

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, 4 July, 1986.

Time — 10:00 a.m.

OPENING PRAYER by Madam Speaker.

MADAM SPEAKER, Hon. M. Phillips: Presenting Petitions . . . Reading and Receiving Petitions . . .

PRESENTING 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 progress and asks leave to sit again.

Madam Speaker, I move, seconded by the Member for Thompson, that the Report of the Committee be received.

MOTION presented and carried.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker. I'd like to table the Preliminary Financial Report for the year ended March 31, 1986.

MADAM SPEAKER: Notices of Motion . . .

INTRODUCTION OF BILLS

HON. L. DESJARDINS introduced, by leave, on behalf of the Honourable Minister of Urban Affairs, Bill No. 37, an Act to amend The City of Winnipeg Act; Loi modifiant la Loi sur la Ville de Winnipeg.

ORAL QUESTIONS

Tornado - Somerset area

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Thank you, Madam Speaker. My question is for the Premier.

We're all aware of the massive thunderstorm reaching tornado proportions in south-central Manitoba yesterday. I wonder if the Premier can indicate whether any special measures have been put in place to assist the hundreds of people who have suffered severe damage as a result of the storm.

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: I thank the Honourable Leader of the Opposition for that question. I know that all

Manitobans are concerned about the impact of the damage and the problems created in the area involved, the Somerset district area. My Minister, the Minister of Transportation responsible for EMO, can give a fairly comprehensive response to the question as to the steps that have been put in place, following the normal practice in tragedies such as this by way of natural disaster.

MADAM SPEAKER: The Honourable Minister of Highways and Transportation.

HON. J. PLOHMAN: Yes, thank you, Madam Speaker.

We were made aware of the severe weather warning at 4:45 p.m. yesterday, and the information was first relayed, as a matter of fact, by the Member for Turtle Mountain, Dennis Rocan . . .

MADAM SPEAKER: May I remind the Honourable Minister that we do not use members' names in the House?

HON. J. PLOHMAN: I thought, Madam Speaker, that the members of the Opposition would not object to that on this occasion. He indicated that a roof had blown off the school there, and I just want to extend the staff's compliments to the Member for Turtle Mountain, who worked closely and showed a great deal of interest in what was happening there and the plight of the citizens who were involved.

The Winnipeg EMO began operations at 405 Broadway at 6:30 p.m.; subsequent reports indicated that the storm had caused serious damage to not only Somerset, but also Swan Lake and Mariapolis. Consequently the eastern region EMO municipal advisor was dispatched to Somerset to assist; the Deputy Minister of Government Services, myself and emergency personnel of other government departments were all informed of the emergency promptly.

At 7:30 p.m., in view of the communications difficulties that were being encountered due to telephone circuit overload, the Emergency Mobile Command Centre, which was purchased last year, was ordered to Somerset. By 10:00 p.m. last night, reports from the EMO municipal advisors indicated that the major problem facing municipalities and individuals in the area would be one of clean-up.

Members are aware that the first response for disasters are at the municipal level and the municipalities were very responsible in their response to this emergency. The clean-up is the major area that will have to be dealt with in the next while. No casualties were reported, and at an emergency council meeting held in Somerset at 8:00 p.m. last night, the council indicated they did not anticipate that they would require provincial assistance, other than the support that was given last night. This was confirmed at 7:30 a.m. this morning in a report from the EMO municipal advisor in Somerset.

We will be monitoring the situation if there are severe damages to individuals and they were not covered by

insurance for good reasons, then of course the Windstorm Loan Assistance Program could be invoked, but that will be monitored and assessed in the next few days to determine if there is a need for it and if they are eligible.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: I thank the Minister for that statement. I wonder if he could indicate if there is any estimate of damage at the present time.

HON. J. PLOHMAN: Madam Speaker, we do not have an overall estimate at this time. It is just too soon to have an assessment. As I said, there are three major communities that were affected — Somerset, Mariapolis, as well as Swan Lake. So until we get all that information together, it would be impossible to give an estimate and I would not like to do that.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, I wonder if I could direct a new question to the Premier, given that in the past — as a matter of fact, two years ago — in the case of a similar storm that went through the Neepawa and St. Claude area, it took more than a year to settle claims for the damages, running on a year-and-a-half.

I wonder if he could give us the assurance that special measures would be set up to deal with the claims so that should there be people who are not covered by insurance, which undoubtedly there will be, that those claims will not take a year-and-a-half to process, as they did from the previous major storm that we had two years ago.

HON. J. PLOHMAN: Madam Speaker, we have, I believe, streamlined the process for disaster assistance and I think that was evident this spring in the flooding that occurred in a number of areas of this province.

The program for windstorm has been one of a loan assistance program, as opposed to outright grants. That program would still be in effect. The Disaster Assistance Board is already aware of the situation, have been notified directly. If there are situations that are reported through the municipalities by individuals of severe hardship because for good reason there was not insurance on their premises — coverage on their premises — then that would be considered for the loan program as expeditiously as we receive the reports.

But I want to point out, of course, that disaster assistance is not a substitute for insurance and that we have been promoting and encouraging individuals to obtain insurance for windstorm damage because it is readily available.

MR. G. FILMON: I thank the Minister for that.

A further question, and this may perhaps be within the purview of another Minister, but the question is with respect to some hydro service that has not yet been restored; and I wonder if we can have an indication. There's a 230 KV line, I believe, that was down and other serious disruptions to the hydro utility

in the area, and I wonder whether or not there's any indication of how long it might take to have their hydro restored.

MADAM SPEAKER: The Honourable Minister of Energy and Mines.

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

The crews are working on it now. I don't have a specific time for the Leader of the Opposition as to when service will be restored to everyone.

Most of the service has already been restored, and as soon as I hear I can get back to him.

Manitoba Hydro - change in tender policy

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: I have a new question which I'd like to direct to the Minister of Energy and Mines.

I wonder if he could indicate whether or not there has been a change in policy by Manitoba Hydro with respect to entering into discussions with bidders on tenders prior to the award of contract after tenders have closed.

HON. V. SCHROEDER: Madam Speaker, I'm not aware of any change in policy, as I've indicated in the past. There have been a number of occasions when there have been discussions with bidders after the tenders have closed and before awards have been made.

MR. G. FILMON: Madam Speaker, in view of the fact that in response to questions that Hydro Committee in the 1983 sitting of the Committee on Public Utilities and Natural Resources, Manitoba Hydro gave a written response to members of the Opposition that said as follows: "It is Manitoba Hydro's practice not to contact any tenderer during the tender analysis period. Our position is clearly stated in our specification.

Our reasoning for this practice is to avoid any suggestion that tenders are being negotiated after they are called. If we are to do otherwise, we could create a situation where tenderers might intentionally provide incomplete tenders. After public opening of tenders the additional information would then be provided so as to alter their tender depending on their tendered position."

That would appear, Madam Speaker, to be clearly in conflict with the situation that was pursued with respect to the award of contract for the intake gates to Dominion Bridge. When was the policy changed?

HON. V. SCHROEDER: Madam Speaker, there was obviously a policy change when we asked for the Manitoba content.

The Buy Manitoba policy clearly was something which came along with Limestone and that was part of the tender documents. The issue of how much Manitoba content there would be was clearly a very central part of what we're attempting to achieve as members of the Opposition are attempting.

They're asking legitimately whether Manitobans can get work at Limestone and we're trying to make sure

that we have as much Manitoba content as possible at as reasonable a price and I believe we are being about as successful as one could expect. Eighty percent and more of the work overall being done for Limestone is being done right here in Manitoba.

MR. G. FILMON: Madam Speaker, the Manitoba content issue is laid out as part of the tender process. Bidders are required to put forward Manitoba content and Manitoba labour content as part of their award. We're now talking about a change in tender policy in the period between when the tenders are open and the award of contract.

MADAM SPEAKER: May I remind the honourable member that question period is not a time for speeches, it's time for questions.

MR. G. FILMON: Thank you. My question is, Madam Speaker, who authorized the change? Was it the government or was it the Hydro Board and Mr. Eliesen?

HON. V. SCHROEDER: Madam Speaker, I've already indicated several times that on at least four occasions now within the last 15 years or so, there have been occasions where there have been changes from the time an original tender document was tendered and the time that awards were issued.

In this particular instance, Dominion Bridge and others did approach Manitoba Hydro and further discussions were in fact held. The majority of original tenderers came forward with other proposals. Yes, they were considered, and what we achieved was a price which was a very reasonable price, we believe and we also achieved Manitoba content to a higher extent than we had in the past.

MR. G. FILMON: I wonder, Madam Speaker, if the Minister personally or the government instructed Manitoba Hydro to change their tender policy so that there could be negotiations between the time when tenders were opened and when the award of contract was made.

HON. V. SCHROEDER: Madam Speaker, I'm not aware of any such instructions.

MR. G. FILMON: Madam Speaker, then is the Minister confirming that that policy change has been adopted by Mr. Eliesen and the Board of Manitoba Hydro?

HON. V. SCHROEDER: Madam Speaker, I'm telling the Leader of the Opposition that what happened was precisely what happened on at least three other occasions in the last 15 years. On that basis I don't view this as being a change in policy from where Hydro was in the past.

MR. G. FILMON: Madam Speaker, I have read the policy position of Manitoba Hydro that clearly states why they do not wish to have that form of tender policy and negotiated bids after a tender has been opened.

MR. H. ENNS: 1983.

MR. G. FILMON: 1983. Now, is the Minister telling me that this has not changed, that it is as it was stated

in 1983, or it has changed? And, if so, who authorized the change?

HON. V. SCHROEDER: Madam Speaker, this is not a \$10,000 bid for a cat or something like that in the ordinary course of business. This is a very extraordinary arrangement for Manitobans. Large amounts of money we are putting into an investment in Manitoba's future and in these exceptional extraordinary circumstances Manitoba Hydro is doing exactly what it was doing in those kinds of extraordinary circumstances in the past. There has been no policy change. And, if members would be so happy with us coming along and saying, well, we'll have the work done in Argentina, instead, let them say so.

MR. G. FILMON: Madam Speaker, . . .

A MEMBER: Your policy was clear in 1983.

MR. G. FILMON: . . . which is it? Is this policy still in force or has the policy been rejected and replaced with another policy? That's the point.

