

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 9 June, 1986.

Time — 8:00 p.m.

COMMITTEE OF THE WHOLE SUPPLY — CAPITAL SUPPLY

BILL NO. 13 — THE LOAN ACT, 1986; LOI D'EMPRUNT DE 1986

MR. CHAIRMAN, C. Santos: Committee, please come to order.

The Member for Morris.

MR. C. MANNES: Thank you, Mr. Chairman.

When we recessed at 4:30 p.m., we were at the point of asking some very specific questions to the Minister of Agriculture. I am wondering whether it's his intention to be here.

MR. CHAIRMAN: The Minister of Labour.

HON. A. MACKLING: Mr. Chairman, before we adjourned, the Member for Pembina had asked me for more information as to the capital requirements of the Manitoba Telephone System. I wonder whether I should deal with that now because I would like him to be present when I provide that information; otherwise, he'll likely just question me all over again on it. So we are at kind of a stand-off then, Mr. Chairman.

A MEMBER: Tell us the joke, Al.

HON. A. MACKLING: Well, the joke would be on the Opposition, Mr. Chairman, so I won't do that, but I'll be happy to give all that detail when he's here.

MR. C. MANNES: Mr. Chairman, oh, I see the Minister of Business and Tourism isn't here either. We are moving into a strange dilemma, Mr. Chairman. I'm glad that the Minister was able to unlock the door.

Mr. Chairman, I have to suggest at this point in time that the answers that the Minister of Agriculture provided to some of the questions posed by my colleagues earlier this afternoon were totally unsatisfactory.

I would ask him whether it's his intention at all to expand upon the details associated with the Farm Start Program. Mr. Chairman, I would like to ask the Minister whether or not the amount of \$5 million earmarked for the Farm Start Program, whether or not any portion of that will find its way into a vendor's hands who sells his or her farm to a member outside of the family or, indeed, to a family member, whether that loan under some certain set of circumstances will be guaranteed by MACC.

MR. CHAIRMAN: The Honourable Minister of Agriculture.

HON. B. URUSKI: The Honourable Member for Morris wishes again to get into the specifics, and I was just

asking the Clerk to see if he can provide me with the last Session's Votes and Proceedings and the Debates of the Legislature.

If you recall, Mr. Chairman, last Session, we passed an amendment to The Agricultural Credit Corporation Act setting up the program called the Part-Time Farmers Program, where we passed an amendment allowing the corporation to extend credit to part-time farmers. Mr. Chairman, the honourable member says, "We supported that." We did not debate a measure. In fact, this Session, we have provided more information to the Opposition in terms of this measure on capital than was even ever thought of and the Opposition didn't say boo last Session, dealing with that measure.

Mr. Chairman, what do they want? It wasn't until November of 1985 that we actually announced the Part-Time Farmers Program. It was passed. The capital was voted to MACC. It was passed in this House. There wasn't a boo said, Mr. Chairman.

Now, all of a sudden, the Opposition want to say, now we're changing the rules in the House this Session. Last year, it was okay to pass funding for MACC for a Part-Time Farmers Program, but this Session to set up a new and innovative scheme to provide some measure of option to a retiring farmer to basically guarantee private mortgages, because that's really what we're talking about; and now, all of a sudden, we are hearing speech after speech saying, "Hey, we really don't think you need the capital just yet." But last Session, it was a different ball game, and we've now changed our mind.

Now, let them get up and say that, that they've changed their minds. At least then we'll know where they're coming from, that there is one set of circumstances and one debate in this Session, and there was a completely different debate and different slant on the whole debate in the last Session.

I don't blame the Member for Virden for sitting there and saying: "What's going on? What's happening in this House?" The Member for Morris was here in the House last Session and didn't say a word. Mr. Chairman, he said, "There was an election coming on." Is he now saying that the Part-Time Farmers Program was okay in an election year and the Farm Start Program is not okay in a non-election year? Is that really what he is saying? Or is he changing his . . . he's saying now that it's not an election year, let's not have this option for farmers, or at least, if it is an option, we want to dot the i's and cross the t's before the measures are in.

Mr. Chairman, if the members opposite don't wish to pass the measures, let them say so. But, Mr. Chairman, it would be breaking precedence for myself to announce the program and announce all the details before the bill is passed, before the bill is introduced for Second Reading and the program is announced. I think the honourable members well know the rules of the House and I think that I've gone as far as I dare go without breaking protocol of this House in terms of announcing the program, Mr. Chairman.

MR. C. MANNES: Mr. Chairman, I'm disappointed that the Minister again would not even give me an answer, a definitive answer to the very specific question that I have posed. Maybe he didn't hear it; maybe he was busy talking with the Clerk at the time that I brought it forward.

The Minister says the rules have changed. Mr. Chairman, there is nothing further from the truth. The rules have not changed. As the Minister knows, this House works in mysterious ways. It works in very mysterious ways, Mr. Chairman. One year we choose to focus in on one area of debate; another year we may choose to focus in on another area of debate. Mr. Chairman, this time, this year, at this point in time, we've chosen to focus on the government's determination to spend, without explanation, \$80 million out of the 170. Without explanation. We've chosen to focus in on that area and ask Ministers of the Crown, members of the Executive Council, what it is they want the authority for, the authority to borrow these sums of money and then to advance them to the Crown corporations.

Mr. Chairman, the rules haven't changed. What rules is the Minister talking about? What rules are changing?

The Minister has the audacity to talk about the Part-Time Farmers Program. Mr. Chairman, members on this side have suggested that change for years. Naturally when the Minister and the government bring forward that policy change, we would support it. There was no great determination on our part to hold the orderly passage of that type of legislation. It made good sense. We are in full support of it.

How can the Minister stand in this place tonight and say, well, how could you allow this thing to happen but yet within the area of spending authority on Capital Supply, you are holding us back.

Mr. Chairman, again, as I have said, the House works in mysterious ways. We have asked some very legitimate questions of this Minister, of the Minister of Tourism and, quite frankly, we expect some specific answers to those questions. There can be no higher reason or calling for why each and every one of us is here other than to safeguard the people whom we represent, the taxpayers of the Province of Manitoba.

Eighty million dollars is being asked to be spent. We don't even know the reason why. A full \$5 million of it is under an election promise used to great advantage by the members opposite. It was just a slogan; it was called Farm Start.

Mr. Chairman, we want to know more about Farm Start. We thought we were going to learn more when the Minister undertook to table Bill 22, and I appreciate his gesture. However, I don't know if you have had a chance, Mr. Chairman, to look at Bill 22, but I can tell you it is two-sided. It makes a reference to one specific clause and although I'm not going to debate Bill 22, because that would be out of order, Mr. Chairman, I think it's incumbent upon the Minister to tell us the principle behind that bill, behind — (Interjection) — okay, Mr. Chairman, behind Farm Start.

That's why I will reiterate the question. Will the essence of Farm Start, requesting in support of its activities \$5 million, will people who are so-called vendors under the definition of The MACC Act, will people who are deemed to be vendors be able to loan out in support of selling their farms, will they be able

to carry the mortgage at some level of the purchaser of that farm — I take it, a farm, or is it another asset? I don't know, Mr. Chairman — and be guaranteed that the indebtedness that has been entered into by the purchaser will indeed be guaranteed by the Province of Manitoba through the Crown corporation, MACC?

HON. B. URUSKI: Mr. Chairman, as I indicated earlier, all these questions will be debated when the bill will come before the House. In fact, members will raise those.

I would expect, and I tell my honourable friend in a very general way — in fact, I may have gone too far already — with the caveat that there may be changes in the development of the program, because we are in fact trying several models of what might be a greater option to farmers. There may be two areas — I shouldn't say may be. There are two areas that we're looking at. We're looking at either a guarantee based on a concession of either: (a) interest rates; or (b) on the capital value of the asset being sold, and primarily guaranteeing the vendor that the payments will be made either by his son or daughter or someone outside the family who in fact is purchasing that farm unit. That's basically the intent of the program. Quite frankly, we are looking at several options as to what might be more attractive or at least give farmers a greater option in which to deal with the program.

