

## LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, 10 July, 1987.

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 Kildonan.

**MR. M. DOLIN:** I beg to present the First Report of the Committee on Private Bills.

**MR. CLERK, W. Remnant:** Your Committee met on Thursday, July 9, 1987 at 10:00 a.m. in Room 254 of the Legislative Building to consider bills referred.

Your Committee heard representations on Bill No. 17 - An Act to amend The Municipal Assessment Act (2); Loi modifiant la Loi sur l'évaluation municipale (2), as follows:

Mr. Vern Hannah, Academic Dean, Canadian Nazarene College;

Dr. David Ewart, President, Mennonite Brethren College;

Mr. Dean Whiteway, Vice-President, Winnipeg Bible College and Seminary;

Mr. David Schroeder, Canadian Mennonite Bible College.

Your Committee has considered:

Bill No. 17 - An Act to amend The Municipal Assessment Act (2); Loi modifiant la Loi sur l'évaluation municipale (2);

Bill No. 30 - An Act to amend An Act to Incorporate "Pine Ridge Golf Club"; Loi modifiant la Loi intitulée "An Act to Incorporate 'Pine Ridge Golf Club'";

Bill No. 54 - An Act to Validate By-Law No. 3678 of The Rural Municipality of St. Andrews; Loi validant l'arrêté no. 3678 de la municipalité rurale de St. Andrews;

Bill No. 55 - An Act to amend An Act to incorporate Southwood Golf and Country Club; Loi modifiant la Loi intitulée "An Act to incorporate Southwood Golf and Country Club";

And has agreed to report the same without amendment.

All of which is respectfully submitted.

**MR. M. DOLIN:** I move, seconded by the Member for Inkster, that the report of the committee be received.

**MOTION presented and carried.**

### MINISTERIAL STATEMENTS AND TABLING OF REPORTS

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

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

I wish to table the annual report for the calendar year ended December 31, 1986, The 40th Annual Report of the Civil Service Superannuation Board.

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

### ORAL QUESTIONS

#### Psychiatrists - number leaving province

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

**MRS. B. MITCHELSON:** Thank you, Madam Speaker. My question is to the Minister of Health.

Given that several psychiatrists have already left Manitoba over the past year, can the Minister of Health inform the House how many more psychiatrists will be leaving very shortly?

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

**HON. L. DESJARDINS:** As soon as they tell me, I'll let you know, Madam Speaker.

#### Psychiatric services - maintaining level of

**MRS. B. MITCHELSON:** Madam Speaker, a supplementary question to the same Minister.

Given that psychiatric services are already under stress and many psychiatrists presently in Manitoba are not taking new patients, and given that the new Mental Health Act will require more psychiatrists' time, will the Minister indicate what services will be left in Manitoba after five more top psychiatrists leave this province shortly? And what is he doing to keep psychiatrists here?

**HON. L. DESJARDINS:** Madam Speaker, certainly, as I stated earlier, we're looking to see - it's always been a trouble of recruiting psychiatrists. Many of them are interested in practising psychiatry where they want with a few private patients. We need people who are dedicated also to working with the youngsters and many of the others in prevention, and we might have to look at psychologists to help fill the load.

#### Psychiatric services - review of

**MRS. B. MITCHELSON:** My final supplementary to the Minister.

Will he immediately undertake to review psychiatric services to assure that Manitobans will have adequate care?

**HON. L. DESJARDINS:** Madam Speaker, we're always trying to improve the care that we're giving the people. It is ongoing. Certainly, when we're talking about psychiatry, we know that we're behind. It has been a problem to different degrees in all the provinces, and I believe that the plan we have in front of the Planning Committee of Cabinet is a good one and, as soon as we can, we'll implement that plan.

### **MTX - RCMP Report - tabling of**

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

**MR. G. FILMON:** Madam Speaker, my question is for the Attorney-General.

Earlier this week or late last week, he indicated that the report of the RCMP into MTX would be available by the end of this week. I wonder if he's in a position to table it.

**MADAM SPEAKER:** The Honourable Attorney-General.

**HON. R. PENNER:** Madam Speaker, I received an interim report from the RCMP that was awaiting completion with the interview of one remaining person resident in Winnipeg. They had an appointment to interview that person either at the end of this week or at the beginning of next week, so I expect to have the final report from the RCMP - (Interjection)- I'm not finished - by the beginning of next week. As soon as I have that report, it will be tabled.

### **PUNR Committee re MPIC - availability of**

**MR. G. FILMON:** Madam Speaker, my question is for the Acting Government House Leader.

We have not received the Hansard for the last sitting on the Committee of Public Utilities and Natural Resources with respect to the MPIC report. We will be considering that report further on Tuesday, and I wondered if we could have some assurance from the government that the Hansard for the last sitting of the Committee on Public Utilities and Natural Resources, with respect to MPIC, will be available at least on Monday for perusal prior to Tuesday's meeting of the committee?

**MADAM SPEAKER:** Honourable Minister of Education.

**HON. J. STORIE:** Yes, Madam Speaker.

I do not know why there has been a delay. As the member knows, the Hansard staff are the responsibility of the Legislative Assembly. I will take as notice the question and try and ensure that those Hansard transcripts are available to the member opposite.

### **ERDA agreement on Film - monies untapped**

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

**MRS. S. CARSTAIRS:** Madam Speaker, my question is to the Minister of Culture, Heritage and Recreation.

During the 1986 Estimates process some discussion took place with regard to the ERDA agreement on Film, and it was indicated at that point that there was some \$7 million available under components 4 and 5 which had not yet been tapped.

Can the Minister inform the House how much cash has flowed through during the past year?

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

**HON. J. WASYLYCIA-LEIS:** Madam Speaker, it was this spring that the Cultural Industries Development Office was announced, and it's been since that time that arrangements have been made to get the office up and running. The money should be flowing fairly soon.

**MRS. S. CARSTAIRS:** Madam Speaker, there are only two years left almost; in fact, less than two years left in this agreement.

Can the Minister explain how this \$7 million will be spent in the next year and a half, year and three-quarters, in such a way that it will not overheat the film industry, which is of real concern to the filmmakers in Manitoba?

**HON. J. WASYLYCIA-LEIS:** Madam Speaker, first of all, I should point out that it's our hope that there will be an 18-month extension to the agreement, which will make the flow of money for these priority areas occurring on a rational, reasonable basis.

The program has been set up to target some key areas - areas of training, areas of export marketing assistance, areas of production assistance. We're confident now that the office has been set up, with the advisory body about to be set up, that the money will be allocated in a way which will not cause problems for the film, video or recording communities, and that it will actually add to the incredible cultural explosion that's occurring in Manitoba in those areas.

### **ERDA Agreement on Film - extension of program**

**MRS. S. CARSTAIRS:** With a final supplementary to the same Minister.

Can the Minister inform the House of any positive assurances that she's had from the Federal Conservative Government that indeed this extension will take place?

**HON. J. WASYLYCIA-LEIS:** Madam Speaker, it's my understanding that the issue has been resolved. That was part of the discussions around the establishment of the office this past spring.

There were assurances from the federal representative at that press conference, Senator Mira Spivak, and it's our understanding that there will be no problems in the extension from the Federal Government's point of view. I believe the details are being worked out. There is a senior management committee that is meeting regularly to sort out the details.

We're looking forward to some very positive results happening fairly soon.

### Ultrasound technician course - increase in fees

**MADAM SPEAKER:** The Honourable Member for Fort Garry.

**MR. C. BIRT:** Thank you, Madam Speaker. My question is to the Minister of Health.

The Health Sciences Centre offers a course to people to become Ultrasound technicians and eight people have been selected for this course. They have just been advised that the tuition fee, which was \$1,200 last year, is now going to be \$6,000 for this year.

Can the Minister of Health advise why the policy was changed to charge these additional funds to these students?

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

**HON. L. DESJARDINS:** Madam Speaker, I'll have to take the question as notice. I'm not aware of that.

It could be that this would be the responsibility of the Department of Education, I'm not sure. We'll have to check and bring the information back.

**MR. C. BIRT:** Madam Speaker, a further question then to the Minister of Health.

I'm advised that the fees are payable to the Health Sciences Centre. It has nothing to do with the Department of Education. It's a course offered by the hospital to become a licensed technician in the province. There is now a problem of attaining additional funds because the students were initially saving for \$1,200.00. They're now dealing with \$6,000.00.

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

**MR. C. BIRT:** Yes. I would ask - as the Minister is taking that under notice - if that is the case, would he also investigate alternate ways of allowing people to pay for this course, or the people who are scheduled for it will not be able to take it as I understand it?

**HON. L. DESJARDINS:** Yes, I will, Madam Speaker.

### Ile des Chenes - increase in telephone rates

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

**MR. A. DRIEDGER:** Thank you, Madam Speaker. My question is to the Minister responsible for the Manitoba Telephone System.

If the Winnipeg telephone district area extends to within two miles of the community of Ile des Chenes, and many of the people in Ile des Chenes have subscribed for Winnipeg telephone lines and pay very high rates - previously they were paying \$152.90 per line and have now been increased to \$183.90, which is an increase of over 19 percent to their rates for one single line in there; the Public Utilities Board allowed

an increase of 11.5 percent - I wonder if the Minister could indicate why there is almost a 20 percent increase for the subscribers who have city lines in the community of Ile des Chenes?

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

**HON. G. DOER:** Madam Speaker, as the member knows, the tariffs that are in effect were approved, based on public hearings and based on public presentations and decisions of the Public Utilities Board. I know that many residents of Ile des Chenes did appear before the Public Utilities Board. I'll check the specific percentage increases, as notice.

I have met with residents of Ile des Chenes myself, their representatives. As well, Mr. Robertson just met with them a couple of weeks ago. It's obvious the area around Winnipeg is lobbying very hard for direct-line service to Winnipeg. That, Madam Speaker, of course will cost more money if it takes place, but there are a lot of inconsistencies with the zone right around the area of Winnipeg. Of course, that's an area that we want to address in our Rural Improvement Program that we hope to announce this fall after meetings with the public.

### Telephone rates - appeal of increases

**MR. A. DRIEDGER:** Madam Speaker, to the same Minister.

I'm just wondering, is the Minister prepared to review that whole aspect of it and maybe set up some kind of a board where people can appeal where they have excessive increases.

They don't know where to go at the present time. They've been phoning Manitoba Telephones and they've been getting the runaround on their requests. They want to have some avenue where they can appeal the excessive increases.

I wonder if the Minister will undertake to have some avenues set up where they can make their complaints and have them dealt with.

**HON. G. DOER:** Madam Speaker, the Public Utilities Board - the Telephone System - files tariff applications. There is considerable public debate and public presentations, and I know the residents of Ile des Chenes had a number of presentations before the Public Utilities Board. Then the Public Utilities Board makes the decision on the tariffs.

Madam Speaker, I'm one who supports the idea of having a Public Utilities Board establishing tariffs. I think it was a mistake to have the Public Utilities Board removed in Saskatchewan so there was no appeal for the citizens of that province, but certainly the specifics of the percentage increase I'll take as notice, and we'll look at it with the Telephone System, because if there is another application in the future, it would originate from the Telephone System.

If there have been unfair tariffs established over this last year, which were ratified by the Public Utilities Board, they can always be dealt with in future applications, but I will take the specific percentage as notice.