HON. V. SCHROEDER: Madam Speaker, that policy is still in place. When there are extraordinary circumstances it will require extraordinary means to address them and, in this particular instance, we are doing what we have done in the past with Manitoba Hydro policies. And we believe that we are doing that in the best interests of Manitobans, and that Manitobans would be fully supportive of the idea of having our steel workers working instead of having people in South America working on Manitoba Hydro projects.

Manitoba Hydro - export agreements

MADAM SPEAKER: The Honourable Member for Lakeside.

MR. H. ENNS: Thank you, Madam Speaker. A question to the Minister of Energy and Mines.

Madam Speaker, the recently announced sale of 200 kilowatts of firm power to the Northern States Power group, the price was given at committee time as being in around the four cents American per kilowatt hour. My question to the Minister is, Madam Speaker, can the Minister assure us that the price received from the 500 megawatt Northern States Power sale and the 550 megawatt Upper Mississippi Power group sale will at least be double that figure, so that we will at least be able to cover our expansion and building costs on the Upper Nelson?

MADAM SPEAKER: The Honourable Minister of Energy and Mines.

HON. V. SCHROEDER: Madam Speaker, each of these export contracts will be vetted through the National Energy Board. I think we're subjective about them. We think that they're very good. The Opposition tends to be fairly negative about them, I think they're subjective.

We do have the National Energy Board which is an objective body, which has viewed our last sale, and

said we were right, said there will be a profit to the people of Manitoba — and a substantial profit. They have verified the numbers of Manitoba Hydro with their own calculations. That will be done with any sale we make to the United States on a firm basis, so that those numbers will be confirmed again.

In that way we can have assurance to the members opposite, to the members on this side and to the people of Manitoba, that we have made a good arrangement. And if it is not a good arrangement, if it is not in the interests of Canada and Manitoba, the National Energy Board would turn it down.

MR. H. ENNS: Madam Speaker, I'll restrain myself from answering in kind . . .

MADAM SPEAKER: Good.

MR. H. ENNS: . . . knowing your admonition with respect to questions. But we have been asking questions of this Minister, specific questions and have not been receiving the answers. We intend to pursue that policy.

Madam Speaker, a further question to the same Minister. Since the sale price for this 200 megawatt deal to NSP is in the order of four cents per kilowatt hour, is the Minister telling us that this represents 80 percent of Northern States Power's own cost per kilowatt hour? That was part of the contract. Does four cents represent 80 percent of Northern States Power costs?

HON. V. SCHROEDER: Madam Speaker, I'll take that question as notice.

MR. H. ENNS: Madam Speaker, one final supplementary question.

What are the present integrated systems cost for Manitoba Hydro? What are the present costs for Manitoba systems integrated cost for Hydro and what will they be after Limestone comes on stream?

HON. V. SCHROEDER: I'll take that question as notice as well.

Manitoba Hydro Chief Executive Officers - number retired

HON. V. SCHROEDER: While I'm on my feet, there was one question the member had asked about Hydro retirement some time ago. I'm told by Hydro people that they expect approximately 59 retirements in the calendar year 1986, which is roughly the average for the last eight years.

MR. H. ENNS: Madam Speaker, at this time I'm really more interested in finding out how much money Manitobans will lose in some of the Manitoba Hydro deals that are being negotiated by this contract . . .

MADAM SPEAKER: Does the honourable member have a question?

Manitoba Hydro - load growth

MR. H. ENNS: Madam Speaker, a further final supplementary question.

The Chairman of Manitoba Hydro in committee stated and I quote: "Forgetting about any export sales, Manitoba Hydro would now require Conawapa for Manitoba's own load growth in 1997."

Madam Speaker, my question to the Minister is, given that Hydro's capacity today is about 4,100 megawatts and that Limestone will add an additional 1,280 megawatts or about 30 percent to the system's capacity for a total of 5,380 megawatts, is the Minister telling Manitobans and telling us in this House that Manitoba's domestic load will not be able to be met in 1997, or indeed to the year 2000, forgetting about export sales?

HON. V. SCHROEDER: Madam Speaker, first of all, we are not losing money on the sale. We are making a profit. There have been two sets of arguments. The Opposition continuously says that we're losing money. They say we're losing money, and then we have the hearings of an objective body and they run and hide. They don't put their numbers out there and say, this is what's going to happen, they run and hide. Then they come into this House and tell Manitobans, in a terribly unfair manner, that we are going to lose money when the most objective body available has said we will make a profit and the profit will be somewhat similar to what we have said it would be in the first place.

Manitoba Hydro people and other utility people in Manitoba, in Canada and in the U.S. have been suggesting that we will have load growths somewhere in the range of 3 percent per year.

In the last few years, as the Member for Lakeside well knows, we have on average well exceeded that, and if those numbers hold out, then obviously we're going to need the next set of dams. It's not a difficult thing mathematically to determine what will happen over a period of years.

But just because we're saying 1997 without the export sale does not mean that we have to start building it now. We certainly will have more years of experience between now and the 1990's to see how we do make out in terms of power growth.

Manitoba Hydro - Heritage Fund

MR. H. ENNS: Madam Speaker, a final supplementary question.

During the election, Madam Speaker, a former Minister of this government indicated on several occasions on public platforms that it will cost about 7 cents to produce a kilowatt of power from Limestone and that we are selling that power to the Americans for 5 cents. Madam Speaker, will the Minister tell me and Manitobans how on earth are we going to develop a heritage fund? How are we going to prevent untold millions of dollars of costs being loaded on the ratepayers of Manitobans with that kind of figuring?

HON. V. SCHROEDER: Yesterday we had a member stand up and say he stood up with a heavy heart on a grievance. Quite frankly, that's the way I feel right now.

We have an elected member of this body coming forward with that kind of a notion which people in this

province might think as a result of an elected member's statement — an energy critic's statement — that we're going to lose money on that sale, that that's, in fact, what's going to happen.

He knows and we know that we have objectively had this sale looked at by the National Energy Board which agreed that the advancement of construction of Limestone would provide us with a larger profit than not advancing it, and that advancing it two years would give us a greater profit than advancing it one year.

All of those things have been objectively determined by an objective body, not by the New Democrats, not by the Conservatives, but by a body appointed by the Federal Government of this country and they have agreed with us that there will be a significant profit from which we can put some funding toward a heritage fund.

Manitoba Hydro - forecast revenues re sale of power

MADAM SPEAKER: The Honourable Member for Morris.

MR. C. MANNES: Thank you, Madam Speaker, I direct my question to the Minister of Energy.

In Hydro committee about a month ago I requested of the Minister and I also requested of the Chairman of the Manitoba Energy Authority, Mr. Eliesen, a rerun of the revenue forecasting model associated with the sale of power to NSP. The Minister has talked now about the forecasted revenue and profit given that the model forecast of net revenues of \$385 million in terms of 1984 dollars, and given that all of the 15 variables that went into the model to make up that forecast, the values of which have changed, can the Minister today indicate to me what the value is associated with the NSP sale, given that it is now two years later since the first forecast of that sale?

HON. V. SCHROEDER: Madam Speaker, the people at Hydro are working on that. The Member for Lakeside asked the other day when the information was coming. I'm hoping that it will be here soon.

But I am assured, just in a ballpark way, that those numbers in terms of real dollars will not have changed in any major way because a number of those fluctuations have certainly been of benefit to Manitoba, including lower interest costs, including the higher U.S. dollar and the lower construction costs for us. As the member pointed out in those hearings, there is also lower construction costs for the Americans which reduces the 80 percent of Sherco 3 which goes in the other direction.

But overall we believe there is nothing to indicate that there is any substantial changes, certainly not in a negative way. There might be some in a positive way.

Manitoba Hydro - delay in answers to committee questions

MR. C. MANNES: Madam Speaker, it takes but a few minutes to plug in those change of variables and it takes half-a-second for that model to run. I would ask the Minister why it has taken a full month to provide an answer to that question I posed in committee?

HON. V. SCHROEDER: Madam Speaker, when you do your numbering on the back of an envelope, as the Tories were doing when they were criticizing our sales, that does take but a minute or two. But we want accurate numbers as we provided to the National Energy Board and we will provide accurate numbers when we have had the time to do them.

Manitoba Energy Authority - Sherco 3 capital costs for 1987

MR. C. MANNES: Madam Speaker, the Chairman of the Manitoba Energy Authority Committee said that he has received from NSP final information on Sherco 3 capital costs for 1987. I'm wondering if the Minister of Energy would share those costs with us.

HON. V. SCHROEDER: Madam Speaker, I don't have them here, but there's no reason not to, certainly.

Manitoba Energy Authority - access to board meeting minutes

MADAM SPEAKER: The Honourable Member for Pembina.

MR. D. ORCHARD: Thank you, Madam Speaker. My question is for the Minister of Energy and Mines.

Based on yesterday's answer by the Honourable Member for St. James, the Minister responsible for Manitoba Telephone System, in that access is available to minutes of board meetings in both MTS and MTX, will the Minister of Energy and Mines now reconsider his position and allow access to the board meetings of the Manitoba Energy Authority?

HON. V. SCHROEDER: My recollection of the answer of the Minister of Labour and the Minister in charge of MTS was that minutes dealing with commercial matters would not be made available where there were ongoing discussions.

As the member full well knows, there are ongoing discussions at Hydro and at MEA with major construction activities and with discussions with a number of utilities with respect to sales of power.

MR. D. ORCHARD: Madam Speaker, no such answer was given by the Minister yesterday in MTS.

MADAM SPEAKER: Does the honourable member have a question?

MR. D. ORCHARD: Yes, Madam Speaker, I do have a question.

MADAM SPEAKER: Good, ask it.

MR. D. ORCHARD: Madam Speaker, the Minister of Energy and Mines cares to hide behind commercial dealings to deny access to the Manitoba Energy Authority minutes.

Madam Speaker, my question to the Minister of Energy and Mines is, can he then protect the very delicate negotiations — which he is protecting for the

last month from Manitoba Hydro by not providing answers to questions posed — would he exclude those items from the minutes and allow access to those minutes with his delicate negotiations excluded?

HON. V. SCHROEDER: Madam Speaker, I can take that as notice and take a look. I know that when members opposite were in government, certainly they didn't accommodate us in that way. They were signing agreements with consultants saying that the consultant wasn't even allowed to say that he had signed an agreement.