But I want to get back to the process, Mr. Chairman, that the Honourable Member for Morris was speaking about. Maybe the Minister of Finance was in fact going farther than he maybe should have in terms of providing more information in the bill and breaking out the parts of the bill into specific areas than maybe he should have.

Last year, Mr. Chairman, and I stand to be corrected, but I believe we passed general capital for MACC, which we have a section here for general loans. We could have lumped in the \$5 million for Farm Start into the \$7.5 million of general loans, Mr. Chairman, and then what would the Opposition have said? What are you going to use that for? Would we have gotten into that whole debate? All the difference that there is between this year and last year is that the Minister of Finance has given more information rather than less in terms of the House being aware.

But now, we are going one step further. We're saying that's not good enough. We want you to make your policy statements even before we give you approval so that we can criticize it now, and then, if in fact you change your mind and your working documents and all your work that you're doing in developing the program doesn't work out, we're going to criticize you for changing your mind down the road. We want it both ways.

Well, Mr. Chairman, if they were in government — and I don't blame them — they would have asked for X number of dollars for whatever program it is and then, once they had their approval, they had their work done, it was announced in the normal course of events.

Mr. Chairman, if in fact we did what they are suggesting today and we made some changes, you would have none other than the Member for Pembina or even the Member for Morris, or any number of members on the other side saying, hey, they really don't

know what they are doing; they haven't got their act together; they really don't what they're doing.

That is precisely what the exercise is about here tonight, I presume, Mr. Chairman, but let that be on their conscience.

MR. CHAIRMAN: The Member for Fort Garry.

MR. C. BIRT: Thank you, Mr. Chairman.

I would like to direct my questions to the Minister of Agriculture. He is asking for borrowing authority for an additional \$5.5 million for a program called Farm Start. It didn't exist before. He wants to change legislation to do something.

Before we get into this question of new form of indebtedness, I would like to ask the Minister, keeping in mind that today we have the "dog and pony" show in Ottawa and a minor version of it here in the House, reading from Setting Priorities Straight, the province's own little handbook, on Page 16, in dealing with their analysis, The Way Forward, they have a first criterion and they have a second: "Manitoba shares all government concerns about high deficits and their carrying costs, which reduce funding available for vital services." It's amazing how they've suddenly grasped the principles of deficit financing, in theory, at least for the media, but not at least for public accounts.

Keeping in mind that the dog and pony show went to Ottawa and were worried about deficit financing, I would like to know what basis, what was the need, where are the reports to justify that this province should borrow another \$5 million to go into debt? Were there not other financial resources? Were there not other financing institutions? Were there not other ways they could bring this about? Were there not other ways in which legislation could be passed? I'm curious.

Would the Minister please provide us with a justification for why we should be taking on this debt?

HON. B. URUSKI: Mr. Chairman, for the honourable member's information, this debt is not included as part of the province's deficit. It is self-sustaining debt, any borrowings to MACC.

MR. C. MANNES: The Minister indicates that part of our problem here tonight is that the Minister of Finance has been too accommodating and has provided too much information. That's a strange theory, Mr. Chairman, that says that obviously the Minister of Agriculture can never support a freedom of information bill. He would never, ever support any type of legislation that would provide more information about government internal decisions to the public, and certainly not to the members of the Opposition.

Mr. Chairman, I can say, without any fear of being at all challenged, that had the Minister brought in a global figure under the Manitoba Agricultural Credit Corporation, we would have asked the very same questions with respect to Farm Start. The Minister forgets that this was a pivotal part of their agricultural platform in the last election. They heralded this in one other area as being the salvation of the rural communities of Manitoba.

So, Mr. Chairman, yes, we've been waiting for any type of an indication as to how this vehicle of farm

and rural salvation is going to come into being. This is the first indication that we've had in a printed form that some commitment was going to be made to this program. All we're asking for, and again for the tenth time, is some better understanding as to the principle behind it; and secondly, some of the working mechanisms.

Now we know, Mr. Chairman, that Bill No. 22 has been prepared for some period of time. We know that Bill No. 4 — the Minister chose to bring Bill No. 4 to the Order Paper more quickly; he chose to give it Second Reading in the House on Friday last — he had the same opportunity, Mr. Chairman, with Bill 22, the very same opportunity. He chose not to for some reason. So, naturally, we are suspicious.

Today he gives us the bill and we can't really make an awful lot out of it, Mr. Chairman. We, quite frankly today do not know what Farm Start is. — (Interjection) — The Minister makes some reference to stupidity. I don't know why he would make that comment, Mr. Chairman, but I will again give him another opportunity to address this question.

Mr. Chairman, within the general area of Manitoba Agricultural Credit Corporation, we are well aware this is an ongoing program. It's one that's been in place for many years; it's a Crown corporation through the government that has come to this House on a yearly basis and asked for authority to loan additional sums of money — borrow additional sums of money — pardon me. We have no difficulty, Mr. Chairman, we understand that program. But within Farm Start we do not understand the purpose of it. Within the Small Business Loans Fund, another area, we don't understand what it is, why it is the government wants to request these sums of money.

So again I ask the Minister whether he's at liberty to tell us more about the Farm Start Program. Can he tell us, for instance, whether there will be limits on it?

Mr. Chairman, if I have a farm that's worth \$300,000 will I be denied selling that to a family member or somebody outside the family for a guarantee? Will I be denied that, Mr. Chairman, because the farm is worth \$300,000 versus \$100,000 or \$50,000.00? These are legitimate questions. Because if the limit is \$100,000 or \$200,000, you divide that into \$5 million, you very quickly come to a finite level of 10 transactions guaranteed by the government, 20, 30, and all of a sudden we begin to realize that this program which they trumpeted all the way through the election campaign as being the salvation of rural Manitoba, all of a sudden we realize it has no access. It has virtually no access to all the cases, to all the farmers that have problems.

The members opposite are going to pay a price for promising such a new concept, another lending vehicle, as the Minister says, a flexible lending vehicle. Yet we want to know how many people are going to be helped, because there is no way the Opposition is going to allow the Minister to bring in a program that is going to be: firstly, accessible by only 10, 15 or 20 people; and secondly, be decided on some basis, which we don't know, who those 10, 20 or 15 people are going to be.

Mr. Chairman, I think our concerns and our questions are most legitimate. I'm thankful to the Minister of Finance that he saw fit to break it out as a separate

item. I only wish that the Minister of Agriculture would be as candid and open and tell us which of these models, because he talks about these various models that might exist, indicating that MACC doesn't have any idea at this point in time how this program will look once it's put to paper and once the criteria are spelled out.

So, again, Mr. Chairman, will the Minister do the open, honest and decent thing and explain more fully Farm Start?

HON. B. URUSKI: I'm in fact very pleased that the Opposition is now taking a new approach to the parliamentary system; that before any approval can be given for any works, detailed statements have to be issued. If that's the tone they are taking, then, Mr. Chairman, let's have the rule change in terms of saying, no capital expenditures, without prior statements, and let's set it into the rules of the House, Mr. Chairman. Because that's obviously what they are suggesting. But what an about-turn from last year. What an about-turn for members opposite.

I believe, Mr. Chairman, that I have provided them with about as much information, including the legislation, as one can without divulging all the entire terms of the program and the entire details which I said is still under consideration because there are a number of options that are being considered. If the members opposite didn't want me to say, oh, yes, we've got everything pegged, and he doesn't want to reveal it.

Mr. Chairman, I want to tell the honourable members that there are several considerations being made because we are not certain which option might be more appealing to the farm sector. There is no scientific way of determining how many farmers might benefit or how many farmers might come under the program, just as we don't know, and no one really knows. You have some guesstimate in terms of the part-time farmer. No one really knows as to how many farmers might qualify. You basically say, yes, we're going to start slow, and we may have to, based on the surveys of the farm community, from the meetings that we had, from the consultations that we had throughout the winter and last year, we made those kinds of changes, and we're intending to make these kinds of changes as well.

But I believe that the amount of capital that we are asking for is to provide, as noted in the bill, guarantees to private mortgages. Which way the program will ultimately go will really be tested as best as we can test it in terms of the workings and discussions with some of the farm people that we have undertaken and then we will see which one might have the most appeal. In fact, Mr. Chairman, it may very well be, and I don't give this as a commitment, but it may be possible, that we may use both options; that either form of concession may be an option to the farm community.