**MR. A. DRIEDGER:** Madam Speaker, I thank the Minister for that answer.

### **Silviculture Program - employment project**

**MR. A. DRIEDGER:** I have a further question to the Minister of Natural Resources.

A Federal-Provincial Forestry Agreement was signed some time ago and included a silviculture portion of it. The Federal Government money apparently is available and the program was not being proceeded with. There are many people out there who need and want this employment and the program is not being forwarded.

I am wondering if the Minister could indicate why there is the delay in proceeding with the silviculture program, especially in Southeast Manitoba.

**MADAM SPEAKER:** The Honourable Minister of Natural Resources.

**HON. L. HARAPIAK:** Thank you, Madam Speaker.

I want to say to the Member for Emerson that particular agreement is one that we feel has worked particularly well. I have only recently had a meeting with the Federal Minister responsible for Forestry at Hadashville, along with other locations, and the Federal Minister commented as well that he thought it was an agreement that could serve as a model to other provinces in Canada.

So I would like the member to give me the specifics of what he sees as not being implemented, but I am not aware of any component of the agreement that is not being delivered. It is my understanding that all aspects of the agreement are working well.

If he has specifics, I would take those as notice and get back.

**MR. A. DRIEDGER:** Madam Speaker, to the same Minister.

To clarify the question I was asking, apparently, the program is not in progress at the present time.

Will the Minister check and see whether the people will be hired to continue with the silviculture program which, at the present time, is not being proceeded with?

**HON. L. HARAPIAK:** Madam Speaker, the program is in place, the agreement is in place and operating, but I gather there is a specific project that the member would like to see operative at this time.

I will check with the forestry staff to determine what the staging and the timing of the different projects are in that area.

### **Homosexuality - inclusion in school curriculum**

**MADAM SPEAKER:** The Honourable Member for Roblin-Russell.

**MR. L. DERKACH:** Thank you, Madam Speaker. My question is to the Minister of Education.

During committee hearings on Bill 47, presenters representing groups supporting the inclusion of sexual orientation suggested very strongly that homosexuality should be taught in the public school system of Manitoba.

My question to the Minister, Madam Speaker: Whether he, as Minister of Education, will now be prepared to sanction the inclusion of the teaching of homosexuality in the curriculum in the Manitoba public school system?

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

**HON. J. STORIE:** Madam Speaker, I think that many of the groups who presented briefs to the committee last night and previously indicated to members opposite and the committee as well that they were there to discuss the provisions of the Human Rights Code as it was presented, and did not imply any such thing as the Member for Roblin-Russell is indicating.

Madam Speaker, I think the Member for Roblin-Russell knows as well as anyone that what we're talking about is the protection of individual rights, no more and no less.

**MR. L. DERKACH:** Well, Madam Speaker, there were several groups that advocated that homosexuality should be included in the public school system, and the Minister was there to hear those particular briefs.

**MADAM SPEAKER:** Order please.

**MR. L. DERKACH:** My question to the Minister: Hearing those groups which were supporting sexual orientation and were advocating that it be included in the school system, is he now going to be prepared to sanction that kind of teaching in the public school system of this province?

**MADAM SPEAKER:** That question is repetitious. The Honourable Member for Portage la Prairie.

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

**MR. E. CONNERY:** Do you have control of this Chamber, Madam Speaker?

**MADAM SPEAKER:** Order please.

### **Manitoba Small Business Bonds - implementation of**

**MR. E. CONNERY:** Madam Speaker, my question is to the Deputy Premier.

On February 19, 1986, in a news release during the last election, NDP Leader Howard Pawley announced his intention to introduce Manitoba Small Business Bonds upon the re-election of a New Democratic Party, and he also described the initiative as a clear vote of confidence in the Manitoba small business community and an opportunity for Manitobans to invest in the future of this province. He also described the job creation of small business.

Can the Deputy Premier now tell us why this program, if it is going to create the jobs that he says it is, why hasn't it been implemented, because this government has consistently had 10,000 or more unemployed in Manitoba than in the Sterling Lyon regime?

**MADAM SPEAKER:** The Honourable Minister of Business Development and Tourism.

**HON. M. HEMPHILL:** Thank you, Madam Speaker.

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

**MADAM SPEAKER:** Order please.

Are the honourable members interested in continuing with question period?

The Honourable Minister of Business Development and Tourism has the floor.

**HON. M. HEMPHILL:** Thank you, Madam Speaker.

Yes, Madam Speaker, I am pleased to answer that question, although I answered it just a short time ago. The Member for Portage la Prairie made the same point. At the time, I said, while the small business bonds were a very, very important program and very important to the business community, we were going to make sure that money was spent in the most appropriate way and, in order to do that, we were in the process of consulting with members of the financial institutions, members of the business community, and members and people from other jurisdictions like Saskatchewan which have introduced programs of that kind.

We want to learn from their experience. We want to find out what worked and what hasn't worked. If we implement this program the way we did the Manufacturing Adaptation Program, with full consultation and cooperation of the industry which we're in the process of doing, we're going to get a better bang for buck, and that money is going to be more helpful to the business community when they know it's there and they have some opportunity to participate in how it will be developed.

**MR. E. CONNERY:** Well, it looks like the Minister . . .

**MADAM SPEAKER:** Order please.

I will recognize the honourable member when there's order in the Chamber.

### **Small Business Information Centres - information re**

**MR. E. CONNERY:** Madam Speaker, to the same Minister.

It looks like she wants to be the Premier now, so we'll give her that opportunity.

Also on March 6, Madam Speaker, in the same election, the Premier announced one-stop small business information centres to reduce red tape. Madam Speaker, he said that the small business development centres, which are the RDC's in the rural areas, will be established in each of the six existing regional department areas of the province. Madam Speaker, that was during the election. We still have seen no information or nothing put forward, and the Minister admitted during Estimates that this . . .

**MADAM SPEAKER:** What is the honourable member's question?

**MR. E. CONNERY:** If it is so important and I believe it is, why is the Minister not going ahead with this

program to assist the farm community or the business community in the rural areas? It's needed, and the rural areas are not doing well, but this government and this Minister refuses to assist them.

**HON. M HEMPHILL:** I'm pleased to be able to indicate to the Member for Portage la Prairie that the services and the support that he is talking about for the small business community in the rural areas is being provided right now by enhancing the support and the resources that are being delivered through the RDC's.

While it's true that we talked during the election about a one-stop shop for the business community, it is clear that there is a transition in the process for the development of those resources. After discussion with the RDC's who are out there providing - I want to say to the Member for Portage la Prairie and the members opposite - superb resources and support to the business community in the rural area, and that I have letters on file and I have attended meetings and workshops where they have lauded the resources and the support and the help they are getting from the RDC's. We have expanded their ability to provide services by providing a major computer network which is one of the activities that was going to be provided through the one-stop shops for the business community. That has added the support to the business community in a very important way.

**MR. E. CONNERY:** If it weren't for Beauséjour, I would say the Minister was a bold-faced liar, but Beauséjour will not allow me to say that, so I will withdraw it. But, Madam Speaker, this Minister speaks whatever fleets through her head at a given time.

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

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

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

May I remind the honourable member to choose his words carefully and question period is not a time for debate?

The Honourable Member for Portage la Prairie with a question?

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

The Minister, in response to a question I had some time earlier when I asked her why the bankruptcies were up in Manitoba - very significantly up - she replied that while it was understandable that bankruptcies would up when all these business starts happened in Manitoba, Madam Speaker, the facts are that the information given to us, I understand . . .

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

**MR. E. CONNERY:** Yes, I do have a question.

**MADAM SPEAKER:** Would you please phrase your question? Question period is not a time for supplying information, but for seeking it.

### **Business starts - comparison with other provinces**

**MR. E. CONNERY:** The Minister indicated that the reason for the high number of bankruptcies was because of the large business starts. The information given to me was erroneous and the bankruptcies were not up in Manitoba, but this Minister didn't know that, and then went on to say that we're having all of these business starts in Manitoba and, compared to the rest of Canada, they're so much better.

Will this Minister table in this House the information that she has that shows her that Manitoba is doing better than other provinces in Canada, because we cannot find it?

**HON. M. HEMPHILL:** Madam Speaker, I'm really pleased to have a chance to respond to this question because, when you talk about erroneous information in the House, when I said that the bankruptcies were not as great as the member opposite was saying, and the figures he had were wrong, and he admitted that they were - he said that they were up 150 percent - they were up 1 percent, and that's what I was correcting.

I said, in Estimates, that we were quite prepared to provide the information that showed the number of business starts in Manitoba being ahead of the national average, and I'm prepared to do that.

Also, Madam Speaker, in terms of verification of the information I gave for the previous answer about RDC's, if he wants confirmation of that, all he has to do is call the RDC's and the members of the business community in those rural areas and they will confirm what I said.

### **Milk quota transfers - bid price and number of new producers**

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

**MR. G. FINDLAY:** Thank you, Madam Speaker. My question is to the Minister of Agriculture.

Madam Speaker, in the past year, the Minister has introduced a new policy for milk quota transfer. The quota transfer is to the highest bidder, Madam Speaker, and it is exchanged once a month. It's been designed to try to get new producers into production.

I'd like the Minister to tell us to what extent the bid price of the milk quota on the exchange has risen to over the past few months, and how many new producers have actually started farming since his new policy was put in place?

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

**HON. B. URUSKI:** Madam Speaker, first of all, the policy is not as the honourable member enunciates it. The policy that he is enunciating is the policy that the Conservatives would have advocated and had advocated that all quota should be bid on the market as it is done in Ontario and British Columbia.

Madam Speaker, the quota policy is that one-half of the quota which is returned to the board is eligible for a retirement fund equal to the cost of production of a litre of milk over the year, which is \$138.00. That is what is paid to the retiree of quota based on one-half of the quota that he or she retires. The other half,

Madam Speaker, goes into a pool which then is bid by producers who are existing producers, not new producers.

Madam Speaker, what is occurring is of course not as much quota is being turned in as was advocated by producer groups and members opposite, that there would be a whole host of quota being turned in and let's open the system up. In fact, the reverse has happened, Madam Speaker. The economy in agriculture has not boomed and, as a result, not very much quota has been returned to the board.

I will take the question as notice as to what amounts are being bid, but it should be remembered, Madam Speaker, that any amounts that are bid over the retirement fund are used to take off the market additional quota to give out freely to new producers. Madam Speaker, that's the essence of the quota policy.

### **Milk quota policy - comparison to Ontario**

**MR. G. FINDLAY:** Madam Speaker, given that the Minister has repeatedly said, and he has said here today, that Ontario's system is terrible - and in Ontario, in 1987, so far milk has been selling for around \$225 a litre on the quota exchange and Manitoba has risen to over \$300 a litre - I would like to ask the Minister why his policy has failed in the Province of Manitoba.

**HON. B. URUSKI:** Madam Speaker, the honourable member doesn't know what he's talking about.

The quota value in Ontario is paid to individual producers, Madam Speaker, and that's what we have opposed - that, in fact, to get into milk production in Ontario costs an individual, a new entrant, in excess of a half million dollars. Madam Speaker, that's the kind of policy the Tories are advocating. We are not advocating that policy, Madam Speaker.

Quota will be available as it's turned in to be given out freely to new producers. That, in essence, is the difference between Tory policy and New Democratic policy, that quota that was originally given out freely to producers to produce milk should in fact be the property of the board and should not be capitalized into the values of farms as they are advocating, Madam Speaker.