MR. H. ENNS: Madam Speaker, I've got them in my desk.

WMC Research Associates contract

MR. D. ORCHARD: Madam Speaker, my question is for the Minister of Energy and Mines.

Would the Minister indicate to the House whether Patty Park, the political assistant to the former Minister of Energy and Mines, was present at any of the board meetings of the Manitoba Energy Authority wherein the contract to WMC consulting to Mr. Davidson were discussed and that contract award made?

HON. V. SCHROEDER: I'll take that question as notice.

Companies - numbered and holding

MADAM SPEAKER: The Honourable Member for Kildonan.

MR. M. DOLIN: Thank you, Madam Speaker, my question is to the Minister of Consumer and Corporate Affairs.

About three weeks ago in a response to a question of mine, the Minister stated he was going to look into a greater opening up of corporate reporting such as numbered companies and holding companies, etc. I'm wondering if the Minister has taken action and if so, what action?

MADAM SPEAKER: The Honourable Minister of Consumer and Corporate Affairs.

HON. A. MACKLING: Thank you, Madam Speaker, I thank the honourable member for the question.

Pursuant to the concerns voiced by the honourable member and the concerns that I had, I have occasioned some inquiries in the department as to the policy. I'm still looking at those areas of concern, Madam Speaker.

It appears that the reporting requirements are exactly the same for numbered companies as for any company. There are problems in finding sufficient clear names for corporations to use and we have to be sensitive to the needs of corporations.

But the overriding concern that the honourable member voiced in his question and the concerns that I share are that there is apprehension and concern on the part of a great many Manitobans that numbered companies add to the heaviness of the corporate veil. I'm concerned that we should make every effort to

provide more information to people in Manitoba to know with whom they're dealing when they deal with corporations. So that question is still very much under consideration by me, Madam Speaker.

MR. M. DOLIN: Madam Speaker, a supplementary to the same Minister.

Will the Minister's inquiry be looking into the holdings and principles of holding companies, rather than just have a holding company registered to know what holdings that company has? I think this is important. There is a lot of secrecy in that.

HON. A. MACKLING: Madam Speaker, the Honourable Member for Concordia again makes a valid point that — from Kildonan. I'm sorry. Well, they're both great members, Madam Speaker. — (Interjection) — Well, the din is somewhat extreme, Madam Speaker, so I was waiting for it to subside.

Madam Speaker, the valid member for Concordia — Kildonan — makes a very good point in respect to the masking of real ownership — well, you can call it a veil or a mask — but still it obscures the real identity of people who actually own and control corporations, businesses in this country and in this province. We know that . . .

MADAM SPEAKER: Order, order please.

HON. A. MACKLING: . . . by a relatively small percentage of shares with large corporations, they can be controlling the destinies of thousands of people in this country. The point is well taken and certainly that will be part of the consideration that this Minister will bring to that question.

MR. M. DOLIN: A new question to another Minister.

I'm wondering, I don't know if this information is available to the Minister of Housing, whether or not departmental officials doing inspections on housing are having difficulty locating the real owners and principals in buildings that do not meet standards because of the problems in corporate reporting.

MADAM SPEAKER: The Honourable Minister of Housing.

HON. M. HEMPHILL: Madam Speaker, I haven't had that brought to my attention that it is a problem, but I'll ask my officials if they've come across it.

Eliesen, Marc - contract

MADAM SPEAKER: The Honourable Member for St. Norbert.

MR. G. MERCIER: Madam Speaker, I have a question for the Minister of Mines and Energy.

Madam Speaker, it is now about four weeks since the Minister undertook to table in this House a copy of Mr. Eliesen's contract. Could the Minister indicate whether he has now received during the past four weeks, some time during the past four weeks, a copy of that contract that he could table in the House?

MADAM SPEAKER: The Honourable Minister of Energy and Mines.

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

I have received the contract now, and I expect within the next week to table it along with every contract or other remuneration arrangement for chairpeople and CEO's of our Crown corporations and agencies; and we will attempt in order to ensure as much information as possible is available, to have other public sector salaries where we can find them.

We are finding we're having some difficulty with some other provinces because these things are not being made available — (Interjection) — yes, any memberships, all of those kinds of things. We'd like to have them all on the table so we can see what we're doing as compared to different Crown corporations here and corporations in other parts of the country with whom we compete for CEO's and so on. We will try to get as much of that information as possible, and I believe I will be able to table it at the latest, by next Friday.

MR. G. MERCIER: Madam Speaker, will the Minister table at that time also a list of the personal expenses paid for by the taxpayers of Manitoba for Mr. Eliesen in addition to the \$529 monthly rental of his Volvo car?

HON. V. SCHROEDER: Madam Speaker, we'll do a calculation as to what we would have — (Interjection) — When the Conservatives were in office they had a Buick Electra, which would be a \$30,000 vehicle for their president of Hydro. What we have now is a vehicle that is not as expensive. It is made in Canada and we will do the calculations to see what would have happened had we had the kind of vehicle they were prepared to pay for, for their president.

Indian Affairs - abuse of money

MADAM SPEAKER: The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Madam Speaker. My question is to the Attorney-General.

The Honourable David Crombie, the former National Minister of Indian Affairs, has indicated that legal action might be taken for the abuse of money in the Manitoba region of Indian Affairs. Has the Attorney-General received a copy of this special investigation Manitoba Division Indian Affairs, and if he has, is it being investigated for possible charges?

MADAM SPEAKER: The Honourable Attorney-General.

HON. R. PENNER: Yes, I have received a copy of the special report, although I haven't had a chance to peruse it in detail. That is strictly a matter within federal jurisdiction and any action that would be taken should be taken; and in my view action should be taken — and should have been taken indeed some weeks ago — must be taken in the first instance by federal officials.

Agassiz School Division

MADAM SPEAKER: The Honourable Member for Springfield.

MR. G. ROCH: Thank you, Madam Speaker, to the Minister of Education.

The Agassiz School Division No. 13 passed a motion at its June 17, 1986 meeting accepting a petition containing the names of approximately 500 resident electors requesting that the Minister of Education split the said school division into two separate school divisions prior to October 1, 1986. A copy of this petition as well as the resolution was sent to the Minister.

Madam Speaker, could the Minister inform the House as to what action he will take on this very important and urgent matter?

MADAM SPEAKER: The Honourable Minister of Education.

HON. J. STORIE: Thank you, Madam Speaker.

As the member knows the Board of Reference has been investigating that and another matter in the area and I will be discussing it with the Chairman of the Board of Reference.

MR. G. ROCH: Does the Minister expect any action to be taken prior to October 1, 1986?

HON. J. STORIE: Madam Speaker, I would have to check with the Board of Reference as to their intentions, but they have as the member knows, held a hearing. I believe they are deliberating at this point and if there is any further action required, I would certainly hope it could be before October of this fall.

MR. G. ROCH: This is but one isolated case.

School divisions, Manitoba - changing of boundaries

MR. G. ROCH: There are many cases in Manitoba where school divisions . . .

MADAM SPEAKER: Question. Is this a supplementary?

MR. G. ROCH: It's a new question to the same Minister, Madam Speaker.

MADAM SPEAKER: On a different topic?

MR. G. ROCH: On the topic of education, there are many school divisions whose boundaries have outlived their usefulness as to where they were back in the early Fifties — or I should say the early Sixties — and no more glaring example of that is my own school division of Seine River as was obvious in today's Free Press. Is there a possibility that your department through the Board of Reference, or whichever agency you wish to use, will review the whole concept of the boundary of the school divisions?

HON. J. STORIE: Madam Speaker, that possibility certainly has not been raised to me by the particular groups who obviously are most concerned, and that is the Manitoba Association of School Trustees.

Madam Speaker, the issue of boundaries has and continues to be an extremely emotional and sensitive issue in every area of the province. I am not aware of an instance where a boundary change has been

recommended either by a division or concurred with through the Board of Reference where it has not created substantial divisions within the populations which were affected. So I don't think at this point that there is a clamour for changes.

I do appreciate the point that the member raises that the boundaries from time to time need to be readjusted because of population shifts, trading pattern shift, etc., and the Board of Reference is in a position to deal with those anomalies as they arise. They have done so in the past and I'm sure they will do so in the future.

MADAM SPEAKER: The time for Oral Questions has expired.

NON-POLITICAL STATEMENT

MADAM SPEAKER: The Honourable Member for Lakeside.

MR. H. ENNS: Madam Speaker, I beg leave of the House to make a non-political statement.

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

MR. H. ENNS: Madam Speaker, inasmuch as we Manitobans and Canadians enjoyed our own celebrations on Canada Day just a few days ago, I know that members of the House would wish to join me in recognizing July 4 as that great day of freedom and liberty for our friends across the border.

I note that this year it's coincidental with the refurbished Statue of Liberty celebrations that are currently under way in the great harbour of New York. And yes, Madam Speaker, I think members — particularly I think of the Member for St. James — who only last year partook and enjoyed in what was becoming such a lovely summer tradition in Manitoba, namely, the attendance of a July 4 Independence Day party on the lovely grounds and private settings of the American Consulate's home here in Winnipeg, at which we had an opportunity to wax our lungs in eloquent songs in honour of the occasion.

It's with regret, I know, that we will miss the Consulate's services in this fair city. I point out to you, Madam Speaker, that it's the third oldest in Canada that is being closed. With these kind words, I know that members of the Chamber would want to wish our American friends and neighbours a very happy and successful July 4 Independence Day celebration.

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: I would like to certainly join in support of the comments by the Honourable Member for Lakeside. I think on this particular day we should remind ourselves of the very fine principles announced by the founders of the Declaration of Independence, life and the pursuit of happiness and liberty.

The egalitarian principles that were espoused by those original founders of the Declaration of Independence, the revolutionary spirit of men and women who felt there could be a better world and a better society and espoused that so very clearly and

very vividly in those egalitarian principles of the Declaration of Independence.

MADAM SPEAKER: The Honourable Member for Portage la Prairie.

MR. E. CONNERY: I would ask leave of the House to make a non-political statement.

MADAM SPEAKER: Does the member have leave? (Agreed)

MR. E. CONNERY: Madam Speaker, it was my pleasure this morning to have placed before you a box of delicious Manitoba strawberries.