But the honourable member should be aware that our loan limitation under MACC is \$200,000, and there is no intent to change the limitations of our lending because we don't intend to encroach on the limits where FCC basically kicks in. They are above the \$200,000 limit, and we have our threshold.

If the honourable member is suggesting that somehow we now are to become the main and only lender in

the Province of Manitoba, that's certainly an about-turn from his colleagues, because his colleague, the Member for Fort Garry just got up and said, "Hey, why are you borrowing so much money? You're worried about your deficit." We went ahead and tripled our budget into MACC over the last four years, and we heard nothing but comments from members opposite saying, more and more and more. You're not doing enough. Now we have the Member for Fort Garry come to this House and say, "Hey, you should be damn well concerned that you're now talking about deficit. Why are you borrowing this money?" Now make up your minds, gentlemen and ladies on the opposite side. What do you want?

HON. A. MACKLING: This afternoon, I indicated that I would endeavour to get greater detail and specifics of the capital requirements of the Manitoba Telephone System, and I have some breakdowns here, and I will refer to them as I . . . (inaudible) . . .

Members, Mr. Chairman will receive a copy of these notes, and I won't go through all of the detail that is contained therein. I'll just try to summarize.

On the frontispiece is confirmation of the Gross Capital Program requirement of 149 million. That is detailed in Customer Demand Requirements and Expenditures which total 88,978,000, and Program Requirements totalling 55,439,000, and Contingency Fund of 4,583,000.00.

Now, in respect to the two major components, Demand Requirements and Program Requirements, there is again detail as to each of these components. Under Demand Requirements: Exchange Growth requires 59,397,000; Total Growth 9,447,000; Customer Movement 14,281,000; and Plant Replacement 5,853,000.00.

And the Program Requirements, you can see there are New Revenue Programs 6,590,000; Modernization, Service Improvement 4,853,000; Operation Improvement 9,031,000; Plant Improvement 31,144,000; and Growth of Non-equipment Buildings and General Equipment 3,821,000.00.

In the accompanying pages, there are explanatory notes indicating the rationale for the requirements.

Now, in addition to that piece of information, I want to confirm to members the figure of \$149 million. Actually, the amount required by the Telephone System is \$149 million, as categorized here, plus \$22.4 million of capital expenses that were incurred in 1985-86 covering \$13.9 million in new investment because of the growth that created these demands and \$8.5 million arising out of the investments through the MTX, a total of \$22.4 million in addition to 149. That makes a total of \$171.4 million. There are internally generated funds of \$105.8 million, and when you subtract the internally generated funds from the total of 171.5 that I have just outlined, the loan requirement is 65.6.

Now in ballpark fashion those are the numbers; in the greater detail you have in front of you.

MR. C. MANNES: Mr. Chairman, I don't have any questions. I just want to thank the Minister for providing this detail. This is the type of detail that goes a long way to satisfying some of the requests that we've put to the Minister's office over the last two days. Although

we haven't had a chance to peruse this in great detail, I compliment the Minister for expeditiously providing this to the members of the House.

MR. CHAIRMAN: The Member for Fort Garry.

MR. C. BIRT: Thank you, Mr. Chairman.

My question is to the Minister of Agriculture, keeping in mind what the Minister for the Telephones has just provided us with a way of breakdown and a rather rapid calculation and breakdown of that information — considering it was provided this afternoon, or at least requested this afternoon — and presented to us some three to four hours later.

I find it surprising that the Minister of Agriculture can't give us the same sort of breakdown or commitment as to funds and how he intends to spend these monies because you know it's one thing to say, well, wait for the bill to come — I'm just going to be introducing it very shortly. We don't know about it. If there is a pressing need, how are we to advance money on blind faith? — because that's exactly what the Minister is requesting us to do — and once it's passed, then we will get into the debates of the particular bill. But as the Minister has pointed out, he's not clear in his own mind how he wants to proceed and I can appreciate they may be legitimate concerns or legitimate options he's now considering. But if one is to consider what this money to be contemplated for, at least what they were thinking it was going to be for. Was it going to be for land? Was it going to be for straight guarantees, as for second mortgages? We'd appreciate it.

In relating to my earlier question, the question of the Budget and the deficits; if one is in a deficit situation and your financial people will not lend you money, that will impinge upon the province's ability to borrow and to guarantee. The converse is true as well, where we have a deficit, or at least the guarantees that this loan program is being asked to be taken on by the province, it will impact on our overall expenditures, our financial commitments, and our standing in the financial community and the financial services that we are obliged to service and the rates of interest that we will be charged.

So, in fact, it does impact upon our ability. The Minister said we have changed the rules from last year. Well, I didn't hear the Minister or his government talking about deficit financing and the concerns of deficits and the cost of carrying services last year, by his government.

So my question is again to the same Minister that I asked earlier. Keeping in mind the financial commitments or financial burdens this may place on the province, is it not possible that the same type of funding could have been made available from other sources; and could the Minister tell the House whether or not these avenues were explored and whether or not in fact that financial service was available, either through banks or co-ops, or in some other form, and that we don't have to take it on as a form of a guaranteed debt?

HON. B. URUSKI: Mr. Chairman, I thank the honourable member for the question. I want to tell him that the

province has been urged on a number of occasions to be involved more in credit. In fact, haven't you heard all your colleagues saying that you haven't done enough in guaranteeing operating credit, guaranteeing a number of other loans? Obviously, any other financial institution — if it wanted to get into the guarantee business — could undertake it, but they're not in the business. They're not in the business of providing guarantees.

The intent of the program, as I've indicated, is to allow easier access entry into farming, without the huge debt load with, of course, a concession from the vendor and the corporation would guarantee the private mortgages as it's outlined in the act. We could have, Mr. Chairman, as is done normally, as provided those funds in the general capital of MACC and then announced a program later. That could have been done. It wouldn't have been any different than previously. In fact there is \$7.5 million.

But, Mr. Chairman, obviously, members — if they feel so strongly about this, I think we should hold this back and when their constituents phone me and say, "When is this program going to get off the ground?" I will tell them, I'm sorry, members of the Opposition didn't want it to pass.

MR. CHAIRMAN: The Member for Virden.

MR. G. FINDLAY: I would like to just comment briefly on the last statement made that our constituents would phone and be asking when the program would get off the ground. We've been out there talking with a lot of people over the last few months. We're just as concerned as the Minister is about the young farmer with access to get into the farming industry, but how can we go back and answer them after we've had this debate about what the details are of the Farm Start Program? We can't answer any more than we did an hour ago or five days ago. We know that it's in the works, money will be granted to it if we pass this authorization, but there's no details brought forward, so we're no further ahead.

I'm concerned about where that money might go. I thought maybe there might be some lower interest rate available to the young farmer. That doesn't seem to be the case. All I've heard is a guarantee and if there's a guarantee, it means that somewhere down the road there might be default. Well there won't be any money needed to look after that guarantee for some number of months, maybe a year or more, so why the high urgency for that money? I'm concerned now maybe that money is only going to go to administration and then none of that money will go directly to the farmers or alleviate their costs. So further down the road, we'll need even more money for guarantees.

So we need details, because we've got to answer questions outside of this House, after this discussion is over, as to when it's going to happen. We're asking you now to give us the details, when, how soon and how much.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: Thank you, Mr. Chairman.

I spoke earlier today and my main concern was on the \$10 million for the loan program. I had mentioned

at the time, as the Minister has mentioned, that it's a \$50 million — or it appears to be — a \$50 million, a five-year program. Now I refer to the subsidiary agreement and I know it was with the Federal Government. It was Enterprise Manitoba and it was a \$44 million program over five years, which the province put \$17 million into, but you know there's a complete book on the program on the agreement that was laid before this Legislature to tell them what would be happening with the money. There was a separate book for every section of the agreement.