### **FarmStart - applications approved - MACC**

**MR. G. FINDLAY:** Madam Speaker, the Minister had budgeted \$5 million to a FarmStart Program under MACC.

I would like to ask him how many applications have been approved under that policy.

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

**HON. B. URUSKI:** Madam Speaker, members of the Opposition really don't want answers about agriculture.

**MADAM SPEAKER:** Order please.

The Honourable Minister of Agriculture.

**HON. B. URUSKI:** Thank you, Madam Speaker.

I know that members opposite's minds are on other issues than agriculture, Madam Speaker.

I want to indicate to my honourable friend that \$3.5 million is allocated in this year's Capital Supply Bill for FarmStart, Madam Speaker. We discussed this program at some length during Estimates, but I have no statistics at hand at the present time as to the number of applications for that program.

I'll take that question as notice, Madam Speaker.

### **Farmers - Mediation Board aid**

**MR. G. FINDLAY:** Madam Speaker, maybe the Minister will also take again as notice this question I've asked him before: How many cases have been resolved under the Mediation Board of The Family Farm Protection Act and how much of that \$6.5 million of farm aid has been distributed to help financially strapped farmers?

**HON. B. URUSKI:** What we are finding is that we're having a number of applications that have gone through the federal review system and, in fact, are ending up with the provincial review system.

I want to indicate to my honourable friends that very few of those cases that we see may be able to be assisted in the intervening months. But what we are having is a number of applications coming under, I believe it's part 4 of the act, where there are producers who are not under foreclosure notice but want to have a mediation board set up to arbitrate a dispute that they have with their lenders. Some of those, in fact, may qualify for the assistance.

The assistance package is just being finalized through MACC and the mediation board, and should be in place within a number of weeks. But we, as I've indicated before, will not be making the eligibility criteria public in view of the delicate negotiations that go on. Each case will be dependent on the negotiations that go on at the mediation board as to how much money might be available to the applicants.

### **Manitoba Investment Savings Certificates - low goal for sales**

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

**MR. C. MANNES:** The other day the Minister of Finance, in a gleeful way and almost in a boastful way, indicated that the Manitoba Investment Savings Certificates issue brought forward \$32 million.

Given the fact that the Manitoba economy is so buoyant, can the Minister indicate why such a pathetically low goal of \$20 million was set as the standard for which Manitobans would contribute to the bonds, Madam Speaker, given that number had been passed several times over the last 15 years previous by both governments?

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

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

It was not a low number as the member suggests. The fact that we exceeded what we had expected, I think indicates that Manitobans have confidence in that. The member says not very high expectations. The results were three times higher than the last issue of the Conservative Government when they were in power in 1979, so don't talk such nonsense that it was somehow low. The last time the Conservatives attempted to do something, they raised some \$10 million, Madam Speaker.

Given the time frames, given what took place from the announcement in the Budget to the time that was issued, we were pleased with the results and we intend to look at that in the future to give Manitobans continued opportunities to invest in their province and to ensure that more of our borrowing requirements and needs of the government and the people of the Province of Manitoba are met by Manitobans.

### **Manitoba Investment Savings Certificates - comparison to Alberta**

**MR. C. MANNES:** I expected that answer from the Minister, also referring to the \$10 million.

Madam Speaker, given the fact that loan was specifically set at that level to retire a debt, not to go into a debt beyond \$10 million because the government of that day was balancing deficits, given the fact that the Schreyer Government raised \$55 million in 1970, given the fact that the Lyon Government raised \$32 million in 1977, can the Minister explain why Alberta, using the same instrument this year, was able to raise \$900 million and we were able to raise only \$32 million?

**HON. E. KOSTYRA:** The member is not fully knowledgeable about the difference in issues between what Manitoba did and what Alberta did; they were not the same instrument.

The Alberta Government, for whatever reasons - and you'd have to ask them - issued a three-year certificate, or a three-year borrowing requirement is what they were looking at. Secondly, they put in an interest rate of 8.5 percent, whereas our interest rate was one-quarter over Canada Savings Bonds, which was considerably less in terms of the present interest rate, than that which Alberta raised.

The other thing I think is noteworthy, and the member would have noted this by the newspaper, Business Reporter, on the issue, is that this issue was not looked at as a short-term investment by institutional investors. My information is that a great deal of the money in Alberta was raised by short-term investors looking at putting money into an 8.5 percent rate, which is, at that point in time, higher than the T-Bill rate, so they move money for six months into that and then move it out again. That was not what we were intending by issuing a 10-year certificate. We are looking at long-term investments, not short-term money, which was the case with a lot of the investment in the Province of Alberta.

### **Manitoba economy - investor confidence**

**MR. C. MANNES:** Madam Speaker, a final supplementary.

Given that Manitobans, using this same instrument, have invested in it in a higher fashion many times in the past, can the Minister of Finance indicate what is wrong with the economy in this province, such that Manitobans do not have any faith to invest within it?

**HON. E. KOSTYRA:** I heard a comment behind me saying that the question is silly and, frankly, it is, Madam Speaker.

Let me go through the facts again. The issue raised in excess of \$32 million. The last issue which was done and discontinued by the Conservative Government raised \$10 million. The average of all the issues - (Interjection)- The member is not interested in the answer to the question, Madam Speaker.

**A MEMBER:** Tell the truth then.

**HON. E. KOSTYRA:** I am telling the truth.

The average of all the issues -(Interjection)- I'll try again, Madam Speaker. The average amounts - (Interjection)- The member still is not interested in the answer, Madam Speaker. If he's not interested in the answer, why does he ask the question?

As I was trying to say - the member said tell the truth, I am attempting to do that - the average of all the issues that have been done by the Government of Manitoba, by the previous NDP Government, by the previous Conservative Governments, has been \$23 million, the average raised by all of the issues. We have exceeded that average, Madam Speaker. So rather than saying that this was a dismal failure, something that exceeds an average is a success. How else could you call it?

### **MACC - Interest Rate Buy-down Program - tabling of statistics**

**MADAM SPEAKER:** The Honourable Member for Ste. Rose.

**MR. G. CUMMINGS:** Thank you, Madam Speaker. My question is to the Minister of Agriculture.

Will he undertake to table before next Wednesday, the results of the Interest Rate Buy-Down Program that MACC was involved in, and which closing date was at the end of June? Will he agree to table those results prior to next Wednesday?

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

**HON. B. URUSKI:** Madam Speaker, I hope that I can call MACC later this morning, and if there are some preliminary figures that I can provide for honourable members - not next Wednesday, but even today.

### **Manitoba Labour Education Centre - criminal charges and amount of loss**

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

**MR. J. McCRAE:** Madam Speaker, my question is directed to the Minister of Labour.

Five weeks ago, I think it was June 3, the previous Executive Director of the Manitoba Labour Education Centre was convicted of the charge of theft in relation to a loss at the Manitoba Labour Education Centre. That was five weeks ago, Madam Speaker.

The people of Manitoba, who pay the bills for the Manitoba Labour Education Centre, would like to know how many charges were laid in that case and how many charges were stayed. They would also like to know how much the people of Manitoba are out as a result of that criminal offence.

**MADAM SPEAKER:** That question is not within the jurisdiction of the Minister of Labour.

**MR. J. McCRAE:** On a point of order, Madam Speaker.

**MADAM SPEAKER:** The Honourable Member for Brandon West on a point of order.

**MR. J. McCRAE:** The Manitoba Labour Education Centre is funded to the tune of over \$100,000 this year and each year. How can it be that this is not within the jurisdiction of this Minister? As I understand it, the Manitoba Labour Education Centre files an annual report with this Minister. How can it not be within his jurisdiction, Madam Speaker?

**MADAM SPEAKER:** There are many agencies and organizations that are funded by the government that are not within the administrative responsibility of the government.

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

**MR. J. McCRAE:** A cover-up.

**MADAM SPEAKER:** Order please.  
The Honourable Opposition House Leader.

**MR. G. MERCIER:** Madam Speaker, the Manitoba Labour Education Centre is fully funded by the government and files an annual report with the Minister. The Minister appoints the people to the board of directors. Surely this matter is within the administrative competence of the government, Madam Speaker.

**MADAM SPEAKER:** The Honourable Minister of Labour on the point of order?

**HON. A. MACKLING:** Madam Speaker, I don't want to quarrel with your interpretation, but to suggest that I have already answered questions on this matter, I believe in your presence - and I'm fully prepared to answer all of these questions because I feel that, given the fact the agency is almost fully funded by the grant that comes from the government, I'm prepared to answer those questions.

**MADAM SPEAKER:** There are many questions placed and I judge every question on the content of that particular question. The way the Honourable Member for Brandon West's question was worded was about internal operations of an agency that is funded by

government, but the questions were dealing with the internal -(Interjection)- May I finish?

**MR. G. MERCIER:** That's ridiculous.

**MADAM SPEAKER:** Would the Honourable Opposition House Leader care to put those last remarks on the record?

**MR. G. MERCIER:** Madam Speaker, what I said was that your technical interference in questions, particularly with respect to the Member for Brandon West, are ridiculous.

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

**MADAM SPEAKER:** Order please.

May I suggest that I have taken an oath to uphold the rules of this Assembly, and I assume all members have taken an oath to uphold the rules of this Assembly. It is my duty to enforce the rules, and the Honourable Member for St. Norbert will withdraw those last remarks immediately.

The Honourable Government House Leader.

**HON. J. COWAN:** Madam Speaker, on the point of order.

It being Friday morning, sometimes it's necessary to reflect upon not your rulings or not the specific comments, but on the general tone of the House. Sometimes it's necessary to rethink things that we say, particularly after a late evening here the evening before.

I'd just like to remind the Member for St. Norbert of something that he said on Wednesday, June 4, 1980, in respect to reflections upon the Chair. I think he gave good advice, in his role as Government House Leader of the Day, that he may wish to consider at this particular time.

It dealt with a suggestion by a member of the House at that time, a Liberal member of the House, Mrs. Westbury, that she was in fact questioning a ruling that the Speaker had made. The Member for St. Norbert at that time, and I quote him from page 4364 of the Hansard of that year: "Mr. Speaker, you might point out to the Member for Fort Rouge that if she added in the words, 'in her opinion,' that she was commenting on a ruling from the Chair, and that's entirely inappropriate."

I believe he has, perhaps even inadvertently, commented on a ruling of the Chair. When it was inappropriate in 1980, it's inappropriate at the present time. I think the matter was dealt with in 1980 by members reflecting upon what they said and trying to uphold the difficult role and position that you have to play as Speaker of this House to ensure that we are able to make our way through the business of the House in an orderly fashion.

So I hope he would reflect upon those comments and take the advice himself that he gave to other members, which was heeded at that particular time, and perhaps apologize to the Chair for that particular comment and we can get back to the business of the House before us.

It's unfortunate, from time to time - and I've done it as well as anyone else, and I've had to withdraw in

this Chamber, as have many others - we say things that, upon second thought, perhaps we should not have said. I believe it is important to the smooth operation of this House - and I know we all would wish this House to operate smoothly as much as is possible - that we do take the opportunity to correct the record when that opportunity is provided to us.

**MR. G. MERCIER:** I would withdraw the words "are ridiculous" and substitute "are, in my opinion, incorrect."

**MADAM SPEAKER:** That's satisfactory to me.

The Honourable Member for Brandon West may rephrase his question so it falls within the administrative responsibility of the Minister.