Just a reminder that the strawberry industry in Manitoba is a multimillion dollar business and it's right in its peak right now; and also to invite everybody out to the Strawberry Festival which is being held in Portage la Prairie.

We had the honour of having the Manitoba Strawberry Queen and the Strawberry Queen from Plant City, Florida who is in Portage la Prairie, celebrating the festival with us. So on that behalf, thank you for your permission.

TABLING OF REPORTS

MADAM SPEAKER: The Honourable Member for Emerson.

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

During my grievance yesterday, I was asked to table certain documents. I would like to table them now for the House.

ORDERS OF THE DAY

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Yes, Madam Speaker, it is our intention to call Second Readings on the Adjourned Debates starting on page 2 and continuing on page 3 of the Order Paper, in the order which they appear on the Order Paper; following which, as was indicated the other day, we will go into Committee of Supply to consider the Interim Supply for the Session.

MADAM SPEAKER: Debates on Second Readings, on the Proposed Motion of the Honourable Minister of Co-operative Development, Bill No. 3.

MR. H. PANKRATZ: Stand.

MADAM SPEAKER: Stand.

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, Bill No. 4, the Honourable Member for Morris.

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

It gives me some pleasure to rise on Bill No. 4, this most important bill. I dare say in some respects the most important bill that's been laid before the House to this point in time of this First Session of the 33rd Legislature.

Let me indicate from the outset, Madam Speaker, it is my intention to speak in opposition to the bill. I suppose I should say at the outset, Madam Speaker, you could look at this bill in two forms. You can say on one hand, some would say that there are problems with the bill and yet there are some good portions; and on balance, therefore, they would support the bill. I would use exactly the same wording and change it around and say there are some good portions to the bill but on balance, those negative factors prevent me from supporting it.

I believe the bill should be rejected; I believe the people of Manitoba should not have this bill hoisted upon them. My reasons for rejecting it are many.

First of all I would like to indicate to the Minister it is a complex bill. I honestly believe in my own mind that the Minister of Agriculture, at this point in time, does not understand the complexity associated with the bill and I'll go into that a little bit later. There are too many hoops, too many overlaps of jurisdiction.

Secondly, Madam Speaker, it's my view that the Minister and the government has not sufficiently evaluated the net benefit of this proposed legislation. I would make the point that the net benefit to Agriculture will not be positive but in fact may be negative.

Thirdly, I believe that many, indeed all lending institutions, have gone the extra mile to compromise, to develop new arrangements, and to accommodate within reason; many — and I'd say all — of those of my farming fraternity who find themselves in some difficulty.

Fourthly, Madam Speaker, I believe that the Federal Government approach through their Bill C-117 is a far superior process and consequently I would hope that this government and the Minister would watch closely, developments associated with the bill.

Fifthly, Madam Speaker, it's my view that the farm personnel, that the people available, that resources available within the farm community, to sit on all these farm panels and all these mediation boards, are not in ample supply — and I'll explain that further.

I am in no way trying to put down those very successful farm managers, those very successful farmers, who can contribute a certain aspect of expertise on behalf of the whole process and on behalf of those farmers who are aggrieved. But I honestly believe as a component, we do not have the resources available to put forward the best type of people in sufficient number to sit on the panels and mediation boards.

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

Sixthly, Mr. Deputy Speaker, I find offensive the name of the bill, The Family Farm Protection Act, and I'll move into that in greater detail. To me it's a nonsensical name to a bill. It's one that smacks of pure partisan politics and one that really pulls into disrepute the whole idea of legislators coming to this House and attempting to deal in a meaningful way with a very real problem.

Seventhly, Mr. Deputy Speaker, I believe the bill has been brought forward for pure political purposes. I know

it was an election promise. I know therefore in the minds of the government, it has to be carried to its logical conclusion. But nevertheless I believe that it is not being brought forward to reach out to the very real concerns of the farm community. No, I dare say it is being brought forward more so to appease the urbanites — if I may use that word — to convince them that the government is doing something for this very real problem. I say to you, Sir, that in my view this bill does very little to address the problem.

Let me though, Mr. Deputy Speaker, say from the outset that there is a very real problem within the agriculture community. Who isn't concerned about the terrible state of our family farms, particularly the 5 percent that are in desperate trouble, as indicated by the Minister of Agriculture when he introduced the bill, and I think as agreed to in percentage terms, that is, by our Agriculture critic, the Member for Virden?

But let me say it's just not the NDP who are concerned about the circumstances surrounding the economic viability of the family farm. No, they can't lay some monopoly claim to that concern, indeed, any of us, particularly those of us who are rural representatives know fully well the problems within that industry.

Mr. Deputy Speaker, I would just like to read part of the history of farm debt legislation in Saskatchewan dealing with that problem that has existed within, not only that province, but within the prairie region for 80 years. If one would just skim quickly the notes used by the then Minister of Agriculture, Mr. Hepworth, when he introduced their bill some year-and-a-half ago into the Saskatchewan House, he indicated that the first attempt within the Province of Saskatchewan to deal with this very real problem of falling incomes and failing net revenues on the farm, the very first attempt in a legislative sense that was made within that province, occurred in 1914.

He went on to say that province has brought in many pieces of legislation since in various forms; and he talks about the first attempt lasted from 1914 to 1926. He went further on to say that the Government of the Day introduced legislation in Saskatchewan in 1943, and then again in 1971 a bill was brought in by the then NDP Government, and now again, the Tory Government in Saskatchewan in 1984 saw fit to bring in a piece of legislation that would attempt to deal with the very real problems that exist, not only within that province, but indeed exists all across Western Canada.

So let not the NDP take some solace, take some satisfaction, in allowing themselves to believe that they're the only ones that are concerned with this very real problem. I can tell you that governments everywhere have had to face the real problems associated with the cashflow problem and with the profit, the shortfall of profit associated with farming.

So Saskatchewan has imposed this type of legislation, requiring greater notice. Yes, Manitoba should have improved legislation. There are parts of this bill that should be supported, particularly those requiring more notice so that all farmers are aware of their rights, all farmers are given the same opportunity to the recourses available to them, given that they fall into those sets of circumstances that would deem, under normal circumstances, that they would have to cease farming.

Yes, Mr. Deputy Speaker, our legislation should be legislation requiring their neutral efforts be brought

into place on behalf of farmers. But I submit that this bill goes too far, that this bill has associated with it an element of risk that cannot be totally quantified, but an element of risk that is maybe too great for the people of Manitoba and for those other people involved in lending who are farm people, too much risk involved to bring forward this type of bill that will cause our lending institutions to feel that they are being threatened to some degree.

So I just want to make the point that the NDP are not the only people who are concerned. I'd like to tell you what I did in a personal nature two years ago to show my concern.

Two years ago, Mr. Deputy Speaker, I developed a proposal for the establishment of a position of either a neutral farm credit counsellor or a farm ombudsman. I developed this proposal, not only to our Minister of Agriculture, but I also gave it to the Federal Minister of Agriculture, Mr. Wise, and I gave it to two other members of the Federal Cabinet, Mr. Murta and Mr. Mayer.

I'd like to read this into the record, because in reading this nearly two years later, I think in essence it captures many of the realities that are in place today, so I quote, for the benefit Hansard, Mr. Deputy Speaker:

"The problem — the last decade has seen an age a rapid change for all segments of society. Farmers have not been exempted. The following examples illustrate some of the notable changes that have affected all farmers and have contributed to the disillusionment, if not the mistrust, of some of their numbers.

"During the mid-seventies there were dramatic increases in (1) land prices in some parts of the country; (2) foreign investment in land; (3) employment of farm management consultants; (4) farm unit size; (5) farm machinery size; (6) educational level of beginning farmers; and (7) use of computers.

"In support of most of these factors were increases in asset worth and related borrowing capacity that increases an asset worth generated. Profitability was perhaps not given the highest priority in borrowing decisions entered into by lenders and borrowers of credit.

"The tip of the iceberg began to surface in the early 1980's when some of the expert advisors to both farmers and financial institutions became some of the first casualties in their own operations. Higher levered operations were the first to be submerged when product prices did not increase.

"Of greater concern were the emerging number of younger and mid-age farmers who were experiencing income shortages as a result of very high interest charges as a total percent of farm revenues. Honest attempts have been made by governments, all governments, and lending institutions to buffer against the ravages of the very high interest rates of the early Eighties.

"The difficulty of the situation was really driven home once land prices began to fall and credit institutions no longer felt secure in establishing short lines of credit in an amount similar to when times were better. Again, a sizeable proportion of a generation of new farmers were caught and are caught in a situation where asset values have dropped, causing credit institutions to reduce lines of credit and, in some cases, the total denial of lending opportunities.

"Many have watched 10 years of hard work disintegrate and are asking why; and, in some cases, are cursing the relative easiness of credit made available to them in years previous.

"An alarming number of farmers were forced into bankruptcy during the last few years. In an attempt to give the appearance of solving the problem, governments have set up farm review panels in an attempt to buy time for the effected farmer, such that a more orderly approach may be taken in reaching a final decision between lender and borrower. In virtually every case, review panels have served only to confirm the inevitable.

"Today we are faced with a growing number of farmers facing severe financial problems," and I digress for a second, Mr. Deputy Speaker. I wrote this two years ago and today, two years later, when we look forward to what may be happening within the world international grain commodity complex, there's nothing at all optimistic in the forecast. The situation that we're finding ourselves in could be with us for three or four years, and so what I said two years ago probably could be magnified in its intensity today, and I continue quoting:

"Unfortunately, in many instances, a communication breakdown occurs between the borrower and his lender. This in turn frequently leads to a further degree of misunderstanding and a tendency, on behalf of the borrower, to protect his own interest at all costs. When this occurs, lenders become suspicious of their security and the result is all too often a demand for payment and recovery of security. What is frequently overlooked in this process is the fact that for most farmers, severe financial problems create a level of personal anxiety which often renders them irrational, to varying degrees and terms, for their day-to-day decision making, a process which further intensifies concerns on behalf of the lender.

"Fortunately, the vast majority of farmers who are in severe economic situations are not at the point of mistrusting their personal lending institutions. However, a process must be brought into place that ensures that confidence and communication are maintained or restored in those places where trust has broken down completely.

