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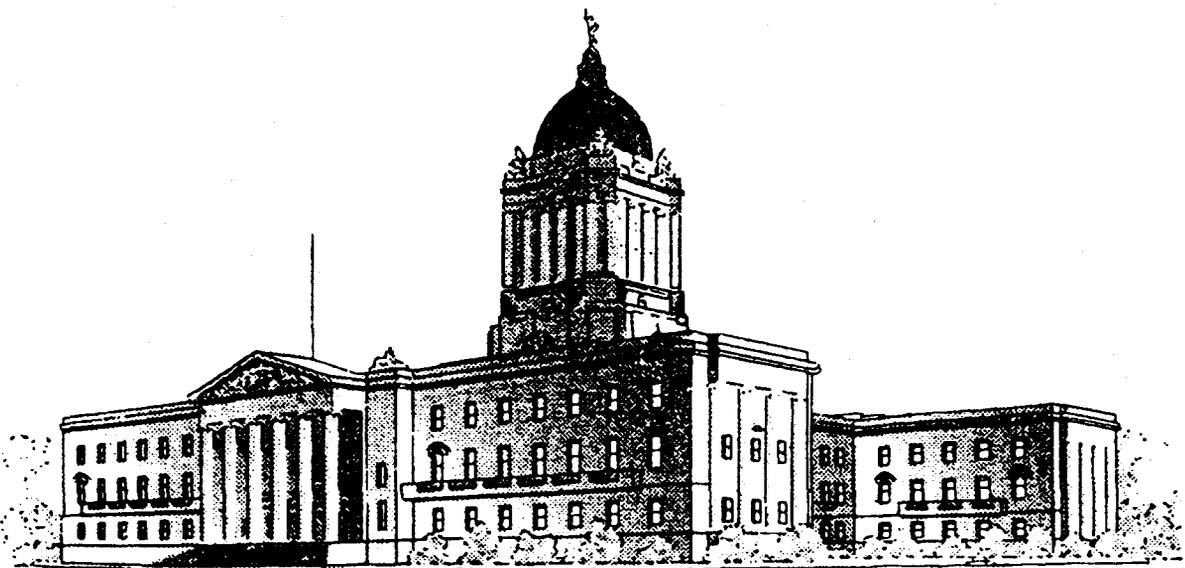
Second Session - Thirty-Sixth Legislature

of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS  
(Hansard)**

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The Honourable Louise M. Dacquay  
Speaker*



**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Sixth Legislature**

**Members, Constituencies and Political Affiliation**

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<b>Name</b>	<b>Constituency</b>	<b>Party</b>
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
DERKACH, Leonard, Hon.	Roblin-Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary	Concordia	N.D.P.
DOWNEY, James, Hon.	Arthur-Virden	P.C.
DRIEDGER, Albert, Hon.	Steinbach	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
ERNST, Jim, Hon.	Charleswood	P.C.
EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
FILMON, Gary, Hon.	Tuxedo	P.C.
FINDLAY, Glen, Hon.	Springfield	P.C.
FRIESEN, Jean	Wolseley	N.D.P.
GAUDRY, Neil	St. Boniface	Lib.
GILLESHAMMER, Harold, Hon.	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McALPINE, Gerry	Sturgeon Creek	P.C.
McCRAE, James, Hon.	Brandon West	P.C.
McGIFFORD, Diane	Osborne	N.D.P.
McINTOSH, Linda, Hon.	Assiniboia	P.C.
MIHYCHUK, MaryAnn	St. James	N.D.P.
MITCHELSON, Bonnie, Hon.	River East	P.C.
NEWMAN, David	Riel	P.C.
PALLISTER, Brian, Hon.	Portage la Prairie	P.C.
PENNER, Jack	Emerson	P.C.
PITURA, Frank	Morris	P.C.
PRAZNIK, Darren, Hon.	Lac du Bonnet	P.C.
RADCLIFFE, Mike	River Heights	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack, Hon.	Niakwa	P.C.
RENDER, Shirley	St. Vital	P.C.
ROBINSON, Eric	Rupert's Island	N.D.P.
ROCAN, Denis	Gladstone	P.C.
SALE, Tim	Crescentwood	N.D.P.
SANTOS, Conrad	Broadway	N.D.P.
STEFANSON, Eric, Hon.	Kirkfield Park	P.C.
STRUTHERS, Stan	Dauphin	N.D.P.
SVEINSON, Ben	La Verendrye	P.C.
TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.

## LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, October 16, 1996

The House met at 1:30 p.m.

### PRAYERS

### ROUTINE PROCEEDINGS

#### Introduction of Guests

**Madam Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the Speaker's Gallery, where we have with us today His Excellency Jan Stahl, Ambassador of Sweden to Canada.

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

Also seated in the public gallery, we have this afternoon five students from Bangkok, Thailand. These students are under the direction of Mr. Rawat Choomjai and Mrs. Diane Steiner.

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

Also seated in the public gallery, we have sixty Grade 11 students from Fort Richmond Collegiate under the direction of Ms. Dawn Mandy. This school is located in the constituency of the honourable member for St. Norbert (Mr. Laurendeau).

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

### ORAL QUESTION PERIOD

#### Regional Health Boards Elected Representatives

**Mr. Gary Doer (Leader of the Opposition):** My question is to the First Minister (Mr. Filmon). Group after group and person after person last evening commented about the autocratic and bureaucratic nature of the policies contained within the regional health legislation being proposed by this Premier and this Minister of Health.

Many organizations and many individuals spoke about the need to give more faith to the people and less faith to the government-controlled bureaucracy. They called on the government to bring in elections of regional representatives on their regional boards. The Union of Manitoba Municipalities, the Manitoba Association of Registered Nurses, the Federation of Labour, the Manitoba Women's Institute, the United Church of northwestern Ontario and Manitoba called on the government to put more faith with the people and less faith with the government bureaucracy.

I would like to ask the Premier, will he now overrule his Minister of Health and provide elections for representatives on regional health boards here in the province of Manitoba?

**Hon. James McCrae (Minister of Health):** Madam Speaker, the Leader of the Opposition is aware that Bill 49 was introduced in this Legislature last June. At that time I spoke with numerous people and organizations to let them know that since Bill 49 was extremely groundbreaking legislation which paves the way for reforms that will bring about improved health services for Manitobans, it would be a good idea for those interested parties to have a look at the legislation, get back together with myself or my department this fall and we would listen to their concerns. That is what we have been doing.

The committee is another very democratic function that we have as part of our legislative process, but through the course of my consultations, some issues have indeed emerged and I gave notice to the committee that it would be our intention at the close of the presentations to bring forward amendments to meet some of those concerns that have been raised, concerns about a reference in the legislation to the five principles embodied in the—

**Madam Speaker:** Order, please.

\* (1335)

#### Point of Order

**Mr. Dave Chomiak (Kildonan):** A point of order, Madam Speaker. I believe Beauséne Citation 417

indicates that the question should be brief and to the point. The minister does not have to answer the question, but the Leader of the Opposition very clearly asked the Minister of Health whether or not they would introduce elections of board members. The Minister of Health has not even remotely dealt with that question and has dealt with history surrounding other issues. [interjection] If the Premier (Mr. Filmon) wants to answer the question, he can answer the question.

Madam Speaker, last night in front of the committee virtually every group asked for elections of board members—

**Madam Speaker:** Order, please. I believe the honourable member for Kildonan had raised his point of order, and I would remind him this is not a time for debate.

**Hon. Jim Ernst (Government House Leader):** My point exactly, on the same point of order, Madam Speaker, that the member for Kildonan was in fact debating the issue because he is not getting information or a statement out of the minister that he wants. Beauchesne is also clear that the minister may not answer the question.

**Madam Speaker:** On the point of order raised by the honourable member for Kildonan, the honourable member for Kildonan did not have a point of order. It is clearly a dispute over the facts.

\* \* \*

**Mr. Doer:** Madam Speaker, again, individuals talked about the autocratic nature of this bill and I would hope that the Premier (Mr. Filmon) would have the leadership to overrule and tell Manitobans today that he is going to overrule his Minister of Health and provide for the democratic principles of elected representation for the regional boards.

### Impact on Labour Relations

**Mr. Gary Doer (Leader of the Opposition):** I have a new question to the Premier, a question I have asked him before.

Glenda Doerksen, a nurse in Dauphin, Manitoba, spoke about the quality of health care and talked about

the unfairness of one individual who would have the right to undo fair labour practices that have taken place in this province over a number of years. She cannot believe the antidemocratic nature of the proposed amendments.

I would like to ask the Premier, will he overrule his Minister of Health and provide for legitimate worker rights to vote for the bargaining unit of their choice, which is a convention that these governments of Canada and Manitoba have signed under the ILO?