The Honourable Member for Brandon West.

**MR. J. McCRAE:** Madam Speaker, since the Minister wishes, on an annual basis, to grant \$100,000 to the Manitoba Labour Education Centre, which amounts to most of the funding if not all the funding for that propaganda centre in this province, will the Minister let this House know - it's been five weeks - how much the taxpayers of this province are out as a result of criminal activity by the previous executive director?

Usually when a person pleads guilty to a charge of theft, the amount of the theft or the amount of the loss is known and made known to the judge involved. This Minister has had five weeks to get this information to us. Madam Speaker, he has consistently refused to bring it forward. We're entitled to know and we want to know now.

**HON. A. MACKLING:** Madam Speaker, I heard an honourable member opposite say, "cover-up." In committee - and I have talked to the press - I've answered questions from the honourable member, clearly indicating that the regrettable incident that has been confirmed is a matter of public record. There has been a conviction recorded.

The honourable member wants a precise costing as to what loss is incurred and I've indicated that information will be obtained. I've indicated that there's some complexity because there were claims registered in respect to the articles that had been recorded as stolen with the insurer and there were payments made. Now there will have to be recoveries and adjustments.

**A MEMBER:** Five weeks ago, he was convicted.

**HON. A. MACKLING:** Well, the honourable member knows that when you're dealing with insurance claims and adjustments, these things take time.

**MR. J. McCRAE:** It happened once before that . . .

**HON. A. MACKLING:** The honourable member is impatient to have that information. I've indicated that I've requested it. I will be obtaining it and I'll be providing it publicly. There is no cover-up; there is nothing hidden. We regret the fact that a citizen in this province erred and has paid the price. There is some loss involved, and we will account for that.

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

**ORDERS OF THE DAY**  
**HOUSE BUSINESS**

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

**MR. G. MERCIER:** Madam Speaker, I have a question for the Government House Leader on House business.

Madam Speaker, given that citizens of this province are still phoning the Clerk's Office with respect to wanting to make representations to the Privileges and Elections Committee on Bill 47 and the significant change the government wishes to make in human rights legislation, would the Government House Leader agree to call the committee again on Monday morning at 10:00 a.m. and Monday evening at 8:00 p.m.?

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

**HON. J. COWAN:** Yes, Madam Speaker, while I can't give a commitment of that sort at this time, what I would like to do is consult with the Clerk's Office to determine if, in fact, there are a large number of individuals still waiting to be heard. If that is the case, I'd like to sit down with the Opposition House Leader, if possible - and we've been able to do it in most instances in the past, not all instances, but in most instances - to work out in a cooperative fashion an agreement as to when those committees will sit.

So I wouldn't, at this point in time, categorically rule out a Monday sitting, nor can I at this point in time categorically agree to it. But I would look forward to an opportunity over the next couple of hours to discuss this matter with the Opposition House Leader and hopefully come to some satisfactory resolution.

If that is the case, I'd be more than pleased to announce that before the end of the sitting today. If we can't come to a satisfactory resolution, I would be less pleased, but I would still feel compelled to announce the results of those discussions before the end of the sitting. So what I can commit to at this time is, before we adjourn the House today, being able to provide some indication as to the government's intentions in this particular regard.

**NON-POLITICAL STATEMENT**

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

**MR. H. SMITH:** Madam Speaker, might I ask leave of this Assembly for a non-political statement?

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

**MR. H. SMITH:** Thank you, Madam Speaker.

This weekend, the Town of Beausejour and its citizens will be celebrating their 75th Anniversary. Might I pay tribute to those early pioneers who founded the Town of Beausejour and its community by mentioning the first mayor, Mayor Bachman, Councillors Watson, Hoban, Myslicki and Shaw, and say how much we appreciate their dedication and sacrifice.

May I also wish the present mayor, Mayor Mazur, Councillors Czuboka, Hemminger, Graves and Kraynyk, wish them and their citizens that they have an enjoyable celebration and that their next 75 years be as prosperous as the first 75 years.

Thank you very much.

**COMMITTEE CHANGES**

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

**MR. M. DOLIN:** Thank you, Madam Speaker.

I move, seconded by the Member for Ellice, that the composition of the Standing Committee on Privileges and Elections be amended as follows: The Hon. M. Smith for the Hon. L. Harapiak.

**MESSAGES**

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

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

I have a message from His Honour, the Lieutenant-Governor.

All rise.

**MADAM SPEAKER:** The Lieutenant-Governor transmits to the Legislative Assembly of Manitoba revised Estimates of sums required for the services of the province for Capital Expenditures and recommends these revised Estimates to the Legislative Assembly.

Le lieutenant-gouverneur transmet à l'assemblée législative du Manitoba le budget révisé de sommes relatives à l'immobilisation qui sont requises pour l'administration de la province et recommandé ce budget révisé à l'assemblée législative.

The Honourable Minister of Finance.

**HON. E. KOSTYRA:** Madam Speaker, I move, seconded by the Minister of Energy and Mines, that the said message, together with the Estimates accompanying same, be referred to Committee of Supply.

**MOTION presented and carried.**

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

**HON. E. KOSTYRA:** I move, seconded by the Minister of Energy and Mines, 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.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Lac du Bonnet in the Chair.

**COMMITTEE OF SUPPLY  
CAPITAL SUPPLY  
BILL NO. 57 - THE LOAN ACT, 1987**

**MR. CHAIRMAN, C. Baker:** The Committee of Supply will now come to order to consider the following resolution:

RESOLVED that there be granted to Her Majesty a sum not exceeding \$460,550,000 for Capital Supply for the fiscal year ending the 31st day of March 1988. The Minister of Finance.

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

In order to facilitate the work of the committee and the Legislature to deal with the Capital Supply, particularly since it's been revised since the Budget for two matters, I have provided the Opposition critic with my detailed notes which will be utilized later as we get to the Second Reading in the clause-by-clause study.

In addition, the Minister of Energy and Mines, given that one of the changes relates to a matter under his area, has a short statement to provide to the Committee of Supply at this time to help facilitate.

**MR. CHAIRMAN:** The Honourable Minister responsible for Manitoba Hydro.

**HON. W. PARASIUK:** Thank you.

Mr. Chairperson, there has been considerable speculation regarding the fair market value of Inter-City Gas distribution which the Government of Manitoba is negotiating to purchase from Inter-City Gas.

Today I would like to table a report from Wood Gundy, one of Canada's leading investment firms, which estimates the fair market value of ICG natural gas distribution systems, and gives a brief report on the negotiations between the government and ICG.

I have two copies here but the House also has copies, and I would suggest that one copy be immediately given to the critic on the Opposition side or the deputy critic.

The report by Wood Gundy which I am tabling was commissioned by the Government of Manitoba to assist in the determination of a fair market value of the Inter-City Gas distribution system.

The report estimates the fair market value of the shares of the combined operations of Greater Winnipeg Gas and Inter-City Gas Utilities, Manitoba, to be between \$87 million and \$93 million. Based on this share value, the gross value of the distribution assets is estimated to be in the range of \$177 million to \$183 million, taking into account the value of the shares and the debt that company has in relation to its Manitoba distribution system.

The report by Wood Gundy emphasizes that the fair market value of between \$87 million and \$93 million is the estimate of the value which would be attributed to the shares by a private sector purchaser on the basis of the company's existing operations without incorporating the effects of any grants or subsidies from external sources.

In other words, the internal earnings of the company are sufficient to justify a purchase price in this range without any burden on the Manitoba taxpayers.

The Wood Gundy Report also emphasizes that there are additional benefits which could accrue to a purchaser such as the Government of Manitoba,

including lower regulatory risks, lower borrowing costs, potential economies of scale, tax benefits, and increased stability to secure natural gas at lower prices. For these reasons, the Wood Gundy Report concludes that a purchase price in this range represents an attractive and sound investment for Manitoba.

Negotiations with ICG have not been completed, so the precise amount of the purchase price is unknown. However, the amount we are putting in The Loan Act for purposes of negotiating the total purchase price of the shares of Greater Winnipeg Gas and ICG Utilities, Manitoba, and the amount required to assume the debt of these companies, is \$175 million - that's in The Loan Act.

As the Wood Gundy Report concludes, a purchase price in this range represents a sound investment for Manitoba and will generate additional benefits for natural gas consumers, such as increased ability to lower the cost of natural gas. The earnings of the Manitoba Gas Corporation will be sufficient to cover the full costs of acquisition without any costs to the Manitoba taxpayers.

**MR. CHAIRMAN:** The Member for Morris.

**MR. C. MANNESS:** Mr. Chairman, without accepting the final conclusion that the Minister uses in laying before us some supporting evidence as to evaluation of the distribution system, on behalf of my colleague, the Member for Lakeside, our critic on Energy and Mines, I accept this consultant's report.

Mr. Chairman, I should indicate at this time that we have gone to some effort, from our own viewpoint, to try and determine the value of the distribution system; it hasn't been an easy chore.

I dare say, and maybe in some respects it's a near impossible chore. We of course will save for ourselves the time to digest the information contained within and accordingly, in due course, speak to it.

Mr. Chairman, what disturbs me somewhat is the fact that the Minister, indeed the government, never did forthrightly tell us that this type of document was coming. Well, maybe members on our side did know that this was going to set the basis for the final negotiations with Inter-City Gas. Nevertheless, we're happy to receive it at this time.

I should also, Mr. Chairman, before I sit down, indicate to the House again my conflict in this matter.

**MR. CHAIRMAN:** RESOLVED that there be granted to Her Majesty a sum not exceeding \$460,550,000 for Capital Supply, for the fiscal year ending the 31st day of March, 1988—pass.

**HON. E. KOSTYRA:** Committee rise?

**MR. CHAIRMAN:** Committee rise.  
Call in the Speaker.

**IN SESSION**

The Committee of Supply adopted a certain resolution, reported same, and asked leave to sit again.

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

**MR. C. BAKER:** Madam Speaker, I move, seconded by the Honourable Member for Elmwood, 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 Business Development and Tourism, 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 to be granted to Her Majesty.

**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 Lac du Bonnet in the Chair.

## COMMITTEE OF WAYS AND MEANS

### CAPITAL SUPPLY

#### BILL NO. 57 - THE LOAN ACT, 1987

**MR. CHAIRMAN, C. Baker:** The Committee of Ways and Means will now come to order to consider the following resolution:

RESOLVED that towards making good certain sums of money for Capital purposes, the sum of \$460,550,000 be granted out of the Consolidated Fund.  
The Member for Morris.

**MR. C. MANNESS:** Mr. Chairman, I only want to speak for one minute.

I just want to put on the record though and demonstrate to the members of the House that what we have before us or what we're going into, is the process to bring forward a bill asking, giving of the government the ability to raise another \$460 million by way of loan.

Mr. Chairman, I find it odd, in brackets, after we're following the master list of instructions, that it says, "(No debate - a 200-hour time limit has expired)." It seems strange to me that when we're dealing with these massive numbers - and I know that we're in control of our own affairs, Mr. Chairman - it seems inevitable that we always come down to the last few hours, few days in the House and we deale government the ability to raise another \$460 million by way of loan.

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but I question, reasonable fashion, the magnitude of the bills of this size.

Thank you.

**MR. CHAIRMAN:** RESOLVED that towards making good certain sums of money for Capital purposes, the sum of \$460,550,000 be granted out of the Consolidated Fund—pass.