"The group to which this proposal" — and I'm talking about the proposal that I put forward two years ago — "is the group of marginally viable farmers who seemingly had been progressing adequately during the era of rapidly escalating land prices. This apparent success, coupled with the equity system of credit used by most of the financial institutions, resulted in a less than adequate scrutiny of credit requirements. As a consequence, insufficient communication was established and/or developed during this period of good times."

Mr. Deputy Speaker, that was the problem as I saw it two years ago and nothing of significance has changed today, two years later, except I believe the problem is greater.

So I don't criticize the government for trying to bring forward legislation that will attempt to, in some way, improve the communications between borrower and lender, particularly those who are feeling under tremendous pressure and stress at this time.

But what should the objective be? What should be the solution? Well, Mr. Deputy Speaker, I went on the

record then and I quote, "I believed at that time that we should create an Ombudsman or mediator position in which income would be charged with two key objectives: (1) to provide a counselling outlet to farmers experiencing serious financial problems for the purpose of attempting to mediate a satisfactory workout position between the lender and the borrower and, in the process, enable the borrower to better cope with the personal pressures usually encountered under such conditions; and (2) to act as a consultant to a farm review board where previous involvement has not resulted in a mutually agreed workout agreement between the borrower and lender."

Well I went on to describe the position that I thought should be set up and I was talking basically about neutral counsellors, and I listed some conditions that I thought must be met, and I'd like to read this into the record too, Mr. Deputy Speaker, because I indicated before that I didn't believe we had, at our disposal, a large enough bank of people who had all the qualities necessary — that I think are necessary — to act in a mediation forum. But what type of qualities are you talking about? I'm talking three of them, specifically, Mr. Deputy Speaker, and I'd like to read them into the record.

No. 1, "The incumbent must not be tied to either lender or borrower in the sense of having a vested interest at either level." That's easy. No. 2, "The incumbent must be fully familiar with farming as an enterprise and must have a sound understanding of general farm lending policy and procedures, and have some sound understanding of bankruptcy procedures and the rights of all farmers." Well, that becomes difficult, Mr. Deputy Speaker, in many respects. There aren't that many people, who are successful farmers, that have an understanding of the process of winding down corporations, either voluntarily or under duress, when the lending institution is pushing; and yet I feel it's very important that the people who sit on our panels and our boards or, as I propose, be a mediator or be an Ombudsman, understand farming from putting the seed in the ground until they've sold that into the marketing chain.

My third item, Mr. Deputy Speaker, I believe "that the person, whoever takes on this onerous responsibility, because of the stress factor often associated with farmers in financial difficulty, the incumbent must have well developed interpersonal skills and general counselling capabilities. At these times of difficulty, an honest broker who can gain the confidence and trust of the farmer in difficulty, is worth more than an individual who may have an understanding of banking and management skills, but who cannot relate to the problem at hand." To me, Mr. Deputy Speaker, that's the most essential ingredient, some person who can go into the home and into the kitchen of the farm that's about to be lost and can gain, through communication, through interpersonal skills, the trust and the confidence of the people who are going through some incredible stress in a lot of cases — seeing 30 years of hard work, extremely hard work eroding so quickly that there may not be a home for them in which to live in a short period of time.

So, Mr. Deputy Speaker, I just wanted to put that on the record because, in my view, it's important that we be talking basically about the same concept, and also

it's important that the members opposite realize that even though we may speak against the bill, we do not lack any of the concern that they may wish to indicate to an outside public.

Mr. Deputy Speaker, so we now have Bill 4; what does it do? Well it beefs up the status of the Peer Advisory Committee in the past, and that's good. There's no problem with that. As my colleague indicated the other day, it puts into place a mediation board which will guarantee a process to all, and that's important. Yes, without the presence of some type of legislation, most people will have access to either professionals in the field, or access to other people who have through winding-down activities, will have some help along the way; but, indeed, there's a minority out there who may not have access to that and this will then allow everybody to have the same rights.

So it guarantees, Mr. Deputy Speaker, some level of communication. — (Interjection) — Mr. Deputy Speaker, I'd love to digress into some friendly banter with members opposite, but this issue is just too important and I honestly believe that the members opposite will not grant me leave to exceed my 40 minutes, even though there seems to be a funny looking creature up there waving at me right now.

So, Mr. Deputy Speaker, I must say that there are parts of this bill that we can readily accept. But let me ask the question, do we need both these peer panels and a mediation board? Do we need both in place? I would ask the Minister, when we're debating either in committee or on Third Reading, to explain more fully why one board — the beefed-up panel, whether you call it a mediation board or whatever — why one body would not suffice? I honestly don't believe that we need both.

(Madam Speaker in the Chair.)

Well, Madam Speaker, this bill puts up \$6.5 million to support those instances when the mediation board recommends that an outside infusion of cash will provide a reasonable chance to the farm survivor, and that's important. It was an election promise made by the NDP. They believe, in some cases where it can be documented, that farms are in serious problems because of circumstances far beyond the management capability of the individual. That farm should be supported through two or three years of difficult times and allowed to continue on its own, once economic times within the farming community improve. So I have no quarrel with that.

Some would argue, however, that this money would be better spent in guaranteeing the shortfall between the appraised value and the market value of the time. Some creditors have said, for some period of time, that in many of these instances they have already written down a sizeable portion of their debt; and yet even today's appraised value is above the market value, and they would claim that the government could help out more so by guaranteeing that difference between market and appraised value. So that the government and the lending institutions could hand-in-hand walk or support that individual who should be supported, who obviously has the management skills and the production skills necessary to make his operation or her operation a viable one in years hence.

Madam Speaker, these are the good points but, as I said earlier, they are overbalanced by those parts that

are not only bad, but I believe in many respects risky and dangerous to the health of other borrowers within the agricultural community. What are they?

Madam Speaker, the bill is complex, unquestionably more so than Saskatchewan, where their bill deals specifically with land; more so than the Federal Government bill. I believe it's so complex that the Minister of Agriculture doesn't understand it. We have some indication, Madam Speaker, that the Minister of Agriculture has gone to the Keystone Agricultural Producers and told them — at least, it indicates so within their first press release here some two weeks ago when they gave some conditional support for the bill. The Minister supposedly indicated to the Keystone group that the courts cannot vary the conditions of the loan, that the courts could not order that there be a writedown of debt.

Well, Madam Speaker, there are three places in the bill where the courts have that responsibility, not that responsibility, but have that opportunity. Yet the Minister of Agriculture comes before us and says they don't. I submit that the Minister of Agriculture does not understand his own bill and it was just pointed out to him yesterday by members on this side of the House that that's how much power his bill has.

Maybe, when he talks about communications, he would be wise and his department would be wise to fully understand what it is they're trying to place before the farm community, such as lending institutions, all of them, Madam Speaker, will not feel so threatened, because today they feel threatened. They feel that some government appointed panel or mediation board can make recommendation to the courts, such that all or a major portion of the debt can be written off with the wave of a wand.

So I say it is complex, Madam Speaker, and again it's complex because it deals with more than land. The Saskatchewan bill didn't, and do you know why it didn't? I'll read some of the questions and answer sheets that came out when the Saskatchewan bill was introduced, and I quote: "By imposing the moratorium against foreclosure with respect to farm land only, fewer problems will be created for small businesses in the farm sector. These small businesses will still have recourse to recover from their debtors through seizure action."

Yet in this bill, Madam Speaker, small businesses, suppliers will be restrained and prevented, people, not bankers who have the expertise of lawyers and bailiffs at their ready disposal, knowing how to deal with this, but small lenders, seed suppliers, fertilizer suppliers who have none of that expertise will also be prevented from seizing on their security. Saskatchewan didn't do that, Madam Speaker, because they realized the impact it would have on small business.

Madam Speaker, this bill has no sunset clause. The Saskatchewan legislation does. Theirs runs out effectively as of today, December 1986, and yet, with these major discretionary powers through the moratorium part, this Cabinet can, through Order-in-Council, continue to frustrate the wish of lenders wanting to realize on their security. I say to you, Madam Speaker, if you have money lent out and it's being eroded away because of an action of government such that you cannot lay claim to any portion of it, you too would be extremely worried.

The second reason why I'm opposed to it, Madam Speaker, is because of the net benefit argument. It's hard to quantify, but quite frankly I do not believe that this bill will cause there to be a net benefit to agriculture. My colleague, the Member for Virden, indicated yesterday that he would expect that there would be an increased cost to credit. If you look at the total cost of farm credit within Manitoba, whether it's \$1 billion or \$2 billion, and I've heard the Minister of Agriculture as recently as two days ago, indicate it was \$2 billion.

If we see an increase of 1 percent on \$2 billion, we're talking about a cost to the agriculture community directly of \$20 million; but not for the 45 percent of the farmers who don't borrow, who are in good, healthy economic situations and probably not for the 30 percent of those people who borrow but who have a high asset base, because there will still be strong competition amongst the lending institutions for their business because they really represent little risk. Who is going to pay this additional \$20 million? The remaining 25 percent, the people who can least afford it, Madam Speaker, and yet the Minister of Agriculture doesn't understand the logic behind the argument that we present to him.

I claim it will cause a reduction in the money supply. Saskatchewan experience again tells us that in 1984, lending institutions there would support up to 75 percent of the appraised value of land. They would lend in support of that level of value. Two years later in that province we are told that the lending institutions are now covering only 60 percent to 65 percent.

Madam Speaker, credit is drying up, and yet the Minister who has this knowledge in his hands refuses to understand our argument. Today within Manitoba and indeed for the last 40 years, trust companies, life insurance companies have not directed any funding to the agricultural community. There's a reason for that.

The first farm that I bought, I bought from my father who bought from his father, who bought from a trust company who had it on their hands for 10 years, from 1935 to 1945, who once they disposed of all of that land in 1945 were not seen lending within the agriculture area and have not been since. That's the risk that the Minister is taking. To what degree is he going to push out other sources of credit within our agriculture community?

Madam Speaker, 50 years is a long time. The banking institutions and the credit unions have just come into lending in that area in a large manner over the last 15 years. I can remember my grandfather, after he was established, lending money out to farmers who could not secure credit at the bank, coming to him and pleading for funds, people within their own community at the rate of 1.5 percent because lending institutions would not give them money. It's just changed in the last 15 years, and yet we have the Minister of Agriculture and this government prepared to bring forward legislation that will put at jeopardy sources of credit available to the farm community.