We have had brought before us a tourism agreement back in the old tourism days, and there's the book and the files and all this goes with it on the agreement that was presented to the Manitoba Legislature, as to how the loans would be handled and what would be done in tourism. They were all listed and presented to the Legislature on how the money was going to be spent; how the applications came through. As a matter of fact, I even have a copy here, Mr. Chairman, of the application form which outlines what people have to do to receive the money. I hold up the tourism agreement that was signed by this government for some \$30 million with the Federal Government. I know that you're again — I repeat myself — that you're not dealing with a federal agreement in this particular case, but you took the time to detail how the money would be given and used for the benefit of the people of Manitoba. I hold up your overview of Canada-Manitoba Economic Development Agreements, and it comes to \$394 million total with an amount of \$154 million by the Provincial Government. Again, great detail on how the money would be used and handled, presented by all the departments of the government. I have here the background of the Canada-Manitoba's subsidiary agreement on urban bus industrial development, and again you have all of the — even if we had something this small that tells us about the research and the development that is going to be carried on with the money, but we don't have it. We have the federal-provincial Ministers sign the urban industrial bus agreement and that's the same one, but it's more information again.

You know, Mr. Chairman, we are being asked to approve a \$50 million, five-year agreement. I would like to know, just some of the questions if the Minister would like to take them, what is the interest rate going to be? Are you going to have a reduced interest rate on your loans? If you're not, are you just going to be in competition with the credit unions and the banks and the lender of last resource? Then in that case, if you are going to have a lower interest rate or a forgivable part of the loan which other agreements have had, how much is it going to cost the province over the five-year period? You know, those are things that are very logical questions.

I feel sorry in a little bit of a way for the Minister that the Premier would just go wandering around during an election campaign — and this is another one of the most bare-faced type of election promises that he used all through the election — which was blank, had nothing to it, pulled it out of the air and said, here it is, and the Minister has to come into this House and say, I want \$10 million because he was stumble-footing around the province during election campaign making these types of promises.

We have evidence of the work that should be done when you're going to have a \$50 million five-year program to assist small business. Is it going to have three sections to it, four sections to it, five sections to it? Is it going to be in support of the service industry, or is it going to be in support of the manufacturing industry? Is it going to be mostly loans given outside of the city, the way the others were, versus the city? What is your structure on it? You're talking about a \$50 million, five-year program, and there haven't been many of those.

Here is the Minister of Finance's Communications Agreement which was part of the program that I mentioned in the overall. Look at that. That's the agreement. That tells you everything about it and what's going to happen in the agreement. As I repeat for the third time, I know you're not putting together a grievance with the Federal Government, but it's pretty obvious if you haven't got the Federal Government to give you the guidelines on how to do it properly, you obviously can't do it yourselves because you're walking in here asking us to approve \$50 million over five years and telling us nothing.

MR. CHAIRMAN: The Member for Virden.

MR. G. FINDLAY: I would like to just address a few comments to the Beef Stabilization request for \$16.6 million. I would like to ask the Minister what the present deficit of that plan is, and what amount of that deficit has been permanently written off?

MR. CHAIRMAN: The Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, there is no amount of the deficit that has been written off for producers. There are contract obligations which are within the contract in terms of benefits earned, and the like, over the term of the contract. I don't believe we have reached that stage yet when those earnings take into account, in terms of the eight-year minimum period for the contract. The honourable member should know that the contract, although initially is eight years, the minimum period of the contract is eight years but it is an ongoing contract. So the plan is ongoing. It is not an eight-year plan. There are some people who, I believe, initially thought that the contract basically is for only an eight-year period, but it is basically an ongoing contract.

The deficit in the — I'll just look in my notes, and I'll get him the deficit.

MR. G. FINDLAY: When you say there is nothing that's been permanently written off, the cow grant that was given out I would think, was basically a gift or a grant and is not repayable; the way the contract is written and every year 12.5 percent is effectively earned by the person that received the payout; and as we approach the four years we're halfway through the plan and that 12.5 percent, if everybody gets out of the plan in the short term, it would amount to a lot of money. Does he have any idea or any projections as to what that 12.5 percent annual forgiveness is amounting to at this point in time?

HON. B. URUSKI: Mr. Chairman, no, we do not have the specific amount of calculations because there would

still be a repayment, I believe, until next spring. There would be some repayment of the Productivity Enhancement Grant, and that is not part of the deficit. That has nothing to do with the deficit. That was an initial assistance granted to producers, and is not part of the deficiency payments under the price support scheme of the Beef Stabilization Program. So the provision on the Productivity Enhancement Grant still is not over, there would still be a portion. If someone got out today, there would still be a portion of the Productivity Enhancement Grant left to repay.

MR. G. FINDLAY: I guess in terms of the discussions that I have heard around the country on the Beef Stabilization Plan, there's been a lot of concern about the requirement for a feedlot plan, as we discussed in the election campaign and as I've asked questions on previously of the Minister, and he mentioned that it's under discussion or under study. I would just like to comment briefly on why I feel that that study must be done very soon or be terminated very quickly, because the young person or the family farm that is running a small feedlot, in conjunction with whatever else he does in his mixed farm, feels that they are at a considerable disadvantage right now.

No. 1, when they go to the auction mart in the fall to bid for calves, they're outbid by money that comes from outside the province, so they can't keep the calves here for finishing; and as I mentioned earlier in previous discussions, about one-third of our calves are leaving the province.

But they feel there's even a greater unfairness in the program right now in that, when they go to the auction mart to bid whether it's a short-keep feeder or even a finished animal, there is somebody sitting beside him who's a neighbour who is on the beef plan as a cow-calf operator. He is buying that animal with subsidized money, my person feels. That animal, he either takes it home and finishes it and then sells it under the beef plan, or he takes the animal directly from the auction mart and ships it directly to some other place under the Beef Commission, and gets the advantage of being in the plan. Now that abuse is going on. It has been said to me many times.

They even go so far as to say, the guy doesn't even have any cows anymore. He got rid of his cows, and he's still operating. Now those are suspicions out there. They may not be all right, but that abuse is there because there isn't a feedlot plan for the person who is strictly a feedlot operator. In order to continue to put money out under this plan to the amount that we're talking about here in terms of millions and millions of dollars — and you take further the example of what has just gone on in the Hog Plan where there was a basic forgiveness of all the money extended — the guy who's not in the plan right now, sure he can enter, but he has been done a fair degree of disservice over the years by the ability of, maybe not the totally honest person to manipulate around the plan, and I ask the Minister: is there any ongoing process right now to prevent the abuses that appear to be going on and the ones I have just mentioned?

HON. B. URUSKI: Mr. Chairman, I hope the honourable member, if he has information of abuses, that he would

bring them to my attention because they are public dollars and I, for one, do not countenance any abuses to the program. A contract was struck. If, in fact, someone has gotten rid of their breeding stock and is still claiming a subsidy, there are annual reports, obviously — required of producers for herd inventory — if they have in fact misrepresented, as the member alleges, that information on those reports, then clearly they should be dealt with.

I hope that no members of this Chamber knowingly withhold any information of this nature. Let's have the information and let's deal with it because I, for one, do not stand for that kind of serious situation, and I hope that the honourable member is aware of that. Rather than making broad allegations, let's get down to the facts and let's get the information; let's investigate the matter.

MR. CHAIRMAN: No more general comments?

The Minister of Business Development and Tourism.

HON. M. HEMPHILL: Thank you, Mr. Chairman.

I just wanted to say a few words in response to the member who spoke earlier about the Small Business Loans. I wanted to make sure that he knew, and the members opposite knew, that the questions he raised are all-important questions and the points that he raised are exactly the reasons why I am not rushing, why I am taking the amount of time that's required to look at this, to look at the options, to look at the criteria, to look at the elements and why I don't want to be rushed into putting them on the table and indicating when we haven't had that kind of . . .

A MEMBER: You don't want to be stampeded into passing this bill.

A MEMBER: Take your time.

HON. M. HEMPHILL: Let me finish, let me finish. I also wanted to pick up on the point that he made that this is not just a \$10 million loan. I made that point earlier. It's not \$10 million; it's \$50 million.

I also wanted to go on record as saying that the people on this side, the members on this side of the House are darn proud that our Premier went out and made a commitment to the business community for what he admitted is an unusual program, \$50 million over five years. It is unique and there aren't a lot of them. It's an important program and it's an important statement of how we feel about small business in this province.