Committee rise.

Call in the Speaker.

## IN SESSION

The Committee of Ways and Means adopted a certain resolution, reported same, and asked leave to sit again.

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

**MR. C. BAKER:** I move, second by the Honourable Member for Inkster, that the report of the committee be received.

**MOTION presented and carried.**

## INTRODUCTION OF BILL

**HON. E. KOSTYRA** introduced, by leave, Bill No. 57, The Loan Act, 1987; Loi d'emprunt de 1987.

## SECOND READING

### BILL NO. 57 - THE LOAN ACT, 1987

**HON. E. KOSTYRA** presented, by leave, Bill No. 57, The Loan Act, 1987; Loi d'emprunt de 1987, for Second Reading.

**MOTION presented.**

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

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

This bill is intended to provide borrowing and expenditure Authority, as well as guarantee Authority in some cases, which is required for specific non-budgetary Capital Programs for the new fiscal year which began on April 1.

As you are aware, The Loan Act provides incremental Authority; in some cases is supplemental to already existing Authority and, in other cases, no Authority for the same purpose remains.

It is not intended that all of the Authority provided in The Loan Act, 1987, be exhausted by the end of this fiscal year. In some cases, the Authority is provided at this time so that commitments may be made and contracts may be signed. Expenditures will take place in this and subsequent years.

When the bill reaches committee stage, myself and my colleagues can provide any necessary explanations for the information of members.

Madam Speaker, I move, seconded by the Minister of Labour . . .

**MADAM SPEAKER:** Order.

We have a Second Reading motion on the floor.  
The Honourable Member for Morris.

**MR. C. MANNESS:** Madam Speaker, I will make my comments in Committee of the Whole.

**QUESTION put, MOTION carried.**

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

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

I move, seconded by the Minister of Labour, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to continue to consider and report on Bill No. 57, The Loan Act, 1987, for Third Reading.

**MOTION presented and carried** and the House resolved itself into a Committee of the Whole to consider and report on Bill No. 57, The Loan Act, 1987, with the Honourable Member for Lac du Bonnet in the Chair.

## COMMITTEE OF THE WHOLE

### BILL NO. 57 - THE LOAN ACT, 1987

**MR. CHAIRMAN, C. Baker:** Committee come to order, please. The committee will consider Bill 57, The Loan Act, 1987.

The Honourable Minister of Finance.

**HON. E. KOSTYRA:** Thank you, Mr. Chair of Committees.

Rather than go through all the detailed comments on the clause-by-clause, I have provided that information to the Opposition Finance critic, so I will not read through that explanation. If there are any specific questions on it, I will be pleased to answer any questions that you may raise or indeed other of my colleagues on the specifics of the various amounts requested for different agencies.

I do want to point a couple of things out, just so that the record is clear. One is that there is a problem with respect to the ultimate passage of this act at this time, and that is that this act provides for Authority for the Manitoba Consumers Gas Corporation. This name, however, will have to be changed since we've been informed by counsel that the name is patented in another jurisdiction. So what I am recommending to the House is that in this case we proceed clause-by-clause through the bill, if possible, and conclude our review again, if possible, up to the point of passage by the committee and that it be held for final passage until the bill can be amended to reflect the revised name change.

The other point I would raise in terms of this bill, it is obviously different than what was provided in the Budget, which is the normal time of providing notice of what is intended to follow through in loan acts. The two changes that are in the act are the Manitoba Consumers Gas Corporation and also the Manitoba Mineral Resources Limited requirements and, if there are any questions on that, we will be pleased to provide any responses.

So with that, I'll open it up for other comments or questions. I indicated that I will not read into the record all the detailed comments on section-by-section, but the member does have that information. I provided one copy but, if other members are interested, we could get other copies.

**MR. CHAIRMAN:** The Member for Morris.

**MR. C. MANNESS:** Mr. Chairman, I will encourage my colleagues, those who are critics in the areas to which some of the scheduled items apply. They will read the remarks that the Minister has provided to me and prepare their questions for the next sitting of this committee.

Mr. Chairman, let me say to the Minister, when he puts us on notice that there may be some changes with respect to the naming, or an amendment dealing with the last clause, that we intend to very definitely fight the bill that encompasses the change dealing with the Manitoba Consumers Gas Corporation. Obviously, if we are successful in defeating that bill, then we would fully expect that this Minister will be bringing an amendment forward removing this item from the schedule.

**MR. CHAIRMAN:** The Honourable Minister responsible for Manitoba Hydro.

**HON. W. PARASIUK:** Just one quick point on it, in putting forward the number with respect to the Gas Corporation, it's done so trying to, in a sense, balance the requirements of negotiation against the requirements of the House in terms of the due process of the House so we have put forward a number. We have done outside analysis. We had done our homework before, but I will try and comment to the best of my ability, taking into account the aspects of a commercially confidential negotiation that's under way at this time.

The approach we're trying to take with the natural gas policy is to have a fair process, fair prices to Albertans for their gas, fair prices that Manitobans pay for their gas, a fair price to Inter-City Gas for their distribution system and, at the same time, a fair price to Manitobans for purchasing it. So that's the context in which we are trying to operate.

**HON. E. KOSTYRA:** Just a quick comment on the point raised by the member just so that he understands, he indicated that he would be expecting me to bring forward amendments if this bill, the Bill 68, was not passed. That's not needed, and I would just point him to page 5 of my Detailed Committee Notes, section 11(2). That's put in there for the possibility that Bill 68 - it's a very remote possibility - but the possibility that Bill 68 is not passed, then those sections will have no effect. So there's no need to amend it.

**MR. CHAIRMAN:** Is it agreed that the committee should rise?

Committee rise.

## IN SESSION

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

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

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

**MOTION presented and carried.**

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

**HON. A. MACKLING:** I would assume, Madam Speaker, that we'll proceed with Second Readings.  
Bill 68, Madam Speaker.

### **ORDERS OF THE DAY (Cont'd)**

#### **ADJOURNED DEBATE ON SECOND READING**

#### **BILL NO. 68 - AN ACT TO GOVERN THE SUPPLY OF NATURAL GAS IN MANITOBA AND TO AMEND THE PUBLIC UTILITIES BOARD ACT**

**MADAM SPEAKER:** Debate on Second Reading then, on the proposed motion of the Honourable Minister of Energy and Mines, Bill 68, standing in the name of the Honourable Member for Lakeside.

The Honourable Leader of the Opposition.

**MR. G. FILMON:** The bill is in the name of the Honourable Member for Lakeside. I wonder if I might have leave to speak on it so that he may speak on it at a later time?

**MADAM SPEAKER:** Is there leave to leave the bill standing in the name of the Honourable Member for Lakeside? (Agreed)

The Honourable Leader of the Opposition.

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

I am pleased to rise to speak to Bill 68 and, in speaking to Bill 68, Madam Speaker, let me say in clear and unequivocal terms that I am not opposed to the public of Manitoba being provided with long-term supplies of natural gas at fair prices. And I'm not opposed to the Government of Manitoba taking whatever legal steps that are necessary to ensure that the negative effects of the Western Accord on consuming provinces can be restructured, and that the wholesale price of natural gas at the Alberta border can be lowered, as it was intended to be with deregulation.

I'm not opposed to the Government of Manitoba taking whatever legal action is necessary to allow it to purchase the wholesale natural gas supplies for consumers of Manitoba if that is what is necessary to ensure that we get the maximum benefits of declining market prices under deregulation.

Madam Speaker, I am, as my colleagues are, totally and unalterably opposed to the establishment of a new Crown corporation to take over all the natural gas distribution facilities in Manitoba.

Manitoba has enjoyed excellent service at reasonable prices from its natural gas distribution companies in the past. In fact, a mutual friend of mine and the Minister's, the day after this announcement was made - I believe he's a fraternity brother of the Minister - said to me, the gas company - in this case, being a Winnipegger, he was referring to the Greater Winnipeg Gas Company - is one utility that gives you immediate response. If you have a problem with a furnace, you call 24-hours a day, they come out quickly, they check out the problem, and even fix minor problems that aren't their responsibility. He said, I've never had a complaint about the operation of the gas distribution facility in Winnipeg. And he said - this is his quote - "Now it will probably be all screwed up when the government takes it over."

Madam Speaker, the government, the province and the city had an opportunity to review that situation not too long ago. Back in December of 1982, they accepted the report and the recommendation of the Public Utilities Board with respect to the further extension for 25 years of a contract to Greater Winnipeg Gas Company giving them exclusive distribution rights in Greater Winnipeg for Natural Gas. I have that Order-in-Council signed by this Minister of Energy and this Premier giving them continued licence to distribute natural gas throughout the City of Winnipeg for 25 years.

Of course, in the process of the review of their operations at that time, the Public Utilities and the special committee that was struck went into all aspects of natural gas distribution. That committee determined at that time - and I say, that's not very long ago, it's five years ago - that this Minister decided that there was absolutely no justification for the government to get into the natural gas distribution field, just five years ago.

Madam Speaker, when they reviewed it, they looked at all aspects of the servicing that company gave to Manitoba, to Winnipeggers, and of course pricing and all other aspects of it. They were dealing with a regulated company, a company that came under the Public Utilities Board and a company that in fact had the monopoly situation there. Despite the fact that it had a monopoly situation, it came under a very thorough scrutiny. As I say, there were very, very few complaints, if any, about its ability to provide high-quality service to very efficiently and effectively distribute natural gas in Winnipeg.

They didn't come up with any justification or any long-term benefit for the government to take over natural gas distribution at that time. The Minister and his Premier agreed and signed the Order-in-Council 1471 in December of 1982, the 15th of December.

Why would the government want now to own and operate the natural gas distribution gas company in Winnipeg and indeed throughout the areas of Manitoba that enjoy natural gas service?

They regulate and set the price. In fact, their political appointees under the Public Utilities Board have that power to set the price for natural gas. They even set the rate of return. In other words, the profit margin that company can make because they are in a monopoly situation and regulated by the Public Utilities Board, they have the power to limit the profit that they make by virtue of the rate of return that they choose.

If they think that the Inter-City Gas Company is making too much profit, the Public Utilities Board

appointed by this NDP administration can reduce that profit. They collect millions in taxes, Madam Speaker, and we asked a question of the Minister as to what taxes are being collected in a municipal sense, let alone in a provincial sense, from the operation of ICG in Manitoba. The municipal taxes that were collected from the City of Winnipeg in 1986 were \$8.9 million. In addition to that, of course, they pay income taxes that have averaged between \$6 million and \$7 million over the past five-year period, annually. They have no capital invested, they have no risk. What more could they hope to benefit by taking over the distribution facility?

Well, they're putting at risk somewhere between \$150 million and \$200 million. I don't know what the final price will be. I know that the Minister has tabled a valuation in the range of \$175 million this morning. That's taxpayers' money that has to be invested in order to accomplish this takeover.

Is there a risk when the government takes over an operation? Well, all we need to do is look at some recent history in the operation of this administration of Crown corporations. Manitoba Telephone System, one major area of interest and investment alone, MTX lost \$27 million over a brief period of less than four years of operation. In addition, of course, I believe it was last year that their foreign exchange losses were in the range of \$30 million at the Telephone System, major, major losses as a result of decisions taken by a publicly controlled Crown corporation under the administration of this NDP Government with their politically appointed board.