**Hon. James McCrae (Minister of Health):** The honourable Leader of the Opposition certainly has his nerve, Madam Speaker, to talk about democratic principles. When we have to impose on future generations the necessity to repay hundreds and hundreds of millions, nay, billions of dollars of borrowing that these honourable members opposite imposed on Manitobans, to that extent democracy is robbed from future generations and that should be borne solely by honourable members opposite. Does the honourable Leader of the Opposition, who holds to these sacred democratic principles, also suggest that the regional health authorities ought to be given the power to tax the people?—because that is a natural conclusion to the argument the honourable member is making.

Madam Speaker, we spoke about bringing forward amendments to deal with the five principles embodied in the Canada Health Act to deal with issues related to faith-related organizations, and the honourable Leader of the Opposition asked about the powers of the commissioner. We felt that we want the powers of the commissioner to be there for the duration of the transition to the regional health authorities, and we are proposing to bring forward an amendment to bring a sunset clause to the activities of the commissioner.

\* (1340)

### Elected Representatives

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, this side is in favour of elected representatives onto the regional boards. That side is in favour of power to the bureaucracy, power to the Premier, power to the Minister of Health and no power to the people in terms of regional health. That is the fundamental difference on this bill.

I would like to ask the Premier a further question. People talking about the autocratic nature of this bill cited examples of volunteers being driven out of the health care system by some of the nature of this bill. The United Church went on to say that this bill is reminiscent of laws passed in former Communist regimes. Is that the kind of autocratic dictatorial bill that this government wants to pass, or does it want to share power with the—[interjection] If the Premier wants to answer the question, he can get up and answer it.

Or will he give the regions and the people of Manitoba the right to elect the regional boards as is the belief of everybody presenting briefs before the committee last evening?

**Hon. James McCrae (Minister of Health):** I know that the Leader of the Opposition likes to get carried away with his rhetoric, Madam Speaker, but it becomes worrisome when I think that he starts to believe his own rhetoric.

I would like to read to you, Madam Speaker, a clause, an amendment to The Labour Relations Act brought forward by the New Democrats in 1984, as follows: Except as provided in subsections 5 and 6, no decision, order, direction, declaration or ruling of the board or any panel of the board shall be questioned or reviewed in any court and no order shall be made or process entered or proceedings taken in any court, whether by way of injunction, declaratory judgment, stay, certiorari mandamus, prohibition, quo warranto or otherwise to question, review, prohibit or restrain the board or panel or any of its proceedings.

Madam Speaker, when the book about hypocrisy was written, it was written about honourable members opposite.

#### Introduction of Guests

**Madam Speaker:** Order, please. Prior to recognizing the Leader of the official opposition on a new question, I would like to draw the attention of all honourable members to the public gallery. There was an omission made. We have fifty-three Grade 5 students from Linden Christian School under the direction of Mrs. Michelle Grove and Mrs. Christine Bartel. This school is located in the constituency of the honourable First Minister (Mr. Filmon).

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

\* \* \*

**Madam Speaker:** The honourable Leader of the official opposition.

**Mr. Doer:** Thank you, Madam Speaker. The position of the government is no vote for the workers and no vote for the people, and we know that position quite well.

#### Corrections System Intermittent Sentences

**Mr. Gary Doer (Leader of the Opposition):** A new question to the Premier: Yesterday I was again perplexed with the answers of the Minister of Justice when she answered a question raised in this House when she asked this side of the House what she thinks individuals are doing for the other five days that they are actually in the community on intermittent sentences.

Madam Speaker, we believe that the other two days of that seven-day period should be spent in jail if that is what the court orders in intermittent sentences.

I would like to ask the Premier, is it still the policy of his government today that persons sentenced to intermittent sentences in the province of Manitoba will not serve jail time?

**Hon. Gary Filmon (Premier):** Madam Speaker, I realize that the Leader of the Opposition has difficulty understanding, and I will repeat for him what has been said many times before. That is that we had a riot at the jail in Headingley this spring, a riot that put out of commission our largest penal institution, a riot that caused us to have to do things that we would not have chosen to do. Those decisions had to be made in the wake of that, not having the ability to just simply transfer people into another institution, because we do not have a spare one sitting around in case we get a riot that destroys the institution. We therefore had to have decisions made by the people in Corrections, the people who are charged with the responsibility to deal with those situations.