So I just wanted to say that I told him I didn't need the money today, I don't need the money tomorrow or next week; we are going to work on the details of the program until I am satisfied and confident and prepared to put them out there. When I am ready to do that, and the only point I made to the members opposite is that I hope that if we hold this back that we are not losing opportunities to move on giving support to small business people because we did not have the money when we could have used it.

MR. CHAIRMAN: The Member for Portage la Prairie.

MR. E. CONNERY: Mr. Chairman, I checked with our House Leader and I am told that there is no limit on

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the number of these bills that you can put through the House in a given year — is that right? — and when the program is there, it's a good program, and you need the money, this House would accommodate it going through very quickly, that our side would be very accommodating. So you don't have to have it all up front; we would work with you to put it through. — (Interjection) — Well, sure, but we can put the money through quite quickly if it has to be.

MR. CHAIRMAN: The Honourable House Leader.

HON. J. COWAN: Thank you, Mr. Chairperson.

I think the comments that have been made by both the Minister of Agriculture and the Minister responsible for Small Business Development and Tourism are important to bear in mind that indeed these are important programs, and we are proud of the commitment that this government, through its Premier, has made to bring these programs forward.

There is no doubt that the type of consultation, the type of energy that's going to be going into developing the programs will in fact bring together programs which meet the needs of the small business community, meet the needs of the agricultural community in these two specific areas. The development of those programs is going to take some time, and I think it's been said by both Ministers that they do not want to put on the table details of those particular programs until such a time as they have had an opportunity to consult, an opportunity to develop those details and bring them forward.

I hear from members opposite that once that takes place that they would very quickly pass through the House any required funds. I have had some discussions earlier this evening with the Opposition House Leader and with the Member for River Heights as to how we might expedite the process of Bill No. 13, An Act to Authorize the Expenditure of Money for Capital Purposes and Authorize the Borrowing of the Same. We have reached an agreement that, given the fact that a fair amount of detailed work has to be done on these two items, if we were to amend the Schedule A of the bill to remove the \$5 million for the Farm Start Program and to remove the \$10 million authorization for the Small Business Loans Fund, that we would be able to pass through Committee of the Whole and Third Reading and, in fact, pass the Capital Supply Bill this evening.

I think that in the spirit of cooperation and flexibility that we are able to accommodate that particular request, knowing that we will be working on the programs, that we will be consulting with representatives of the different interest groups on the programs, and we will be bringing back either by way of a separate Loan Act or inclusion in another Loan Act, if time permits, the requirements so that we can expedite these programs when it is determined appropriate to do so, and we'll be placing them before the House and expecting, of course, the full cooperation in expediting the process through the House once that detail is available.

So if the Honourable Opposition House Leader is amenable to that, I would be prepared to move the necessary amendments to Schedule A.

MR. CHAIRMAN: The Honourable Opposition House Leader.

MR. G. MERCIER: Thank you, Mr. Chairman.

I would confirm the agreement that has been arrived at, and we would be prepared on this side of the House to pass the balance of the bill after deletion of the references to the Farm Start Program and the Small Business Loans Fund. I have had an opportunity to review some draft amendments, and let me say that they would appear to be acceptable, but we are proceeding without legislative counsel which I am assured will not occur again.

Secondly, Mr. Chairman, I would make the point that whenever the Government House Leader wishes to proceed with Capital Supply for these two programs, we on this side are prepared to deal with them at any time. I want to make it clear that this side should not be accused of delaying those programs in any manner. Whenever the appropriate Ministers have the detailed programs ready and are prepared to proceed with them, we are prepared to deal with them on this side of the House, Mr. Chairman.

HON. J. COWAN: Thank you, Mr. Chairperson.

I would move, seconded by the Minister of Labour, that Schedule A to Bill 13, The Loan Act, 1986, be amended as follows:

- (a) by reducing the amount for the Manitoba Agricultural Credit Corporation from \$12,500,000 to \$7,500,000;
- (b) by deleting the item Farm Start and the amount of \$5 million therefor;
- (c) by deleting the item Small Business Loan Fund and the amount of \$10 million therefor; and
- (d) by reducing the total amount for Schedule A from \$169,700,000 to \$154,700,000.00.

What is the pleasure of the committee? (Agreed) Amendment agreed to—pass.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Thank you, Mr. Chairman.

I'd like to ask the Minister of Agriculture what the total level of funding, at this point in time, has the Province of Manitoba guaranteed on behalf of the Manitoba Agricultural Credit Corporation?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, I am just looking through my notes to see whether I have that detailed information. It's in the neighbourhood, I believe, of \$295 million.

MR. C. MANNES: Mr. Chairman, I have the Public Accounts in front of me, 1984-85. Of course, now that would be a full year out of date, and the total as of March 31, 1985, was \$207 million, I'm led to believe, and obviously there would have been an allocation for last year.

I just wanted to sort of ballpark the figure and ask the Minister where he saw this number ultimately

leading. Would there be a continuing demand for increase in loan authority with respect to the activities of the Manitoba Agricultural Credit Corporation, particularly in light of the times that we're in, when although incomes are failing, we also though see, I'm sure at this time, land prices dropping? The cost of second-hand machinery, I believe, is falling significantly. Can the Minister see where there is going to be a stabilizing of the funds required by MACC, bearing in mind, of course, that they are basically self-sustaining, that there should be a significant portion of debt that's being retired by the clients of MACC, providing, of course, sums of money that can be loaned out once again?

I am curious as to whether there has been a long-run projection done by a ministry of government or, indeed, by MACC as to their requirement for funding, increased advances, increased investments by the government over the next five or 10 years.

HON. B. URUSKI: Mr. Chairman, I'd have to take that question as notice. We will be in our Estimates under MACC within the next day or so and we'll have the staff from the corporation here and I believe some of those questions can be placed directly to them.

I'm not certain that, in fact, five to 10-year projections are there, but certainly the type of credit is changing and, of course, the member well knows that while, as interest rates are falling now, there will be a greater demand on capital. With land prices falling, there will be a greater take-up, either through the Young Farmer or the Part-Time Farmer Program, the Young Farmer Rebate. Land prices are falling to the point where in fact people are beginning to start to think about additional investments into land, maybe not total farm units as great, but additions to operations, that kind of investment will take place.

In terms of global numbers or dollars in terms of capital requirements, over the last year now, we have in fact levelled off in terms of the requirements and have used less — when I say less capital, in terms of purchases for land and equipment — major purchases have levelled off. Greater amounts of credit have been made available through loan guarantees and those kinds of areas and smaller purchases, so that the major capital purchases have slackened off somewhat but there has been a greater take-up in terms of operating credit and credit guarantees.

MR. C. MANNES: My reasons for, of course, asking the question, Mr. Chairman, is I see these requests come before this House on a yearly basis. We almost treat them as being routine and almost back away from asking the question, well, will this ever end, or will there always be a great demand for these types of appropriations? I can understand it during inflationary times because inflation, of course, demands that there be greater availability of funds.

Inflation has pretty well stabilized over the last year, year-and-a-half, projected to maintain at the 3 percent to 4 percent level over the next couple of years. I think it behooves all of us to ask the questions of the Minister of Agriculture and, indeed, other Ministers as to whether or not we're passing these items so automatically that we fail to ask whether indeed there is really the purpose of the demand.

I've talked to an authority, and I wouldn't want to disclose who it is, although he may be right across the House from me right now, who one time said that MACC had a lot of money to lend out.

I know FCC has a lot of money to loan out but they may not have been quite as active as MACC in some respects. — (Interjection) — Well, the Minister says they've been sending all their clients to MACC. In fairness to him, I know that there's been a longer lineup at the door of MACC than there has been at FCC.

I just wanted to make sure, and although this might not be the place, and the Minister has taken my previous question as notice — this may not be the place to move into a long discussion on where MACC is heading, but I do know that they have had a fair amount of money to lend out. I take it from the commitment for the additional \$7.5 million under General Borrowing Purposes, that they need this to supplement what they have in place, which is being retired, and which represents an estimate of what they think they'll need for their general programs, the greatest ones being, of course, the ones that are being demanded the most, in the area of operating credit.