What does that kind of risk and that kind of operation do? An 11 1/2 percent increase in telephone rates this year - that was the fifth increase in five years under this NDP administration. So should the public be concerned about the risks of having an efficiently, profitably operated company put into public hands, these public hands? You bet, Madam Speaker.

MPIC - here's a Crown corporation that members opposite have always lauded as being something that would always be of benefit to the people of Manitoba - last year lost \$58 million under the administration of this government - \$58 million, \$36 million of it on a reinsurance scheme that saw them going into places worldwide, high-risk ventures on reinsurance schemes, trying to outdo the Lloyd's of London and the international brokerage firms of this world, trying to say that the little old Manitoba Public Insurance Corporation was smarter, better and more able to compete for these markets than those major players were. They went out and did it and lost \$36 million in that reinsurance scam.

They similarly of course, Madam Speaker, did the same thing, and I should have embellished on the MTX. It was an area that never was nor ever should have been within the mandate of that public corporation, the Telephone System, to set up an operation in Saudi Arabia, to set up an operation there and risk taxpayers' money. But they did it because of the philosophy of their administration, and that is that Crown corporations are instruments of public policy that can and should be used for whatever purposes necessary.

In the case of the Telephone System under MTX, Madam Speaker, they were looking, evidence shows in 1982, at a downturn in the economy throughout Canada, but certainly principally as well in Manitoba

with high interest rates, no expansion. No economic development activity was taking place, and so very few people were looking for installations of telephone systems. So they had the prospect of hundreds of employees being out of work.

But rather than as a Crown corporation, as a private corporation would have done, which is to say if we don't have a place for them to work and we don't have any economical alternative to utilize those people, we have to unfortunately consider layoffs at this point in time because it's the only reasonable alternative to protect the public, they didn't do that. They went to Cabinet and they obtained an Order-in-Council to set up this Crown corporation to do business externally from the province in jurisdictions far-flung including Saudi Arabia, including bids that they made on work in the Far East, in China, southern United States, California, you name it, everywhere to try and keep employed these people and to try and offset the effects of the economic downturn, rather than recognizing that the economic downturn had to be dealt with as every other corporation was. That is to pull in your horns and ensure that you can continue to operate within your means, and that cost \$27 million. That's the kind of thing that will happen at some point in the future under the operation of an NDP Government with its hands on Crown corporations.

Madam Speaker, they took the Workers Compensation Board from a surplus position of \$36 million in December of 1981 to a deficit position that is now, best estimates given, \$184 million because they entered into programs that they had no idea of the long-term costs. Philosophically, they said they wanted to make changes. Financially and economically, they had no idea what those changes would cost and how they could keep control of the expenditures of that operation and justify the costs of the new philosophies that they wanted to introduce. That has been told to them by reports, internal and external, by people who were involved every step of the way, by financial analysts who have looked at it. They had no idea what the costs of them going into these major programs, major changes in direction, would be. And that, Madam Speaker, is because they were making decisions based on political judgment, not economic and financial decisions, but political judgments. Indeed, there's evidence to show that there was strong, hands-on political interference being applied to Workers Compensation Board that turned around that corporation in such a negative sense in a financial means.

The Minister responsible for Manitoba Hydro says what about Manitoba Hydro? He mentioned earlier Manitoba Hydro's operation. Well, this year of course, the 9.7 percent increase in their rates - and that's just a prelude of other things to come, because ultimately the cost of their decision to go into the construction of Limestone for political purposes two years ahead of when it was necessary to meet the needs of the Manitoba market, and indeed the contracts that we have in place even with respect to Northern States Power are going to ultimately cost us millions of dollars. Those millions of dollars will reflect in the rates, and those rates will have to build up either ahead of time to cushion against the rate shock or at the time that it occurs. One way or another, the piper has to be paid on that particular political decision, Madam Speaker.

In every case, the government puts its own appointees on the Board of Directors, on the Board of Commissioners of these corporations. Their appointees are there because of their philosophy, because of their political affiliation, not because of their business knowledge, not because of their ability to read a financial statement. Madam Speaker, not all appointees, may I say, are done in that vein, but unfortunately and sadly all too many are.

I say to you that ultimately this is a destruction of the responsibility which they have to the people of Manitoba to operate those Crown agencies at the least possible cost and in the most efficient and effective way, and you cannot do it if you put on people who can't read a financial statement, who aren't familiar with making business judgments and decisions, but they're there because of their political affiliations, because of their agreement with the philosophy and the ideology of the NDP party. Time and time again, over the past couple of years, we've had the reports and the evidence, more government involvement is what this administration is preaching, more hands-on control of all aspects of people's lives.

When you look at the boards and commissions, you have to ask yourself, there was an editorial recently that I think was entitled, "Cancer and Politics." Even the Manitoba Cancer Research and Treatment Foundation is now being peopled with appointees who are there because of their political affiliation. The former vice-president of the Logan NDP constituency, the president of the St. Vital NDP constituency, party workers who were asked, first and foremost, about their political affiliation before they were appointed to the board of the Cancer Research and Treatment Foundation. Can you imagine anything more unlikely that a government should be wanting to politicize but Cancer Research and Treatment, Madam Speaker?

I can't, and that's why I have concerns, and that's why Manitobans have concerns when they hear that this administration now wants to take over all of the natural gas distribution facilities in the Province of Manitoba, because they don't believe and I don't believe that this administration can operate it effectively and efficiently. They believe that their money is going to be at risk, and they believe that there are no benefits to be gained that could not be gained by some other alternatives if this government wanted to do that.

The Provincial Auditor, Coopers and Lybrand, in respect to a number of these major multimillion fiascos, they said people on the board didn't understand what was happening, couldn't read a financial statement. They said, in fact, even the Ministers themselves didn't know what questions to ask. How can we have any confidence that things are going to be different when the gas company is under public control, when the gas company is under public operation, especially the operation of this NDP administration, Madam Speaker; especially when the Premier has stated, even after the MTX fiasco, even after the MPIC fiasco, he said, "I am still committed to use Crown corporations as an instrument of public policy." That means that decisions will not be made on an economic and financial basis, will not be made in the best interests of the corporation providing the best service at the least cost. They will be made as a result of this administration deciding on things that will help it to get re-elected. That's what is

meant by utilizing Crown corporations as an instrument of public policy.

If they want to increase employment in the province, they're going to use the Crown corporations to hire more people and get into more ventures that they should not be in. If they're going to increase investment in the province, they can utilize the Crown corporations instantly, tens, if not hundreds of millions of dollars at their beck and call to be invested to try and do something that will help them get re-elected.

Madam Speaker, that is the rationale behind this measure as it is behind every single measure that they get into. Less efficiency may well result from any of their decisions of utilizing Crown corporations as an instrument of public policy. The best price and service to the ratepayers is now no longer first and foremost. It's utilizing them for the benefit of the NDP Government in its re-election bid at any time in future.

Madam Speaker, people have compared this to the Manitoba Hydro and, at that point in time, you have to say, what are the similarities to Manitoba Hydro. Well, Manitoba Hydro, of course, provides an essential service - electricity - that is hardly available by almost any other means. Yes, indeed, we do have in some instances small diesel generators throughout the province, but basically electricity under the Manitoba Telephone System provided by our hydro-electric system, and it is available on a basis of being an absolute necessity of life to virtually every home in this province and all businesses. In fact, the Manitoba Telephone System really, in a modern world, is the only essential form of communication that we must have. So it is an essential ingredient of public policy and was seen as that many, many years ago. You don't have other forms of communication that in fact can match telephone communication in any reasonable way.

But what about natural gas? It's one of many forms of energy that currently exist throughout the province, whether they be oil, whether they be propane, whether they be electrical energy. Those are all alternatives.-(Interjection)- Well, the Member for Ellice, of course, shows his knowledge as being a Winnipegger, that he says, come on, those aren't comparable.

I remind him that more than half the people in the province utilize those other forms of energy. It isn't the only form of energy available. He's not aware of that because he sits in downtown Winnipeg, in Ellice constituency, and doesn't get out to see the rest of the province, how they live. The fact of the matter is that there are alternative forms of energy.

Madam Speaker, all of those people in the province know that there are alternative forms of energy in the province. So when you say it's essential, it's essential in the sense that those who have it, it's their source of energy, but there are many who don't have it.

**A MEMBER:** That's right.

**MR. G. FILMON:** So for most, they choose whatever is the most economical form of energy for their needs and, in some cases, they don't have the choice of natural gas.

Madam Speaker, this of course brings the anomaly to this particular takeover. The capital that we will be investing will belong to all of the citizens of Manitoba,

but fewer than half will be able to enjoy the benefits of natural gas distribution as a result of this particular measure.

Madam Speaker, that brings us to the question of expansion, because I have heard this Minister talk about potential expansion and I heard, in fact, I guess a day after the announcement the Premier, on CJOB Action Line, saying, I have always wondered why we didn't have it in Teulon, I've always wondered why we didn't have natural gas in Teulon, implying that natural gas could now be provided in every single area of the province.

I don't doubt that that is what this administration and this Premier will see as his version of utilizing this Crown corporation as an instrument of public policy. On the eve of the next election, you'll find this administration promising to expand natural gas distribution into other areas. It will be key areas, particular communities, that they see as ones that they want to win for that particular election and that particular constituency. So they'll promise that they'll expand the system and they'll say that is going to happen if you get an NDP Government in.

Madam Speaker, looking at it realistically, what about the differential costs? Why hasn't natural gas been expanded into different areas of the province, throughout the province, in the past? There have been a couple of factors. One of them is contained in the review, for instance, that was done by the Public Utilities Board of Greater Winnipeg Gas Company. That was that, back at a certain point in time, there wasn't a certainty of supply, and they talk about going through the Seventies at which time there wasn't an ability to gain contracts for removal from Alberta beyond a certain level. So there was that factor.

There obviously is another factor, and that is the costs of distribution vary substantially. When my colleague from Lakeside talks about the fact that he would hope that we could have it at every farm in Lakeside constituency, I say that realistically, Madam Speaker, we have to look at what it costs to distribute natural gas in different areas of the province. For instance, you may lay 10,000 feet of pipe in Lakeside constituency to service six customers. Ten thousand feet of pipe in Winnipeg would service 100 customers. The fact of the matter is, Madam Speaker, that there are going to be economic consequences with putting it into any areas.

If that is the case, Madam Speaker, what is going to happen then to reflect those costs? If it's going to be expanded into Teulon, will Teulon pay the proportionate cost that it costs to have it distributed there? If the cost is twice as much to distribute it in Teulon as it is in Winnipeg, will that be reflected in the cost? If not, then what you're saying is that you're prepared to have the users subsidize it. Those who are in a position to enjoy it at least costs are going to be in the position to subsidize.

The fact of the matter is the Minister of Crown Investment says that's the same principle as in the Telephone System. So what he is saying is that those in Winnipeg will now, in future, subsidize the users in other areas where it's expanded to that it costs more, and he's acknowledging that he's prepared to add to the cost of those people in Winnipeg. If that's the case, then he ought to say so publicly. He's just said it across the room.

Madam Speaker, if the cost is going to go up so that the government will be able to extend it, then I would hope that they would be honest enough to come forward and say so instead of telling people that everybody's going to get a bargain. If they're prepared to build into the costs the added costs of servicing uneconomical areas, then that is what they're going to have to say to the people. If the subsidies are there, then that's what it will be.