Madam Speaker, I honestly believe that because lending institutions will be forced to hand over their financial arrangements, firstly to the mediation board; and secondly, and more importantly in some cases, to the courts, which may vary some of the contractual arrangements arrived at, that it will cause them to really look at the degree to which they're going to support the agriculture community.

It begs the question, how bad have the credit institutions been over the past three to four years? How tough have they been to deal with, Madam Speaker? — and that's my third point. The Minister said, "Very bad." He quoted the Bank of Montreal, he quoted them in an example, saying how they had chased the farmer off in the Portage area. The Minister may want to be candid about it and tell us he's had the true facts given to him in that case, and then he may want to indicate that he's been forced to maybe apologize behind closed doors.

But let me tell you my experiences, Madam Speaker. I've been involved in a corporation that had to liquify; that had to go through voluntary bankruptcy with a lending institution, and I can tell you the experience is never one you enjoy. But I can tell you that that institution walked the extra mile in support of whatever equity there was, in support of the reality that 24 percent interest rates in 1981 and the fact that there was a short crop would do in almost anybody that was highly levered. I can tell the Honourable Minister that today they're still walking the extra mile, and that is why panels and mediation boards are only again worthwhile if you have people who understand the basic rights of ourselves who may come into a problem situation.

Yet, Madam Speaker, I've also, on the behalf of two other farmers, gone to lending institutions and tried to plead their case around the big board room and was to the point where the lending institution were prepared to give and develop another arrangement, when it was found out that the farmers in question had been hiding machinery, had been stealing grain, had broken good faith with the lending institution. That type of individual can't be protected, not by legislation. You can't allow trust between the creditor and borrower to break down. If this bill gives false hope to people and leaves farmers and allows them to believe that they can break that trust, Madam Speaker, then you've created another problem.

Well fourthly, Madam Speaker, can you indicate how much time I have remaining?

MADAM SPEAKER: The honourable member has three minutes.

MR. C. MANNES: Madam Speaker, the Federal Government approach to me is far superior. It covers all property indeed, under Section 178 of the Bank Act. It's consistent across all provinces and I honestly believe that the reallocation money that the Federal Government is prepared to put up, in the sense of retraining, is something that Manitoba should have a portion thereof, and I think it's incumbent that the Minister and the government realize that Manitoba probably stands greater benefit if we come under the federal jurisdiction in this matter.

I made the fifth argument, Madam Speaker, with respect to the availability of people who can deal in this matter. I honestly believe that the individual who wants to act as a communicator has to bring with him or her those type of skills that will allow them to not only talk production, talk some of the very real legal matters, but also talk about the stressful matters that go into these situations, or occur.

The sixth point, Madam Speaker, is the name. I find it most irresponsible, reprehensible and terribly

insidious on the government that they would name this The Family Farm Protection Act. It steals away from that whole institution of the family farm their very pride. Because, Madam Speaker, every bill that the members bring in with respect to agriculture has something to do with the family farm, and now what you're going to be seeing — the next one will be The Family Farm Protection Act, Bill 2 and then Bill 3 and Bill 4. This no more guarantees the longevity of the family farm than Bill No. 9 dealing with education, Madam Speaker. It's a misnomer; and to me, it's inconceivable that the government could put that type of title toward it.

Lastly, Madam Speaker, I believe that the government — the Minister has gone too far. I believe that the bill is one for urbanites; it's one for show; it's one to convince their urban constituency that they're doing something, and I believe that they aren't.

In summation, Madam Speaker, I believe that there are good parts to this bill. But I say, in closing, that if it's public policy that 5 percent or 2 percent of our farm community be treated as welfare cases and to use the words of my colleague, "as wards of the state," then let that be a public policy decision, where all taxpayers pay to that, just not the 20 percent of the farmers who will be paying higher interest costs because of this bill. I say to you, Madam Speaker, in 1987, there will be major problems associated with — I dare say — 10 percent of our farmers achieving operating loans and it will be because of this bill.

Thank you.

MADAM SPEAKER: The Honourable Member for Lakeside.

MR. H. ENNS: Thank you, Madam Speaker. I move, seconded by the Honourable Member for Roblin-Russell, that debate be adjourned.

MOTION presented and carried.

MADAM SPEAKER: On the proposed motion of the Honourable Minister of Consumer and Corporate Affairs, Bill No. 8, standing in the name of the Honourable Member for Riel.

A MEMBER: Stand, Madam Speaker.

MADAM SPEAKER: Stand.

BILL 9 — THE PUBLIC SCHOOLS ACT LA LOI SUR LES ÉCOLES PUBLIQUES

MADAM SPEAKER: On the proposed motion of the Honourable Minister of Education, Bill No. 9, standing in the name of the Honourable Member for Roblin-Russell.

MR. L. DERKACH: My comments with regard to Bill 9 this morning are going to be quite brief, but I do wish to comment on some of the areas of the bill which I feel have some concern to us and which I feel need some explanation.

On first perusing the bill, Madam Speaker, it appears that it is a housekeeping bill and one that is designed to streamline and to assist in the procedures as the Minister had outlined.

However, the area that I have some concern with, with respect to this bill, is the area that deals with other financial provisions, that section being 194, where we talk about the prescribing and the manner in which funds are prescribed in the first section, and then in the last section of the proposed legislation, it talks about prescribing the amount by which a grant may be reduced.

That is the area I have some concern about, because again, I think of the things that have happened in the past and the major funding formula. There is reason to be cautious here, because I believe that the former Minister of Education, when the school divisions were given the new formula, was told that there would be no reduction in funds they would receive, but yet here we see something that says a grant may be reduced to a particular school division.

The experiences that the school divisions have had with respect to the major funding formula have not been good ones, and this is the reason why I think we should proceed very cautiously. I think that the Minister has already received some representation from school divisions such as the Brandon School Division who have a concern about the major funding formula and the impact it is having on their division.

The low-spending school divisions, of course, have experienced great difficulty with it because of the fact that their revenues have been reduced. As a result of reduced revenues by these school divisions, they have found it necessary to go to the local taxpayers and increase the special levies which again have raised concerns by local taxpayers.

Even though there are only 19 school divisions that are presently on the new funding formula, the Minister has not taken it upon himself to address this situation, which is a very serious one. Obviously the formula is not working. When you only have 19 school divisions on the original formula, it is obvious that something is wrong. Although there have been some meagre attempts to change the formula, we see that there is another formula in place now, and then there is still another one. We've already got three formulas that are being worked on, and yet none of these are working for many of the school divisions, and where is this formula? We find that the formula is now in regulation which means that the Minister or his department can tinker with the formula and change it at their wishes so that all of a sudden school divisions, who are submitting their budgets, can find out that they are working under yet a new formula.

This was one of the problems that was experienced early this spring when school divisions submitted their budgets and found that the funding formula had been altered and all of a sudden they were working under a formula that was new, that was going to reduce their anticipated funding, so therefore they had to go to the local taxpayers to raise funds.

It is fine for the Minister to say that they are working towards the high percentage of support for school divisions, but yet we find the actual amount revenue that is being received by some of these school divisions is decreasing while their special levies are increasing and it is the low-spending school divisions that are being affected. It is not the high-spending school divisions. The high-spending school divisions are on the formula. The low-spending school divisions, who

exercised some restraint, who exercised efficiency in operating their school divisions are being hurt. So the formula is obviously discriminating against them. It is not encouraging school divisions to spend prudently and cautiously.

In effect, what is happening, school divisions are being told that they are going to have to spend more in order to be able to get greater funding the following year. I wonder how this is supposed to be an efficient way to run a department. It is certainly beyond me.

Madam Speaker, we have seen also that the authority of local school divisions and school boards has been eroded in the past. Now we see in this housekeeping bill, as it is called, that we are taking out the wording "municipal boards." We are taking the jurisdiction of municipal boards out of the Act where we talked about capital spending and capital funding and, again, I'm wondering what the next step will be, Madam Speaker, because taking municipal boards out has been explained, that because we have the Public School Finance Board in place now, we don't need the municipal boards to have their jurisdiction.

But, in effect, with the municipal board having some jurisdiction, I think that there is some control by another body in terms of what is being spent. I guess I can cite a personal example here, one where I can relate back to my own school division.

During the election campaign there was a sudden announcement by the Minister of Education that our school division was going to be receiving an addition to our school. Although it wasn't anticipated at that time, we found it quite surprising, but yet how could we refuse that announcement? There were no funds announced, it was just stated that we were now going to be given the go-ahead to construct a new school.

In the early discussions we were visited by the Chairman of the Public Schools Finance Board who indicated to us that now, in addition to the new school that was going to be built in our particular division, we would also have to be attaching to that school a day care centre. Now the school division did not have an opportunity to say no to it. It was simply stated that if we didn't take it as an attachment to the school, the community would never be able to receive that kind of facility in the future.

So, Madam Speaker, I'm wondering, here we have the Public Schools Finance Board taking complete control and saying to a school division: here it is, if you don't want it now, you'll never get it again; and you don't have the opportunity to discuss, to debate, to take it to the public and to see whether that facility in fact is needed or not. And when they were questioned by the school division as to whether this facility was really required, they were told, oh yes, we've done our surveys, and the surveys indicate that there is a need.

The school division went about and tried to do their own survey and find out whether there actually was a need, so a meeting was set up, at which time only one parent showed up, and the Public Schools Finance Board did indicate that there was a tremendous need. Some 30 parents, or 30 children, were going to be requiring this space for which the school division had some real concerns about, but they were not consulted before. So here, I relate this back to the fact, that all of a sudden we have the Minister, the Public Schools Finance Board taking complete control without the

opportunity of another body having a real input into this.

So as I said, I'm a little bit cautious about taking away the wording of the jurisdiction of municipal boards when we're talking about capital funding debentures and so forth.

Madam Speaker, for these reasons I am somewhat cautious and I hope that when the Opposition decide to speak to this bill that some of these areas can be explained so that we have a clearer understanding of the precise intent of the areas of the bill which have been addressed in this particular area.

Thank you very much.

MADAM SPEAKER: The Honourable Member for Morris.

MR. C. MANNES: Madam Speaker, I move, seconded by the Member for Roblin-Russell, that debate be adjourned.

MOTION presented and carried.

MADAM SPEAKER: On the proposed motion of the Honourable Minister of the Environment, Bill No. 10, standing in the name of the Honourable Member for Fort Garry.