That was my only purpose for rising, Mr. Chairman, and specifically directing a question in that area.

However, I would like to direct more or less the same question to the Minister in charge of the Manitoba Development Corporation. I don't know if that's the Minister of Finance or not. I'll ask the question anyway and if he wishes to take the question as notice, that's fine.

Sixty-five million dollars is being allocated to the Manitoba Development Corporation. By the Minister's explanation, this year all of that is in support of the sale of Flyer Bus to the European interest. I'd like to know from the Minister, though, what the total advance has been by the Province of Manitoba to the Manitoba Development Corporation, up to this point in time, because quite often we lose track of them. I know there's a number somewhere in the Public Accounts that probably spells that out in some detail.

We keep passing these large amounts of money. We turn them over to the Crown corporations and we, quite frankly, lose track of them. That's why I want to know, and I ask the question — and maybe the Minister can answer, but if he wants to take it as notice, fine — but I ask him, how much has been directed over to the Manitoba Development Corporation up to this point in time?

MR. CHAIRMAN: The Minister of Finance.

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

I'm not the Minister responsible for the Manitoba Development Corporation. The Minister responsible for the Development Corporation is the Minister of Energy and Mines and the Minister of Industry, Trade and Technology. I still have retained responsibility with respect to the Flyer Industries until the divestiture exercise is completed.

I don't have the information that the member requests. Obviously, we can get that information. I will provide it. It traditionally has been looked at in terms of the specific corporations, that the development corporation has been utilized as the lending vehicle for

it. For example, Flyer Industries, we provided the figures, Manfor loans have been provided through that and also for McKenzie Seeds.

But I'll take that question as notice and ask the Minister responsible for the Manitoba Development Corporation to provide the overall advances for all of the Manitoba Development Corporation.

MR. CHAIRMAN: The Member for Virden.

MR. G. FINDLAY: Yes, I'd like to inquire a little bit more from the Minister of Agriculture under the general funding for the Manitoba Agricultural Credit Corporation.

I've had several people comment to me over the course of the last three or four months about the time it takes to have an application to MACC processed for any kind of loan, and I would say that the general comment is that there isn't enough staff there to deal with the volume of applications that are before them. Within this \$7.5 million, I would ask the Minister if there are any funds allocated there for hiring extra staff or for paying staff that might be seconded from other areas of the Department of Agriculture?

HON. B. URUSKI: Mr. Chairman, I want to tell my honourable friend that, in terms of the capital requirement, there is no allowance for staff in capital requirements. Those allowances would be made in current expenditures, and as I indicated during my remarks on — I believe it's Bill 4 that there would be some provision to assist in some of the work in the whole area of refinancing and loan restructuring dealing with the bill and those special funds. But in terms of the capital, there are no provisions for additional staff.

I have indicated this time and time again, Mr. Chairman. There's no doubt it appears that we are virtually, in terms of stable long-term credit, practically the only one in town with an interest rate of between .75 and 1.5 percent lower than the Federal Farm Credit Corporation.

As I said here several weeks ago, about 30 percent of our clients today who are applicants for refinancing, are FCC clients. Quite frankly, it disturbs me in terms of where the responsibility on the share in terms of the financial load is going to end. I don't believe that we should in fact be saying, yes, we're going to take all comers and be able to finance everybody in agriculture. We are unable to and, with the staff load, I believe we've done, I would say, remarkably well. There is always room for improvement, I admit. We're all human and I think the staff in the corporation are so and have done, in the broader sense, a reasonably good job in terms of delivering the vast majority of programs that we have.

But, I have to say, I'm not that happy either in terms of the turnaround time, but with the amount of applications we've got, we're dealing with them as best as we can.

MR. CHAIRMAN: The Member for Lakeside.

MR. H. ENNS: Mr. Chairman, I'm pleased to have the opportunity to express a few concerns with respect to the Manitoba Telephone System at this time and take

this opportunity in the debate on the Loan Bill currently before us, where Manitoba Telephone System is requesting some \$65 million for further expansion, modernization and updating of their plant.

It's been my concern, Mr. Chairman, for a number of years now, and I will plead my vested interest immediately as an MLA who borders on the city and I'm not the only one. My colleague, the Member for Springfield, raised the same question not so long ago in the House. I know there are other members who have that same situation, that continuous tug-of-war that goes on between, where do you have the privilege of phoning toll free and where does MTS draw the line, whether it's in Dugald, whether it's in St. Francois Xavier, Headingley, or Stony Mountain?

Really, Mr. Chairman, is this not an opportune time, when Manitoba Telephone System is coming before this committee to ask for an additional \$65 million to modernize their plant, to just stop a little while — and I'm pleased that the Premier is here and listening — I know he had some thoughts about this during the election, except that they never really came out in any clear policy way that at least I could comprehend, least of all, the people of Manitoba.

But the truth of the matter is that 600,000 people of this province, of the million, 600,000 enjoy toll-free service in the greater area of Winnipeg. So we have the remaining 400,000 who in many cases have to pay these tolls that generate, of course, revenue for MTS, revenue that has to be replaced, but isn't it time that we as legislators looked at that whole situation and talked about providing a universality of communications to the people of Manitoba, Mr. Chairman, not unlike the way we provided today for such services as health? We do not charge that person, whether he comes from Thompson or from Woodlands or from Carman or from Portage la Prairie, you know, any difference in terms of the health care that he receives, but to communicate with each other we do.

Mr. Chairman, it's rural members who will appreciate this more, and I say this not unkindly of urban members, but very often because of the way boundaries are drawn, the exchanges are drawn, you sometimes have a very frustrating situation where 70-80 percent of the calls that are initiated are into another exchange because that's where the school is or that's where the central place of business is, and that's very hard for people to understand.

I know the government, any government, we faced that when we were government, I know this present government is facing it, is constantly under the pressure, particularly from those adjacent communities who want to tap into the Greater Winnipeg exchange and who see that it is only a matter of a few miles. Mr. Chairman, I'm not so sure whether or not we're not letting the technocrats buffalo us politicians a little bit because, years ago, when there in fact were telephone operators manually manning the different exchanges, plugging in the service calls, one could accept a rationale for the long-distance charge, for the toll charge. But today, in today's computer world, when you pick up the phone, all you hear is beep-beep and you give a number or very often you don't even hear that — it is all computerized. Is the rationale still there to impose that charge which weighs most heavily on rural Manitobans?

Mr. Chairman, I think that we ought to consider before just passing the \$65 million appropriation that MTS is

now asking for. I have had the privilege of being briefly the Minister responsible for Manitoba Telephones. I appreciate that it's a revenue question, although it should be kept in mind that the greater revenue earned by MTS is the long-distance charges out of the province, out of the country. I don't know.

We have never given our people an opportunity to express themselves. Would people generally — I suspect they would, and I've tried this in my last election. I advertised and ran that as part of my platform. I suspect that, perhaps with some modifications, some flexibility for those in need or senior citizens who do not use it, but I would suspect that there would be a fairly good acceptance throughout rural Manitoba for a somewhat higher basic rate, \$2 or \$3, and do away with the nuisance and the bookkeeping and the discrimination of toll charges in rural Manitoba.

Rather than allowing this situation to leapfrog, as indeed it has — I mean, after persistent lobbying, a community like Headingley gets to tap into the toll-free Winnipeg exchange. Now it's St. Francois Xavier's turn. They're two miles past Headingley. It's the same as my friend, the Member for Springfield. Dugald is asking for that. Stony Mountain is asking for that. In some cases, because of past history, you have situations where individuals some years ago got the lines directly into Winnipeg and still have them and, I understand, are now being threatened to be cut off from that service.

So really, Mr. Chairman, I would ask the First Minister, I would ask the Minister of Finance, why am I giving this government such constructive solid advice that would — but I'm doing it, Mr. Chairman, because the truth of the matter was that it was a matter that came up very often in my campaign partly because of the geography of my constituency, but also partly because of the item that's before us, the \$65 million that is being requested.

