siphoned off and moved into the most recently created Crown corporation, that being Manitoba Properties Incorporated.

Madam Speaker, it begs the question. Why does the government want to continue to put these responsibilities in the hands of people and individuals and corporations that are not totally accountable, that are some distance away from their sphere of responsibilities? Madam Speaker, let me continue.

As you can remember, Manitoba Properties Incorporated used the great technique of selling off government buildings to investors so that the tax benefit which the investor would receive would allow the

province to, in effect, borrow money some 4 percent below the market. Madam Speaker, yet within appropriations and main supply, we find a foot-noted reference to the fact that, out of a \$75 million leasing cost within the Department of Government Services, \$59 million of that is to be directed to Manitoba Properties Incorporated.

Under detailed questioning in the consideration of the Estimates of the Minister of Finance, Madam Speaker, he indicated that, of that \$59 million, \$33 million was directed towards the investors in the form of dividends. Another 16.7 was returned back to the government on a loan that they had provided to allow the whole mechanism to be put into place.

Madam Speaker, can you understand that whole system of finance? Nobody in this Chamber, the Minister of Finance, the former Minister of Finance never understood it. Yet, this government countenances this type of fiscal handling, of this type of financial manoeuvring for one purpose, Madam Speaker, to remove another capital item from the Main Estimates, to shadow it and to hide it within the purview of another Crown corporation.

Madam Speaker, Bill 20, the bill that I am discussing right now, continues and goes through all the statutes to allow Manitoba Properties Incorporated greater opportunities to carry out that mandate given to them by this government.

Madam Speaker, one would think that the government would be - and I know they are - embarrassed with the fact that there's a \$75 million item, almost one-half - or pardon me, there's a \$60 million item, almost one-half of the whole area of the Department of Government Services that is really an interest cost which should be part of the Minister of Finance's allocation on statutory debt. It's not there, Madam Speaker. We found it and we've pointed it out, even though the Minister of Finance hasn't been forthright enough to combine those figures on any page within the Budget, or indeed within any discussion he's offered on the issue.

Madam Speaker, we know the government's embarrassed. They want those figures pulled out of the Main Estimates, and they want it covered and they want it hidden within the annual report, within the balance sheet of some at arm's length Crown corporation. Bill 20 gives effect to that change.

So, Madam Speaker, I think it's important that it be put on the record what the government is trying to do. Again, they're trying to remove a capital line estimate from the Main Estimates.

Madam Speaker, we are, in due course, going to be considering Loan Act No. 2. There's an item there of \$37.5 million. This is where we started with so many of our Crown corporations, Madam Speaker. They are going to be granted loan authority upon the credit of the Province of Manitoba to begin to build buildings, Madam Speaker, to begin to construct whatever it is the Government of the Day believes. Madam Speaker, all of a sudden, we won't have the opportunity within the House to pose those types of questions. We'll be forced into committee. Hopefully, hopefully, Madam Speaker, it will be given its own agenda within the committee setting. But it is removed from the House, Madam Speaker.

Again, the old adage, "once bit, twice shy," Why would the NDP endeavour to set up another Crown

corporation? Wouldn't they be reluctant to do so, given the events of the past few weeks? Not this government, Madam Speaker, never, I can tell you that. The quick fix for political gain, Madam Speaker, an attempt to show that the interest associated with the investment by preferred shareholders will not show up on the Estimates, and an attempt to remove the capital portion directed towards building expenditure within this province, to remove it from the main supplies.

Madam Speaker, why wouldn't the government announce this change? This is a major change. If they were moving another \$100 million into Manfor or indeed \$1 billion into Hydro this year for the purpose of construction, it would be highlighted everywhere. It would be the basis of a major announcement. But, Madam Speaker, this one has been smoothly moved along. Bill No. 20 is the last hurdle to those changes, Madam Speaker.

I honestly believe this government has tried to confuse, tried to obfuscate and is attempting, Madam Speaker, to hide the whole issue of the interest associated with the tax scam, and now to build a new empire at arm's length just to be involved in the construction of different buildings.

Madam Speaker, I am particularly surprised that the Minister of Telephones would allow yet another Crown corporation without proper accountability, without fair and open accounting, to come into existence within this province. I can't believe that he would be party to a Cabinet that would make that decision.