MR. C. BIRT: Stand.

MADAM SPEAKER: On the proposed motion of the Honourable Minister of Municipal Affairs, Bill No. 11, standing in the name of the Honourable Member for Arthur.

MR. C. MANNES: Madam Speaker, stand; and we are prepared to stand all the bills that you may be calling.

MADAM SPEAKER: Is that agreed? (Agreed)

A MEMBER: Now the bills are all standing in the name of the Member for Morris.

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Yes, Madam Speaker, as was indicated earlier, it is our intention to move into Interim Supply, and I move that Madam Speaker do now leave the Chair, and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty, seconded by the Minister of Health.

MOTION presented and carried and the House resolved itself into a Committee to consider of Ways and Means for raising of the Supply to be granted to Her Majesty, with the Honourable Member for Burrows in the Chair.

COMMITTEE OF WAYS AND MEANS INTERIM SUPPLY

MR. CHAIRMAN, C. Santos: The Committee will please come to order for the continued consideration of the following resolutions: Interim Supply.

Resolved that a sum not exceeding \$1,403,091,560, being 40 percent of the total amount to be voted as set out in the Main Estimates, be granted to Her Majesty for the fiscal year ending the 31st day of March, 1987.

The Member for Morris.

MR. C. MANNES: First of all, I'd rise, and I'd like to begin by thanking the Minister of Finance for tabling this one, the year-end report, the financial reports for the Province of Manitoba. I'm glad to be able to indicate that — or I'm sure he's glad to be able to indicate — he did it a month sooner than it was a year ago — a month and five days. I hope we take some credit for that in having pushed this government, because it indicates to me that when there is a will to do something expeditiously, it can be done. Of course, this makes me believe that some members opposite at least have a full commitment to freedom of information when they use that slogan, whatever it means.

Anyway, Mr. Chairman, I couldn't help but notice the change in year-end deficit is some \$33 million more than estimated, a slight decrease from the third quarter estimate of shortfall. Yet when one looks at those areas which are responsible for the change from actual versus estimated, they fall more or less into two areas. Yes, one of them is within the whole transfer area; but secondly, there is a major component within the Department of Finance, some \$25 million.

I would ask the Minister whether all of this — because it isn't broken out here — is due to changes in actual interest rates, changes in increased borrowings, changes in allocations within that department. Certainly there has to be an explanation, because it would seem to me where in one area of government where there would not be major surprises between the preceding forecast and the year-end actual, it would occur within the area of Finance. Most of the debt is statutory. I'm well aware of that.

The interest rates experience over the past year has been such that the interest rate regime has fallen, maybe not as much as was estimated by the department when they were preparing the budget some year-and-one-half ago; but nevertheless, Mr. Chairman, I think we deserve an explanation as to why the figure under Finance has increased some \$24.3 million over what it was forecast a year-and-one-half ago. Maybe the Minister could give us that response.

HON. E. KOSTYRA: Before doing that, I would just like to make a couple of points with regard to the Interim Supply Bill.

I would hope we could move it along expeditiously as we have a considerable number of steps yet to get through this committee, back into the House, and into the Committee of Ways and Means for Second and Third Readings. The fact is that at some point during this month, the government will need the necessary authority that is contained in the Interim Supply Bill. As members are aware, this bill was put in to subsume the Special Warrant which was issued prior to the House convening and allowing the government for spending authority that would have gone well beyond this point in time. However, I felt that it was important that this bill be brought before the House and that all members had the opportunity of debating. I would hope it could be dealt with expeditiously.

In regard to the fourth quarter, to just reinforce the fact that towards the end of July there will be a requirement for the necessary authority, particularly by about the fourth week in July when we're needed to meet payroll costs. In the interim there will be some bills that will have to be held back pending the passage of this bill.

In terms of the year-end report, the changes that resulted in the higher budgetary requirement than what was originally anticipated when the budget was down or laid out in the report and they basically deal with areas of health services, social allowances, and the one the member made reference to in the case of the Department of Finance and some other miscellaneous areas.

I would point out, although he didn't, that while they made quite a point of the third-quarter figures, in fact, suggested at that time that the year-end figures would be considerably higher than the third-quarter figures and, in fact, the reverse is true by a considerable amount of money. The difference is from approximately \$554 million to \$529 million, which is the reverse of what members opposite suggested was going to happen by the year-end report.

In terms of the area of Finance, the majority of those costs — I don't have the complete breakdown, unfortunately, before me — related to public debt cost, and I believe they resulted as a difference between what was anticipated in terms of the rates, levels and those associated factors. But possibly at another sitting of this committee, I could provide a bit more detail for the member; but it does relate basically to public debt cost, and it was as a result of changes as to what was projected, I guess, 15, 16, 18 months ago as compared to what existed by the end of the year.

MR. C. MANNES: Well, Mr. Chairman, I'll take the Minister at his word that he will provide greater detail associated with the overage of some \$24.3 million with respect to the budgetary requirements within the Department of Finance.

But nevertheless, I think it is pretty important also, when we move into discussing that particular item, that the Minister indicated how it would be that we could miss the mark in such a large fashion. I could see it occurring, quite frankly, in some other departments of government where we may not know, for instance, the welfare caseload with great accuracy. We may not be able to determine the additional monies that may have to be spent within our hospital system.

But certainly, within the area of Finance, we would think, because so much of the debt is statutory, that we might be able to come up with a pretty accurate estimate, and if we erred at all, it would be on the conservative side. So hopefully then, the Minister might want to move into some discussion and give us some broader understanding as to how it is we can miss the mark so badly within the Department of Finance.

The Minister says that members opposite were crying that the year-end deficit would be much greater than \$554 million. I think he's specifically referring to me, Mr. Chairman. I didn't quantify that. I guess when I saw the Minister come to the House and begin to scream with respect to changes in the federal transfer allocation system, one week or so before a new budget was

coming down, I would ask you, Mr. Chairman, what else could one think that they're given that the third-quarter experience saw the estimate jump from \$489 million, roughly thereabout, to \$554 million. Mr. Chairman, with the very limited information that members opposite had, what more could we suspect and that there were going to be some major horror stories?

Mr. Chairman, how can the Minister take solace from the fact that we still have a \$529 million deficit? I mean, so it didn't hit \$600 million. I mean, should we be totally joyful that it only hit \$529 million? Well, my goodness, I guess it's all relative.

Mr. Chairman, maybe the Minister would like to respond and I would now turn the floor over to my colleague. I think he has further questions.

MR. CHAIRMAN: The Member for Pembina.

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

In terms of the Fourth Quarterly Statement, I wonder if the Minister could indicate from — yes, I guess they are numbered, the pages are numbered — Page No. 2, where we get into the direct debt and the guaranteed debt of the province. Now I haven't had time to go through it in complete detail, but basically, we've got, in terms of the direct debt, an increase in the direct debt in 1986 over 1985 of some \$810 million, and when we move down to the guaranteed debt, which presumably rolls in our Crown corporations, Manitoba Hydro, Manitoba Telephone System in terms of provincial guarantees to any borrowings they might undertake, we have that figure increased to \$882 million.

Mr. Chairman, it's my recollection, and let's deal with the direct debt rather than the guaranteed debt, because the direct debt is, as I understand it, more closely attuned to the Province of Manitoba, the government's requirements, excluding external and Crown agencies.

With a projected deficit in the neighbourhood of \$529 million for this fiscal year 1985-86, the direct debt increase, the difference in the direct debt increase is some \$280 million. I wonder if the Minister might be able to provide us with a breakdown as to how that increase on the direct debt occurred faced with some \$530 million of current account or combined account, current and capital account deficit, for the Government of Manitoba, for the province, over the 1985-86 year. What caused the other \$280 million approximate dollars of increase in direct debt to the province?

HON. E. KOSTYRA: I presume the member is referring to the Quarterly Financial Report for the year end, as he didn't make reference to what he was dealing with, and we are in Interim Supply consideration of the Committee. So I thought he might be talking about that, but I presume he is talking about this report.

I would just point some other comments with respect to this report in response to the previous member's comments. I think it would be of considerable interest to all members to look at the last page in this report and look at the differences in the revenue area, because I know just recently, on a consistent basis, the Leader of the Opposition talks about the 6 percent increase in federal transfer payments to the Province of

Manitoba. If you look at the figures there, you will note that under the equalization area there's a decrease of \$7.6 million on the actual — that is, last year over the previous year.

In terms of what was budgeted, there's a decrease of 9.4; but in deference, the Leader of the Opposition consistently talks about a 6 percent increase, and I just want to make sure that people understand the facts. In the case of established programs, cash transfer, you'll see there that there was an increase of \$4.8 million in terms of year over year, low in terms of the budget of what was expected as a decrease of \$16.3 million, so even if you look at the bottom line in terms of the increases, you will see that the total year-over-year increases are only 13.7 on an '84-'85 base of just over 1 billion so you can see that the increase is quite minimal. In terms of what was budgeted and what was expected in terms of both those areas, you'll see a 12.9 decrease.

The reason for the difference in terms of the direct debt is something that I cannot give a specific reply to. I presume he's talking . . . He used a figure that I don't see anywhere on this sheet of 882 million.

MR. D. ORCHARD: The increase in the guaranteed debt.

HON. E. KOSTYRA: Oh, I see, the increase in the guaranteed. So you're asking the question as to why that is higher than the . . .

Well, if you go down further that page and look at the purpose of debt, it shows where the increases there come from and the area relating to general government purposes is 497 million and the rest of it, the increases, related to the Crown corporation agencies and boards. So that relates more to the area that the member mentioned as equating that to the increase in the operating and capital budgetary requirements of the province. But if he requires further information in that regard, I'll have a look at those areas and see if we have a way of equating them or explaining the difference; but the way I look at it, it doesn't come out the same or as significant as the member indicates. The 497 million, it's more in line with the budgetary requirement or, as commonly referred to, as a deficit.

MR. D. ORCHARD: Mr. Chairman, I just want to clarify with the Minister. I want to talk about the direct debt. I only mentioned the 882 million guaranteed debt because I realize part of that is hydro or telephone; but I want to get into the direct debt figure where it is increased by \$810 million, year over year. With a budgetary deficit capital and current account combined of 530 million, rough figures, we end up with \$280 million of increased debt from somewhere else.