Now, Mr. Chairman, I don't take this occasion — there will be occasions when MTS appears before committee that we can look more specifically at the details of their operations — but, Mr. Chairman, you will remember that there are many functions that MTS is involved in of questionable nature. Mr. Chairman, it was only a year ago that I raised the question of MTS's practice of beating out the competition in fire alarm services in some of the rural firehalls and fire districts in Manitoba, providing the service free — well of course nothing is free — at cost to the rest of the subscribers, but simply because Manitoba Telephone Systems wants to be the leader in that field.

Does Manitoba Telephone really have to be in all those ventures? Does Manitoba Telephone System have to be involved in some of the foreign ventures which — Saudi Arabia, as my leader indicates — have yet to return any earnings, any profits to the subscribers?

So, Mr. Chairman, I think the government would be extremely well-advised not to just hand over the \$65 million as requested, particularly when the rate of increase as projected by the information supplied is just in the 2.7 percent range.

You see, Mr. Chairman, that's part of the problem with MTS, and I can understand that. Every corporation, every company wants to grow. They want to expand. The truth of the matter is there's not that much room for expansion in the provision of everyday, ordinary telephone service in Manitoba. Most of us, thank

goodness, have telephones. We take it for granted. So there is minimal growth there. So the corporation is forever looking at new fields to embark into to expand their corporate empire.

Well, I am suggesting that, in doing so, they may be overlooking the fundamental mandate that they have from us, the reason why we might vote them the \$65 million, and we'll vote them the \$65 million that they're asking. But surely, the reason that they're getting the \$65 million is to provide the best communication system to all Manitobans. I'd make a very sincere request of the government to take these few words of mine that come from the heart, as my words always come, but more importantly reflect a good number of my constituents' concerns and I know other constituents of other members' concerns, including the First Minister, who appreciate that this dividing line, this exchange line has become a source of irritation, a source of frustration to some extent. I'm not so sure whether, in today's modern technology, MTS can really justify the continuation of the present exchange system.

Thank you, Mr. Chairman.

MR. CHAIRMAN: The Honourable First Minister.

HON. H. PAWLEY: Mr. Chairman, it's rare indeed, and I wonder if there is something wrong, that I find myself in agreement with the Honourable Member for Lakeside. I think indeed that it is long overdue that there be greater development in order to reduce the number of long-distance areas in the Province of Manitoba. There are too many arbitrary lines. The number have been reduced over a period of time, but I concur. I think that the honourable members that represent urban ridings are indeed very very fortunate, and some of us that represent constituencies just outside the City of Winnipeg and further out again from the City of Winnipeg have justifiable complaints in respect to the existing system. We should be moving as quickly as we can to ensure that the Telephone System does move in order to reduce the number of long-distance areas in the Province of Manitoba.

I have requested the Minister to expedite this with the Telephone System, a plan of action by which we can reduce the number of districts, and I hope that we will receive the assistance from, the Member for Lakeside referred to, the technocrats in order to ensure that the people's Crown corporation in fact does serve the people of the Province of Manitoba. I think this would be an important initiative on the part of the Telephone System to concentrate in the next period of time in the areas proposed.

MR. CHAIRMAN: The Member for Minnedosa.

MR. D. BLAKE: Thank you, Mr. Chairman.

I'm happy to hear the Premier's response to my colleague, the Member for Lakeside. You know, we hear very often in this House, if we could only get the cooperation and the support of all members of the House, how much we could get done and how fast things would proceed. Now, tonight, we have just heard some good constructive criticism and an example of how we can better serve the people of Manitoba supported wholeheartedly by the First Minister.

I want to just go on the record as saying — and I fully support the remarks of the Member for Lakeside, because I too receive many many complaints or requests of what can be done, because I have a great number of constituents who live across the road from each other and are on different exchanges. Many of the councils in my area, there are six councillors and they're on six different exchanges.

It's not uncommon for anyone in the farming operation or in business in the small rural communities to have phone bills ranging from \$50 to \$150 a month. I know the long-distance charges are being reduced over the years. They're not that much for each call, but you're making five or six calls a day. Some days, there are 10. When things go wrong in the farm community, machinery breaks down, there are messages back and forth to the people who are in town getting repairs and whatnot, and \$60, \$80-a-month phone bills are very very common.

So, as my colleague suggested, some small increase in the minimum monthly rate would certainly not meet much opposition in the rural areas. Maybe some compensation should be made for some of the senior citizens that don't use long distance charges at all. But I'm happy to hear the Minister's response. I think this is the direction that the telephone system should be taking, instead of maybe getting involved in some faraway foreign operation, where the basic mandate of the Manitoba Telephone System is to serve the people of Manitoba, with the best possible communications system that they can achieve, at the best possible rate.

So I commend my colleague from Lakeside for bringing this to the First Minister's attention, and I thank him for his response because it looks now as if, with the strong support of all members of the House, we can finally direct the telephone system in the way that we would like them to proceed and achieve better telecommunications service for all of the people for Manitoba.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Thank you, Mr. Chairman.

I would ask the Minister of Finance at this time, whether or not the Minister in charge of MTS will be back in the House this evening or whether he might be summoned, because I thought we might have some specific questions to deal with. If not, we can make our comments and they can be taken as notice.

HON. R. PENNER: We're just going to give him a little ding-a-ling.

MR. C. MANNES: Ding-a-ling? He's been ringing and dinging for years.

Mr. Chairman, I would then ask the Minister of Finance whether or not any of the appropriation that's being set out in support of the Manitoba Telephone System, whether any share of that at all will be expended to cover off any existing loss or potential loss, with respect to activities of the Manitoba Telephone System outside of the Province of Manitoba.

MR. CHAIRMAN: The Minister of Finance.

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

First of all, the Minister can be down shortly. But he did provide information at the start of the evening Session tonight, detailed answers to the questions that were posed earlier today with respect to the telephone system and there was no questioning of him at that point.

In terms of the specific question — I presume the question is related not to MTS but MTX — and I'm going to have to take that question as notice. I don't have the information as to whether or not MTX is covered by this Capital Supply.

MR. C. MANNES: Mr. Chairman, before the break at suppertime when the Minister responsible for MTS was expounding upon some of the concerns that he might have in providing information, which was more detailed and which might lead to further questions — I can understand in part his argument — I'm glad he overcame it and saw fit to provide some of the greater detail that he has done. But, Mr. Chairman, I think it's important that we ask the Minister in charge of MTS whether he's satisfied that indeed all of these items will be directed towards capital expansion.

I look at the MTS facility and I look at the revenues that it's generating and it has an equity level, I believe, which is somewhere beyond 20 percent and, again, I question the continuing reliance upon borrowings from the Province of Manitoba, to continually update equipment. I'm not concerned that the Crown corporation is looking at modernizing equipment, which we all want.

I would ask the Minister whether he feels that the most efficient use is being made of all the funds are being directed to the support of the improvement of the plant of MTS; and is he totally confident that the request that he lays before us this evening, as detailed as it is, with almost every item directed to some area of plant refurbishing or incorporation of new technology; is he quite convinced that MTS is efficiently using the funds that are provided to them?

MR. CHAIRMAN: The Minister of Labour.

HON. A. MACKLING: Mr. Chairman, in answer to that last question, "Am I convinced that the corporation is using its money efficiently?" I believe it is. I don't have all of the program and all of the evaluation of those programs in front of me. As I indicated, when the Member for Pembina was posing questions in respect to the corporation, we have yet to go before the committee and there will be that opportunity for members to ask specific questions of every line in the corporation's program. The authority requested here is that — to provide authority, to proceed with capital spending. I'm satisfied that that capital spending is appropriate.

It doesn't provide for — and that's one of the things the Honourable Member for Pembina was concerned about — any significant new thrusts in delivery of service to Manitobans. There will be further capital requests as those thrusts are defined by the board. Members will recall that there was concern — has always been a concern — about improving our system to provide for private line service rather than multi-line service. The corporation has been clearly authorized

to develop options for providing an earlier introduction of universal private line service. But moreover, the most important area of advance, from the point of view of users in Manitoba, will be a rethinking of the whole question of area services, toll-free area services. The board is looking at options in respect to that.