Madam Speaker, I have absolutely no doubt that this corporation will be utilized as a vote-getting measure. The Premier has telegraphed that, the Minister, in some of his allusions to expansion, has telegraphed that, that they're prepared to utilize the gas service as a means of getting votes by offering it as a political promise during election times. Madam Speaker, so nobody should be surprised at that, and nobody will be surprised when indeed that happens.

But in that is the implication that the minimal costs, the very low and efficient costs of the system that currently prevail today will not be continued under the NDP operation of this Crown corporation. We will all pay more in the long run because of their desire to utilize it as an instrument of public policy. I don't doubt as well that, in the short term, they will offer natural gas prices at a cheaper rate to Manitobans. I don't doubt that.

Madam Speaker, there would have been reduced prices in any case because of the excess supplies that are prevailing in Canada, and the opportunities to all consumers for lower prices are going to be reflected right across the country - no question. There are excess supplies. Those excess supplies will result in lower prices, no matter who's running the gas company. That is absolutely certain.

The Western Accord, Madam Speaker, is a problem - absolutely no question. The Western Accord is flawed because it leaves out the consuming provinces from the deal whatsoever. The consuming provinces are not involved in any way, shape or form with that agreement. They can't have their views put forward. Indeed, the Minister and his staff, who were fully briefed and informed along the course of ICG's ultimate negotiations, knew what was happening, knew that in fact that Western Accord put ICG in an impotent position in those discussions and negotiations. This Minister and this Premier are aware, I'm sure, that the problem is the wholesale price at which gas is being sold at the Alberta border. - (Interjection) - Madam Speaker, I'll repeat for the interest of the Minister.

The problem is the wholesale price at which natural gas is being sold at the Alberta border. That's the problem. And that's where the Minister and his colleagues should be concentrating their efforts in putting forward forcefully, probably in conjunction with the other major consuming provinces, because indeed this is a problem that will affect and does affect Quebec and Ontario. Wouldn't we be in a greater position of strength in dealing with not only the Federal Government but the Alberta Government if we were in consort with those other consuming provinces to say that it has to be restructured, that Western Accord?

It must be restructured. If there are going to be court challenges as to the constitutionality of Alberta's legislation, far better to have that court challenge one that is supported by several provinces rather than just

the Province of Manitoba. That's the kind of situation that should have been undertaken. That's the kind of situation that was visualized by the Public Utilities Board when they said this is a government problem that has to be tackled.

At no time did they say, take over the natural gas distribution facility in Manitoba. That's not the problem that they saw and they identified. They didn't say that ICG were the big bad gougers, because it isn't in the cards, it isn't in the figures that ICG is making that \$50 million profit that the Premier says is going to be saved by going into natural gas distribution. It's nowhere in the figures.

I would challenge the Minister to get up and tell me that \$50 million of profit is being unreasonably taken out because, if it is, then he ought to be -(Interjection)- Not by ICG, not by the natural gas distribution company in this province - absolutely not. Because if it is, then the PUB is being negligent and not setting the price and the rate of return properly. That was in their mandate.

Madam Speaker, what the Public Utilities Board was saying is that Manitoba Government is probably the one that has to challenge, along with other consuming provinces, the constitutionality of the long-term contracts, the take-or-pay basis, all of those things that are structured as a result of the Western Accord. All of those things are tied together by virtue of the protection of long-term supply, the sanctity of contract and all those things.

The fact of the matter is, the profits and the opportunities for saving money are not within the distribution of the gas. They're within the purchase at a wholesale level of the gas. That's where the concentration has to come. That's where this government, working with other governments, will have to break down that arrangement that's in the Western Accord, but they don't have to have the gas distribution company in order to achieve that, Madam Speaker.

The Minister speaks of it as a visionary activity - that's what he said in his notes - a visionary activity, as though he is some sort of Messiah on an ideological crusade. Where is the advantage to the gas distribution takeover? When one looks at buying a business, you look at the profits that you can make. Presumably those profits justify the risk and justify the investment.

The Premier speaks of saving the consumers over \$50 million. Well, as I've asked the question earlier, where will it come from? It's not going to come from ICG's profits, because there aren't \$52 million a year in profit at ICG. The Minister, who has spent a lot of time on the negotiations, must surely know that.

The information I have from the Annual Reports of Greater Winnipeg Gas Company - and I might indicate that Greater Winnipeg Gas Company, because it has a number of private shareholders, has to report publicly, separately from the rest of ICG. So we get some indication of the overall profitability of the gas distribution network. I might also indicate that the best estimates that I'm being given by people from a variety of private sector operations in the province is that Greater Winnipeg Gas represents about 80 percent of the profitability and indeed the business of gas distribution of these companies.

The Minister is nodding his head. Well then, where are these massive profits that the Minister talks about?

The maximum net profit that was made over the past five years by Greater Winnipeg Gas was \$8 million. That was after paying \$5.9 million in taxes, so the total gross profit then, pre-tax, was \$13.9 million.

I am told that, in addition to that, the rest of the gas distribution, that maximum, might have paid \$5 million, might have added another \$5 million of profit from the outside-of-Winnipeg operations at very maximum. The figure is probably lower, but they said that would be an absolute maximum.

So we're talking about the opportunity to gain between \$10 and \$20 million of annual profit. Now, how is that going to pay off a \$175 million debt? I don't know, I don't know. How is that going to pay that off? If we're talking about net profits, and we're talking about \$10 million net profits on - we're talking about them being able to save what is a rate of return of somewhere in the range of 10 or 12 percent maximum. That's exactly the kind of return that you're going to have to pay on the bonds that you issue to get the money for the Province of Manitoba.

So what we're doing is essentially washing out the difference. There's absolutely no saving. You're going to have to pay it in interest on the debt that you incur. Madam Speaker, what are you doing then? Why are you doing it? You're certainly not doing it for a businesslike basis. You're doing it, in fact, simply to have another Crown corporation under government control, simply to have the employment of hundreds of people under your jurisdiction again, simply to have the opportunity to use it for future political purposes, to promise expansions, to offer people incentives or deductions or other things.

Madam Speaker, I don't think that makes sense. The fact is that this is a public utility whose rate of return is regulated by government, whose profit is regulated by government, whose price is regulated by government. If they have a problem with the profits they're making, they can regulate them through the PUB, but that's not the problem. The problem is that they want to have another Crown corporation available to be used as an instrument of public policy.

Madam Speaker, there is no way that they can operate this more efficiently or more effectively than it's being currently operated. That's the opinion of most people in the private sector; that's the opinion of most of the customers of Greater Winnipeg Gas Company, that it is an efficiently and well-operated company.

The only thing that they can do by imposing political decision-making is to raise the costs of operation overall, raise the costs of operation. They want the taxpayers to gamble that they, as a Provincial Government, can operate this company more efficiently, more profitably than the private sector companies were doing in the past. Do you believe that's a gamble most Manitobans will go for? Do you believe that's a gamble that most Manitobans want?

Madam Speaker, even their own Public Utilities Review, even their own Public Utilities Board Review that led to the conclusion in 1982 that they should renew the licence for 25 years, didn't in any way ever give them any encouragement to suggest that the government ought to be getting into it, that the government ought to move because there were flaws in the way it was operated, that it was inefficient or wasn't servicing the customers. No way was that ever

in that review. No way did they suggest that the government could save money for the taxpayers by taking it over.

Madam Speaker, given what I've told you in the past little while about MTX, about MPIC, about the Workers Compensation Board - I haven't even mentioned Flyer or Manfor - it's no wonder that the Public Utilities Board, the government-appointed Public Utilities Board, wouldn't have recommended that the government take it over. So can anyone realistically blame the Opposition or the public for being skeptical as to why this government went into the purchase of this gas company?

Madam Speaker, we learned earlier this week, I think, some of the real rationale behind this decision. We learned that the NDP did extensive polling prior to making this decision to take over the natural gas distribution facility in Manitoba. I believe that, more than anything else, exposes the real principles and the real commitment of this Premier and this Minister and his government as they apply to a major decision of this nature.

The Minister spoke of Woodsworth, of his principles and his vision. He spoke of Tommy Douglas, he spoke of Medicare, of Autopac, and all of the visionary principles of the party. But more than anything else, the revelation that they really had done extensive polling on the matter shows us where their commitments are, and where their values and their principles lie. They do whatever they think will gain them public support and popularity.

Madam Speaker, this major investment was not made because the Minister or the Premier or their colleagues were concerned about the long-term best interests of Manitobans. Rather, it was a crass political move designed to try and shore up a sagging administration that has been so badly discredited over the past year and a half for their fiscal policies, for their priority choices where they'll spend money in Saudi Arabia but they won't keep hospital beds open, and they send people to North Dakota for CAT scans, those kinds of priority choices, and for the destruction of the Crown corporations in the way in which we knew them, as efficiently and effectively operating to give the best service for the lowest price to the people of Manitoba.

Instead, they gave us all of these other elements of Crown corporation operation that have badly discredited Crown corporation operation in this province and indeed in many areas of the country, because they insisted on their political interference and their political involvement in them.

So, they did polling. And according to the Minister, they didn't ask the question: Do you think that the government can run the gas company more efficiently and more effectively than a private sector company? No. The questions that he said were asked were: Do you think that Manitobans should pay higher prices for natural gas than we are selling it for to the United States?

**A MEMBER:** Stupid.

**MR. G. FILMON:** Well, what do you expect them to answer to that? Do you expect them to say, yes, we should be paying higher prices than what we're selling

it for in the United States? Of course not, of course not.

You know, there was an article in the *Globe and Mail* that caught my eye respecting this particular move and it said: "Manitoba Government gas business will provide prices comparable with the U.S. figure." But federal statistics show gas prices in the provinces are already below those in neighbouring states. So I went to the Department of Energy and I asked for the figures they have as to what is the wholesale price of gas at a cost of dollars per million b.t.u. in Manitoba, in Minnesota and Wisconsin and so on. Indeed, it showed that it was lower in Manitoba for the wholesale price of gas. Asked, what is the weighted average for the long-term gas price, Canadian dollars per gigajoule, U.S. exports at Emerson: \$327 Canadian, versus Winnipeg Gas, \$321.00.

**HON. W. PARASIUK:** Can I just ask where you got those figures?

**MR. G. FILMON:** The source of that is from the Minister's office in the Department of Energy and Mines, the Federal Department of Energy. Now that is for long-term prices, of course, and what the Minister is talking about is short-term available prices that are being sold down there.

When he gives his figure as to what the price is being sold at in U.S. today, it's the short-term price. That opportunity that is available today because of all of the excess gas, they're not selling long-term gas to the United States at those prices.

Madam Speaker, that's the figures that I got from the federal department. And if the Minister has better figures than that, I'll be happy to share those figures.

The other question they asked is: Do you think Manitobans should pay exorbitant prices for their natural gas supply? That is what the Minister indicated. Again, what would you expect them to answer to that? But that's not the question. The question is: Do you believe that the government can operate the natural gas distribution facility more efficiently and more effectively than the private company that has been operating it for a considerable time?

Madam Speaker, this isn't the issue, whether or not the prices should be lower. I've told the Minister that I believe that the Western Accord ought to be attacked and ought to be indeed restructured, and I believe that his government, probably in conjunction with other Provincial Governments, has the power and the opportunity to do that.

But the issue is: Why do we need to be operating the distribution facility? Indeed I don't believe that there's any justification whatsoever for that to happen.