Now, one of the things that I want to determine is the source of that, because if the Minister may have been present when I addressed his Budget, and one of the alarming things that I found in doing some preparation for the Budget Debate was in going back to the 1981 Budget papers, the charts which indicated that in years up to 20 years hence, there's a projection of the amount of borrowing we need simply to refinance issues that are coming due.

Over the four-and-half short years that this New Democratic Party has been in power, those same figures

for five-year periods of 90 to 94 and 95 to 99 have increased by some 333 percent respectively. I want to know if the increase in the \$280 million of direct debt is as a result of having to refinance previous borrowings rather than expenditures for assets which were put in place during the fiscal year 1985-'86, such as — I can use examples of increased telephone plant, etc., etc., or repairs to a Winnipeg River generating station owned by Manitoba Hydro. So that's the analysis that I wish to pursue further with the Minister.

HON. E. KOSTYRA: Let me try to explain it again. The member made reference to the total direct and guaranteed debt net of sinking funds, looking at a net increase of 882,467,000 and he asks what was the purpose of that debt. If you go to the next section, the purpose of that net is broken out in two figures, and if you take the figure of 584,088,000, which is the net of the Crown corporations, agencies, board and commissions, less the sinking fund cash investments — in this case it was a positive figure there — you come up with \$584,088,000.00.

Then it breaks out the general government programs and other purposes, less the sinking fund, which comes out to 298,379,000.00. If you total those two figures, you get an increase of 882,467 in the guaranteed debt, so that is the breakout between the two purposes: 584 million-plus for Crown corporations, agencies, board and commissions; and 298,379 increase due to general government programs and other purposes, plus the sinking fund contributions. If he wants more detail than that, I'll look at that.

MR. D. ORCHARD: Mr. Chairman, those two figures of 584,088 and 298,379 do not total the 882. They are different. My question is: out of the purpose of the debt — and that's why I want to find out how we ended up with 280 million more in direct debt — I want to know whether, of the net increase in debt to Crown corporations, agencies, boards and commissions, whether that's new investment that was put in place, whether at the end of the fiscal year 1986

HON. E. KOSTYRA: . . . they do total up.

MR. D. ORCHARD: No.

HON. E. KOSTYRA: Yes.

MR. D. ORCHARD: No, 584,088 — oh no, I took the wrong number, I'm sorry. I apologize to the Minister. Of the 584 million that is in your Crown corporations, how much of that money was used to refinance previous borrowings which did not result in any new asset being in place for the people of Manitoba? That's the question I want because that allows us to see where we are tracking in terms of our provincial deficit and the amount of money we have to borrow and where it's going; and that's a figure that I cannot derive from these figures that are here. If the Minister can provide that at a future date, that'll be appreciated.

HON. E. KOSTYRA: Well I'll see if I can get that information in the interim, but I believe it will be available through two other sources, one of which will be available

fairly shortly, I believe, and that is the Financial Annual Report of the Department of Finance, which is at the printers and I expect to have that ready for tabling very shortly, once it's back from the printers. The other is through the Public Accounts which obviously breaks it up, but I will take that as notice and see if I could provide that information. The member does acknowledge that my mathematics are right and his are wrong . . .

MR. D. ORCHARD: Yes, I added the wrong figure on the bottom, I added 497 instead of 584.

HON. E. KOSTYRA: Pass.

MR. CHAIRMAN: The wish of the committee is to pass this resolution. Agreed? (Agreed)
Committee rise. Call in the Speaker.

IN SESSION

Mr. Chairman, reported upon the Committee's deliberations and asked leave to sit again.

MADAM SPEAKER: The Honourable Member for Burrows.

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

MOTION presented and carried.

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker.
I move, seconded by the Minister of Industry, Trade and Technology, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee to consider of Ways and Means of raising the Supply granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee to consider of the Ways and Means for raising of the Supply to be granted to Her Majesty, with the Honourable Member for Burrows in the Chair.

COMMITTEE OF WAYS AND MEANS

MR. CHAIRMAN, C. Santos: Committee will come to order to consider the following resolution, Interim Supply.

Resolved that towards making good the Supply granted to Her Majesty on account of certain expenditures of the Public Service for the fiscal year ending the 31st day of March, 1987, the sum of \$1,403,091,560 being 40 percent of the total amount to be voted as set out in the Main Estimates, for the fiscal year ending the 31st day of March, 1987, laid before the House at the present Session of the Legislature, be granted out of the Consolidated Fund — pass.

Committee rise.

Call in the Speaker.

IN SESSION

The Chairman reported upon the Committee's deliberations and asked leave to sit again.

MADAM SPEAKER: The Honourable Member for Burrows.

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

MOTION presented and carried.

MADAM SPEAKER: The Honourable Minister of Finance.

INTRODUCTION OF BILLS

HON. E. KOSTYRA introduced, by leave, Bill No. 7, An Act for Granting to Her Majesty Certain Sums of Money for the Fiscal Year Ending March 31, 1987 and to authorize Commitments to expend Additional Money in Subsequent Years and to authorize the Borrowing of Funds to provide for Cash Requirements of the Government (The Interim Appropriation Act 1986); *Loi allouant à sa majesté certaines sommes d'argent pour l'année financière se terminant le 31 mars 1987, et autorisant le gouvernement à engager des dépenses pour les années subséquentes et à faire les emprunts requis pour subvenir à ses besoins de fonds (Loi de 1986 portant affectation anticipée de crédits)*, and be ordered for Second Reading immediately.

SECOND READING

BILL NO. 7 - THE INTERIM APPROPRIATION ACT, 1986; LOI DE 1986 PORTANT AFFECTATION ANTICIPÉE DE CRÉDITS

HON. E. KOSTYRA presented, by leave, Bill No. 7, The Interim Appropriation Act, 1986, An Act for granting to Her Majesty certain sums of money for the fiscal year ending March 31, 1987 and to authorize commitments to expend additional money in subsequent years and to authorize the borrowing of funds to provide for cash requirements of the government, for Second Reading; *Loi allouant à sa majesté certaines sommes d'argent pour l'année financière se terminant le 31 Mars 1987, et autorisant le gouvernement à engager des dépenses pour les années subséquentes et à faire les emprunts requis pour subvenir à ses besoins de fonds.*

MOTION presented.

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker.
Bill No. 7, The Interim Appropriation Act, 1986, is required to provide interim spending commitment and

borrowing authority for the 1986-87 fiscal year commencing April 1, pending approval of The Appropriation Act, 1986. Bill No. 7 will replace a Special Warrant issued pursuant to Order-in-Council 284/86 which has provided Interim Supply authority to date in the 1986-87 fiscal year.

The amount of spending authority requested is \$1,403,091,560, being 40 percent of the total amount to be voted, excluding the statutory items as set forth in the Main Estimates of expenditure, as follows:

Total general statutory appropriations, \$361,878,000.00; total sums to be voted, \$3,507,728,900 which means a total of Main Estimates of Expenditure, \$3,869,606,900.00.

The Interim Supply calculation is 40 percent of the \$3,507,728,900 sum to be voted, which equals \$1,403,091,560.00.

Due to the late start of the Legislature in 1986, it is deemed appropriate to request an Interim Supply allocation of 40 percent of the amounts to be voted. In accordance with recent experience, this should provide spending authority until late August. The Special Warrant passed . . .

MADAM SPEAKER: Order please. If honourable members would like to carry on private conversations, could they do so elsewhere.

The Honourable Minister of Finance.

HON. E. KOSTYRA: . . . by Cabinet to provide initial Interim Supply for 1986-87 provided expenditure authority totalling \$1,250,000,000.00. That Special Warrant will be subsumed by the Interim Supply Bill now before the House.

Since the 1978-79 fiscal year, a borrowing authority clause has been included in The Annual Appropriation Act to provide authority for the government to borrow for its own cash requirements. A borrowing authority clause was included in the Interim Supply Bill in 1983-84 and again in 1985-86 to enable the Minister of Finance to borrow a portion of the estimated cash requirements during the early part of the fiscal year.

Again for 1986-87, the government has decided to put authority into The Interim Appropriation Act to borrow a portion of its cash requirements which are estimated to total \$700 million. Bill No. 7 will provide the government with borrowing authority of \$300 million. The balance of the required authority — being \$400 million — will be included in The Appropriation Act, 1986.

Madam Speaker, the amount of future commitment authority has been significantly increased in this Interim

Supply Bill relative to previous years, from \$60 million in 1985-86 to \$200 million for 1986-87.

This is representative of the increase in the full year level of future commitment authority required in 1986-87 to provide for the financial obligations under the MPI lease arrangements. On reference from the Provincial Auditor, the Legislative Counsel has recommended that sufficient authority be included to cover the long-term lease commitments under these agreements, approximately \$150 million. The total 1986-87 forward commitment authority to be included in the Main Supply Bill, is estimated at \$400 million, as opposed to \$220 million provided for in 1985-86.

In previous years, the amount of forward commitment authority included in The Interim Supply Bill was usually determined by applying the same percentage used in determining the expenditure authority, i.e., 30-40 percent to the total future commitment authority. Due to the higher level of existing commitments beyond 1986-87, namely the MPI leasing costs, the Interim Supply future commitment authority has been included at 50 percent of the total.

An "Abatement of Authority" clause has been inserted to terminate the Special Warrant Interim Supply previously authorized by Cabinet by Order-in-Council 284/86 and to replace it with the authority included in this Interim Supply Bill.

Similar clauses were used in the Interim Supply Bill for 1971-72 and in the Main Supply Bill for 1984-85, when Special Warrants were also utilized to provide initial Interim Supply.

Madam Speaker, Bill No. 7 is required to provide interim spending, commitment and borrowing authority to assure the continued operation of government. I would like to request the cooperation of the Opposition in passing Bill No. 7 through all stages of consideration, debate and approval, including Royal Assent, quickly.

When Bill No. 7 reaches the committee stage, I can provide members with a section-by-section explanation.

MADAM SPEAKER: The motion before the House is Second Reading of Bill No. 7. Agreed? Agreed and so ordered.

The Honourable Minister of Finance.

HON. E. KOSTYRA: Madam Speaker, I think there's an inclination to call it 12:30.

MADAM SPEAKER: Is it the will of the House to call it 12:30? (Agreed)

The hour being 12:30, the House is now adjourned and stands adjourned until 2:00 p.m Monday next.