Madam Speaker, when will they learn? The litany goes on: Manfor, \$30 million loss; Flyer, \$15 million loss; MTX, potentially \$17 to \$20 million loss; Hydro, \$55 million loss before, Madam Speaker, the Rate Stabilization Fund threw in \$80 million. So, Madam Speaker, why would this government set up Manitoba Properties Incorporated? Why would they mislead us and tell us firstly it's a tax scam and two years later, now that we're beginning to find out, it is a full-blown development company, one that's going to design buildings, one that's going to construct buildings, and then lease them back to government, Madam Speaker? Why didn't they have the forthrightness to come forward and tell us that was their initial purpose when they introduced the legislation two years ago to create this new Crown corporation?

Madam Speaker, this government is desperate. You know it; I know it. Every member, every person in the public who has been viewing in the activities of this Legislature over the last three months knows it. It's a desperate government, and they'll do anything — (Interjection) — Madam Speaker, the Minister of Agriculture laughs, but they will do anything to hide \$10 million here, \$15 million here, \$20 million. Take it away from the Main Estimates. Reduce the apparent deficit, Madam Speaker, and shift it over to another Crown corporation.

Madam Speaker, I say shame. I say shame to them, because there was no announcement. I say shame to them, because they didn't level with us. They didn't level with us when they brought that bill in two years ago, Madam Speaker. I would just ask, at least at this last point in time, they have an opportunity to review Bill No. 20 and where it addressed Manitoba Properties Incorporated and the changes throughout various statutes, and how it's to impact and how it again is to

safeguard another Crown corporation from outside influence. Indeed, I dare say, it safeguards them from direct hands-on control by the government, the ultimate people responsible to the taxpayers of this province.

Madam Speaker, I can hardly believe that the government during this period of time would bring forward yet amending legislation that would allow Manitoba Properties Incorporated to enter into a whole new realm of activity.

Madam Speaker, the bill itself allows Manitoba Properties Incorporated to not be taxable, its properties not to be taxable in municipalities, so it's safeguarded there. Obviously, if one accepts the concept of what this new Crown corporation is trying to do, one can't argue with that type of amendment. This amendment under Bill No. 20 ensures that the transfer of centennial projects to Manitoba Properties Incorporated will not affect their exemption from municipal taxation.

You know, Madam Speaker, what I find strange is that, when we create another Crown corporation, how it is that we have to go around amend all the statutes that are in place today to continue to have in effect those exemptions that were created for the purposes of some of our community projects like the centennial project. And yet, Madam Speaker, that's not even owned any longer by the people of Manitoba. That's sold off. We rent it now. We sold it for \$27 million or \$30 million, the whole Centennial Centre. Madam Speaker, to me and in spite of the Minister of Finance rising to his feet during question period today and times previous in an attempt to moderate the rising concern that not only we have but people within this province have who understand the financial accounting of the province, in spite of that we fully realize, as do others, this government is desperate in a monetary sense.

So when you look at all the activities, selling of buildings, sending directives to departments to find 2 percent or 3 percent money or savings to cover the cost of living expenses, Madam Speaker, you know what that means. It means that services are going to be reduced. It begs the question. Why didn't those Estimates indicate those costs, make an allowance for those cost-of-living allowances? We all knew that we had some form of inflation. We all knew that it would be at least 2 percent. But that wasn't even built into them, Madam Speaker. Why not? Well, Madam Speaker, we know why.

We sit here, hour after hour, considering the Estimates, Madam Speaker, and half-way through them the Minister of Finance sends a directive to all the branch people, all the Deputy Ministers, telling them to ignore those levels. Let the salaries increase by 2 percent but, in all the Other Expenditures items, to shave them. What a joke, Madam Speaker.

There's an Other Expenditures appropriation under every item. We passed them here. Then a letter goes out from the Minister of Finance shaving them 2 percent or 3 percent. Madam Speaker, it's a joke. People understand how desperate the government is, selling buildings, and then going out into the marketplace for 1.3 billion additional, Madam Speaker, today and ignoring foreign exchange losses.

I say shame to the Minister of Finance, Madam Speaker, and I can tell the government opposite that my reason for rising specifically is just to put on the record that Bill 20, just a simple statute amendment,

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law statute amendment change with respect to Manitoba Properties is doing nothing more but to allow the government again to hide and to obfuscate the truth.

Thank you.

**MADAM SPEAKER:** The Honourable Member for Lakeside.

**MR. H. ENNS:** Madam Speaker, I move, seconded by the Honourable Member for La Verendrye, that debate be adjourned.

**MOTION presented and carried** and the House adjourned and stands adjourned until 2:00 p.m. on Monday next.