I see the Honourable Member for Lakeside smiling. I guess he's heard this story before, but the board is charged with looking at initiatives there. I've met with the board recently. But what is provided for in this Capital Authority is not breaking new ground. It is providing for a continuation of the service that the system has been providing for many years.

MR. H. ENNS: What you mean is you're not extending the service from Saudi Arabia to Khomeini in Iran.

HON. A. MACKLING: I will ignore that interjection, Mr. Chairman, because I don't think it was made in a serious light.

I believe there was a question earlier about the MTX requirement and I want to assure honourable members that is not to cover some business losses or whatever, but it is to provide for specific authorizations that the board has given to MTX in respect to further initiatives to make that corporation continuing to be viable.

MR. C. MANNES: Mr. Chairman, I thank the Minister for that response, and yes, with certainty, once the committee comes forward and reports on the activities of MTS, we will use the document placed before us tonight by the Minister. We will go into it in greater depth.

However, either the Minister responsible for Telephones, or the Minister of Finance, in giving further explanation as to why this House should consider quick and ready passage of this Bill No. 13, indicated that one of the reasons that MTS was coming forward now was related to the cost of borrowing and it was the proper time to do so, that this was the time to go to the market for \$65 million.

I was wondering which Minister made that comment and if they can tell us, or they can expand upon that because it begs a lot of questions in itself.

HON. A. MACKLING: Mr. Chairman, I indicated that the request before us is authority for the corporation for its capital requirements. The bulk of the monies necessary for the capital requirements are internally generated and I elaborated on that.

Those monies don't come — all of that \$105 million that I reported isn't developed necessarily each month on a regular basis. Just like anything else, I think that you could probably average it but there — (Interjection) — No, I didn't. I'm coming to that. The honourable member asked, did you say that? I'm going to give you the full explanation.

In any event, the monies aren't available now for the corporation, but there are capital requirements. They have to place contracts for switching equipment and for necessary plant equipment and infrastructure. They ought not to place orders for expensive equipment when they don't have the money in hand.

What they do, however, is that they will incur short-term debt and build up that short-term debt and then

call upon the government to provide that money. So it is necessary that there be authority for the government to provide the funds when the telephone system needs it. It is to give the telephone system, the corporation, that fiscal flexibility that the authority is requested.

MR. CHAIRMAN: The Member for St. Norbert.

MR. G. MERCIER: Thank you, Mr. Chairman.

A question to the Minister responsible for MTS, Mr. Chairman. Last fall, the Manitoba Telephone System made an application for approval of an increase in telephone rates that provided for a 3 percent increase, limited the increase to 3 percent, which resulted in a deficit of some, I believe, \$500,000, after investigation by the Public Utilities Board. At that time, the Public Utilities Board ordered an independent review of the rate structure in Manitoba.

I would ask the Minister two questions. Firstly, was it simply election fever on the part of the Minister and the government that caused them to approve or limit the request for the increase in telephone rates to some 3 percent, which resulted in the deficit by the Manitoba Telephone System? Secondly, who is conducting the independent review of the rate structure and when will that be completed?

HON. A. MACKLING: Mr. Chairman, the honourable member asked a couple of good questions. Let me deal with them in reverse order.

In respect to the consultants for the rate study, no decision has been made, to my knowledge, yet. That will be made shortly. Those consultants will probably be from the Canadian communications or telephone scene. I expect to be able to make an announcement during the course of this Session, sometime.

In respect to the first question — was the application in effect? — and I'm paraphrasing, to the Public Utilities Board, politically dictated at 3 percent? Anything could be seen to be politically dictated. What the government was concerned with is that without there having been a thorough review of rates — and there hasn't been one in this province for quite a long time — the message that we should be asking our corporations to consider, and certainly it's applicable in respect to the telephone system, is not very, very substantial or significant increases, but we were trying, as a government, to send out a message in society that both in respect to cost increases, wage increases, we wanted some mutation in the volatility of increases throughout our systems. That included limiting ourselves somewhat in rate increases.

I'm sure the honourable member or others might be able to pick out an increase here or there that government has authorized in respect to a fee or something that goes beyond those limited figures that we have been sending out. But dealing with the major economic players in Manitoba, we were trying to get a message out through the system of something in the order of 3 percent or less, for the big spending items. I think we were very successful in that.

But there's no question about the fact that there is need for a thorough study of the rate structure. It appears that our rates, while they are very, very low, are unnecessarily low because we are going to be facing deficit conditions unless we increase rates again.

No doubt this review will establish that there will have to be further increases in rates to maintain the system in a viable condition.

MR. G. MERCIER: One last question, Mr. Chairman. Could the Minister indicate when he would anticipate this review to be completed and will it be made a public document? I expect it would be made a public document before the Public Utilities Board.

HON. A. MACKLING: I think the review will be open to the public because the review is specifically requested by the Public Utilities Board. Of course that review, the findings will have to be placed before the board. Now, whether or not the board would consider some aspects of the review, if they are looking at competitive rates or information that is given to them, to that consultant in confidence, I don't know. I would think that the bulk of whatever the Public Utilities Board receives would be made public.

The time frame? I think the Public Utilities Board indicated that the end of September would be the time when this information had to be brought forward. They might need some extension on that because it's a pretty short time frame to do the kind of thing that the board was requesting. That will be up to the consultant. If the consultant feels that there isn't enough time, they will have to go back to the board to get an extension.

MR. CHAIRMAN: Is it the will of the committee to consider the bill clause-by-clause or page-by-page? Page-by-page.

Pages 1 to 5 were each read and passed; Schedule, as amended—pass; Short Title—pass; Preamble—pass; Title of the bill—pass.

Committee rise.

Call in the Speaker.

IN SESSION

The Chairman reported upon the Committee's deliberations to Madam Speaker and requested leave to sit again.

MADAM SPEAKER: The Honourable Member for Burrows.

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

MOTION presented and carried.

THIRD READING

BILL NO. 13 — THE LOAN ACT, 1986; LOI D'EMPRUNT DE 1986

HON. J. COWAN presented, by leave, Bill No. 13, An Act to Authorize the Expenditure of Money for Capital Purposes and Authorize the Borrowing of the Same ("The Loan Act, 1986"); Loi autorisant des dépenses en capital en l'emprunt des sommes requises à cette fin (Loi d'emprunt de 1986), for Third Reading.

MOTION presented.

MADAM SPEAKER: The Honourable Member for Morris.

MR. C. MANNES: Thank you very much, Madam Speaker.

In debating Bill 13 on Third Reading, my comments will be very brief. I just want to, firstly, thank the government for seeing fit to amend the bill at the committee stage and withdrawing those areas that were terribly offensive to members opposite. It showed not only a wisdom on their behalf, but I think it's very important, Madam Speaker, that we go back to the original comments made on Bill 13 when the Minister of Finance said: "As there is some urgency to obtain borrowing and expenditure authority prior to the end of the Session."

Madam Speaker, members opposite take those words in good faith when they are presented in this fashion, and we want to take them in good faith. But I think it's incumbent upon every Minister of the government when they put forward before us a bill that they want to be dealt with very quickly that they are sincere in all respects of all the schedules, particularly of all the items under the schedule.

I think we have shown today that maybe the government was a little bit less than forthright in some areas. We all make mistakes. I'm glad that they have realized theirs, and we're happy to pass this bill.

MADAM SPEAKER: The Honourable Minister of Finance.

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

I'll just have a few comments in closing debate on Third Reading of the bill. I would just like to thank all members of the House for their cooperation in the speedy passage of the bill, and I would trust that cooperation will extend to other borrowing requirements with respect to government activities in the future, once they're brought forward to the House for review and for ultimate approval.

QUESTION put, MOTION carried.

COMMITTEE CHANGES

MADAM SPEAKER: The Honourable Member for Ellice.

MR. H. SMITH: I would like to announce a change in the Standing Committee on Public Accounts, the Member for Inkster for the Member for Rupertsland, the Member for Ellice in place of the Member for Kildonan.

MADAM SPEAKER: Is it the will of the House to call it 10:00 p.m.? (Agreed)

The hour being 10:00 p.m., the House is now adjourned and stands adjourned until 2:00 p.m. tomorrow (Tuesday).