Given MTX, given MPIC, given Manfor, given Flyer, I don't believe that there is a justification for that to happen, and I don't believe that most Manitobans do. Why aren't other governments moving in on this and rushing to take over natural gas distribution? There's no bonanza here to be tapped, no wealth of profit. I've already indicated what the profit margins and the opportunities are.

Only a government committed to socialist ideology, that's all the reasoning that there is behind this takeover. They are the only ones who would find this as the best

way to solve a problem on behalf of the ratepayers of the gas company, and we saw them trying to solve those public problems with MTX. The public problem they solved was that there was going to be a layoff of staff at MTS, so they went out and they started MTX as an employment measure for the Telephone System.

We saw them do that in a variety of different ways in the past in taking over Crown corporations, such as Manfor, Flyer Industries, and all of those. They're going against the best judgment of governments, not only in Canada, but all over the world. Saskatchewan is getting out of Crown corporations. Ontario, Liberal Ontario is getting out of its Crown corporations as quickly as it can, as much as it is reasonable to do so. The Federal Government, of course, is getting out of Crown corporations and wisely so. Great Britain is getting out of them. European countries are getting out of government ownership of these corporations.

Madam Speaker, when I looked at the comments of the Minister in his speech in introducing this bill, I didn't see a great deal of facts and figures. I saw a great deal of party philosophy, socialist philosophy, rhetoric. I didn't see a great deal of facts and figures behind it, the necessity of why the distribution had to be taken over. Much of what he says applies to the wholesale pricing, and that wholesale pricing will apply no matter who is distributing it unless the government can take effective action on that, and that's where I see the role for this administration.

The Minister said, and I'll quote: "In its report, the Public Utilities Board confirmed that Manitobans were being charged excessive and discriminatory prices for natural gas, found that the problem exceeded its jurisdiction and that only the government would have the authority to deal effectively with the problem." I believe what they intended was that the government ought to get involved in lowering the wholesale price at the Alberta border and that involves, as I say, potential court challenges, maybe even constitutional challenges, certainly getting together with the other consuming provinces to break down the negative effects and restructure that Western Accord. That's where the key lies, but that's not what the decision resulted in.

The decision said, take over the distribution facilities, and I've already demonstrated the profits and the gouging are not in the distribution facilities. They're not there at all.

Madam Speaker, this said, there are further things about the expansion of the natural gas distribution in Manitoba. I've already talked about how that ought not to be done on a political basis; that has to be done on an economic basis. But given the track record of this administration, it will be held out as a carrot to try and win votes.

Madam Speaker, the Minister says, this legislation will save Manitoba over \$50 million per year in our natural gas bills. That's not true, because there isn't \$50 million a year to be taken out of the natural gas distribution company. It's not in ICG and Greater Winnipeg Gas, it is not there. It won't be this legislation that would save the \$50 million. It would be the government intervention and the success in breaking down the Western Accord, and that has nothing to do with it. That has nothing to do with it.

You don't need to own the gas company in order to achieve that saving. What you need to do is restructure

the Western Accord, and it doesn't take ownership of the gas company in order to achieve that, Madam Speaker.

It says here: "The Government of Alberta has its own priorities. It is reasonable for Alberta to try and drive the hardest bargain they can, but this legislation will allow the Manitoba Government to be equally forceful in defending the interests of our province and our people to ensure fair prices."

Madam Speaker, other provinces buy natural gas on a wholesale basis through a provincial Crown corporation, and let others distribute it. That is an option that was open to this Minister, to allow the province to buy it on a wholesale basis and allow others to distribute it in the province. That is an option that's open to this Minister. He doesn't have to own the gas company in order to buy the wholesale price of gas.

Madam Speaker, all of these things in here seem to be put forward as ideological positions of the Minister, and that's fair because he's an ideologue and his government has obviously a social philosophy that is different from ours.

But I say to you, Madam Speaker, there is nothing in the PUB decision or indeed in the circumstances of the operation of Inter-City Gas that should insist that the government take over the distribution of natural gas in this province. Nothing that we have been shown in the past would lead to this logical conclusion. It just simply is not there. It's a decision that has not been made based on the economics of the operation of the company. It is not a decision that has been made on whether or not that will lead directly to savings for customers. It is a decision that has been made on ideology by this Minister and this government.

The fact of the matter is, the PUB accepted arguments that lower - there's another matter. The Minister indicated here that large industrial users were being unfairly benefited by the situation. The PUB accepted the argument -(Interjection)- Well, if that means that they both get the same rate, the PUB said that wasn't the case. The PUB accepted the arguments that lower pricing to large industrial users was valid. It wasn't a discriminatory practice. In fact, the economies of installation, maintenance and distribution costs and the economies of scale were such that they ought to be given the benefits of those large industrial users.

You couldn't say, you have to sell it at the same rate to large industrial users as to the individual consumer, because the large industrial users gave you benefits in the economies of scale.

The PUB did not say that ICG was the problem. The PUB said the Western Accord was the problem, and yet the Minister has said that he needs to buy ICG to solve the problem. Madam Speaker, I believe that instead of purchasing the distribution system, this government ought to have taken the step of working towards the restructuring of the Western Accord in conjunction with the other consuming provinces. If it's a constitutional battle with Alberta, we'll have a great deal more strength being together with other consuming provinces. If it's a contract that is to be broken, then the government obviously is going to have a greater ability to do that if it's a constitutional case that's to be argued. And if it has other provinces on side with it, then it will. That will enable us to get the cheapest price at the Alberta border on a wholesale basis, and

that would enable us to pass that benefit on to all of the consumers in Manitoba. That would not have required the purchase of ICG in order to accomplish that, Madam Speaker.

Madam Speaker, I repeat, look at the bottom line analysis of what prevails in natural gas distribution and pricing in Manitoba today. The company's price is regulated by a government-appointed Public Utilities Board. The company's rate of return in profit is set by the Public Utilities Board so it can't exceed the profit levels. The government collects millions of dollars in taxes from ICG. It has no investment and no risk and it collects all that and it even sets the price for the consumers of Manitoba. Why would you need to take over the gas distribution facility in Manitoba?

This bill, Madam Speaker, will resign the taxpayers to risking \$175 million. While half the province doesn't enjoy natural gas service, all will have their capital risked. It's not warranted, it's not justified and, Madam Speaker, my colleagues and I are completely opposed to this decision and this legislation for all those reasons.

Thank you.

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

**HON. B. URUSKI:** Madam Speaker, I want to rise to say a few words on this debate today. The Member for Sturgeon Creek commented on my length of time in this House, my having 18 years of service in this Chamber, Madam Speaker. In the 18 years that I have been here, I have never heard of a situation like we've seen today where we have the Energy critic of the Conservative Party shoved to the back rows because the Leader of the Opposition, who doesn't happen to share the views of the Energy critic, now says I will take the spotlight and I will lead the show because I can't stand the position that you've taken.

Madam Speaker, the only member on that side is the Member for Lakeside who has any type of vision vis-a-vis public utilities and the distribution of natural gas in this province. Madam Speaker, the Member for Lakeside did make some very good quotes on gas when he talked about the telephone system in the Province of Manitoba. When he talked about, "That was responsible leadership, Madam Speaker, and I suggest to you that if this government wants to do anything like this with respect to natural gas, they'd better look at it and look hard at it."

Secondly, Madam Speaker, the Member for Lakeside talks about frankly, and I quote from the Free Press of March 5 of this year, "takeover is the sensible option but it could cost \$500 million." Madam Speaker, the Member for Lakeside is likely going to have to rethink his position in the Conservative party. He's going to have to rethink how can he serve in a party when, if they were elected, he would be the Energy Minister unless, of course, the present leader is saying he won't be the Energy Minister. How can he be an Energy Minister in the party when the leader just undercut him above his knees, Madam Speaker, on an issue so fundamental to rural Manitoba and urban Manitoba as this?

The proof of the pudding, Madam Speaker, is not in the philosophical rhetoric of the Leader of the

Opposition, it's here. Do you hear the jingling? That's where it counts, Madam Speaker, to every consumer of natural gas in this province. That's where \$50 million a year counts to every homeowner, to every business in this province. That's what counts in this issue, not the philosophical hangup of the Leader of the Opposition as to who can operate something better.

It's very clear that the public has done an excellent job in operating several utilities whether it be public insurance, Madam Speaker - and I use the Leader of the Opposition's yardstick. Look at the financial statements of private companies when they pay back 35 cents to 40 cents of every dollar that people put in premiums back in claims and the Public Insurance Corporation pays back 80 cents of every dollar that people put in. That's performance, Madam Speaker.

**MADAM SPEAKER:** Order please.

**MR. C. MANNES:** Point of order, Madam Speaker.

**MADAM SPEAKER:** The Honourable Member for Morris on a point of order.

**MR. C. MANNES:** Madam Speaker, this member, Thursday, June 14, on another issue, said that principle was important . . .

**MADAM SPEAKER:** Does the honourable member have a point of order?

**MR. C. MANNES:** . . . and money in the hand wasn't important. Is the Minister now changing his argument . . .

**MADAM SPEAKER:** Order please.

The honourable member doesn't have a point of order.

The Honourable Minister of Agriculture.

**HON. B. URUSKI:** Thank you, Madam Speaker.

It's very clear that the Conservative Party and the Leader . . .

**MADAM SPEAKER:** Order please.

The Honourable Minister of Agriculture is being interrupted because of the adjournment hour.

## HOUSE BUSINESS

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

**MR. G. MERCIER:** Just on House Business, Madam Speaker, I would ask the Government House Leader if he's prepared to call the Committee on Privileges and Elections for Monday?

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

**HON. J. COWAN:** Thank you, Madam Speaker.

I want to thank the Opposition House Leader and members of his caucus, particularly rural members and as well rural members and others on this side, for

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working with me at a fairly quick pace this morning to arrange with the Opposition for committee hearings to be held on Monday.

We will continue with committee hearings today, start commencing at one o'clock and there is an agreement that we will attempt to finish the list as it presently stands. There are about 44 names on it. We will meet this evening at seven o'clock, if that is required, and we'll leave it up to the committee to work out those arrangements. But we will not close off the public presentations so as to allow rural members basically an opportunity, or people coming from the rural communities, an opportunity to come in on Monday.

We will commence the hearings on Monday at 10:00 a.m. and they will run to 12:30 p.m. We will then run the hearings, if required, concurrently with the House commencing at 2:30 p.m. and running to 6:00 p.m. and, if required, commencing again at 7:00 p.m. and running until we have finished the public presentations.

It is our intention to use our best efforts to try to get through clause-by-clause consideration of the bill

on Monday evening. We have agreed that we will attempt to do that and it may be necessary, if there are a large number of presentations, to so structure the time limits for the presentations so as to allow everybody an opportunity to be heard, but that is a matter that we would want to discuss at the committee and leave in the committee's hands if they feel that is required, but there is a general sense that it may be necessary if there are a large number of representations. All members want to hear the public out on this, and we feel the Monday hearings of the Standing Committee on Privileges and Elections as so structured will enable us to do that and complete the clause-by-clause on that day.

**MADAM SPEAKER:** When Bill 68 is again before the House, the Honourable Minister of Agriculture will have 35 minutes remaining.

The hour being 12:30 p.m., the House is now adjourned and stands adjourned until 1:30 p.m. on Monday next.