Obviously, in the case of those who were not able to be accommodated in accordance with the sentences that were

issued, we were dealing with circumstances, as has been said by many experts, people who were obviously not considered to be a danger to society because they are allowed to be in society, to be in the community for the other five days of the week. If they were considered a menace or a danger, they obviously would not have been given those kinds of sentences. All of this has been well documented, has been well explained. It is only the Leader of the Opposition who, for his own cheap politics, chooses to ignore this.

\* (1345)

**Mr. Doer:** Madam Speaker, I would like to ask the Premier whether he has met with his Minister of Justice to determine the communication breakdown in her department over to the judges and the Crown attorneys months ago—we do not know exactly the date—and has he met with the Minister of Justice (Mrs. Vodrey) to determine whether there have been choices available to the government? If the government has the public will and the political will to have persons sentenced to intermittent sentences, serve jail time, is there not the ability of the government to find ways in which jail time and imprisonment will be a legitimate deterrent as articulated by judges in sentences? I would like to ask the Premier, has he felt it has been a priority to meet with the Minister of Justice, and has he explored the options available in the public interest?

**Mr. Filmon:** Again, the question has been well responded to and thoroughly canvassed. The opposition, of course, Madam Speaker, have demonstrated their incapacity to come up with satisfactory alternatives. The member for St. Johns (Mr. Mackintosh) came here and said that he had spoken to Saskatchewan and found out that they could have been put in Saskatchewan. Well, of course, these people who are going to be in the community here in Winnipeg for five days of the week are going to go to Saskatchewan for the weekend. Perhaps they could play the casinos while they are there.

You know, these are the kinds of stupid ideas that are put forward by the opposition and, of course, we have a phone call placed to the Deputy Minister of Justice and find out that the member for St. Johns did not talk to anybody in authority. He talked to a political assistant who gave him an answer that he wanted to give, full of

garbage, and that is what this whole debate has been about, is garbage, because the Leader of the Opposition wants to make cheap politics, along with his friend from Wolseley.

**Mr. Doer:** Madam Speaker, the Premier can blow as many gaskets as he likes in this House and feign indignation, but the only garbage is that the Crown attorneys and the judges did not know about the government's policy and this Premier and this Minister of Justice are responsible.

I asked the Premier a very simple question. Has he met with his Minister of Justice to review the lack of communication from this minister to the Justice department, the Crown attorneys and the judges, and has he met with this minister to determine whether—if there is the political and public will—capacity for persons sentenced to intermittent sentences, capacity can be achieved so that intermittent sentences and jail time would go together as judges have sentenced here in the province of Manitoba?

**Mr. Filmon:** Madam Speaker, there is a political will, of course, to deal with the situation for the best interests of all the people of Manitoba and that is precisely what is being done. That is why the Minister of Justice has been dealing with all of the elements of Corrections, including representatives of the workers, the union and the workers who are vitally involved and obviously very concerned that they ought to be kept in safe circumstances. It is why the Minister of Justice has made a commitment to \$10 million to renovate and to upgrade and to change the configuration of Headingley Jail. That is what is being done for real capacity needs, not the kind of hot air that is being given towards the issue by the Leader of the Opposition. It is why the members of the Justice department have been dealing with the situation and with Corrections to ensure that we are doing whatever is necessary and reasonable to ensure that during a transition, while we have the loss of capacity, we are doing what is best for all the people of this province.

\* (1350)

#### Headingley Correctional Institution Space Availability

**Mr. Gord Mackintosh (St. Johns):** Madam Speaker, my question is to the Minister of Justice.

After the minister said there is no space for minimum-security weekend inmates, the member for Burrows (Mr. Martindale) and I inspected Headingley Jail with an escort on Saturday under The Corrections Act, and, lo and behold, there in Annex A were not one but three separated, segregated dorms, all the facilities in working order, including 28 bunks, 48 mattresses and new manual locks in working order on the doors, but the place was vacant.

My question for the minister is, could the minister explain why this facility was unused last weekend and will she put it to use next weekend instead of countermanding the sentences of the judges of Manitoba?

**Hon. Rosemary Vodrey (Minister of Justice and Attorney General):** Madam Speaker, we have had seven wrongful, scandalous allegations within the past four days. We have now heard an eighth from the member for St. Johns.

Madam Speaker, I also attended Headingley on Monday, and I have a document submitted by the superintendent of Headingley who cites all of the reasons why the annex is not ready to be inhabited. I really wonder, in the two days between when I was there and when he was there, what really he thinks happened to the beds.

Madam Speaker, very clearly the superintendent of Headingley has outlined a number of issues why in fact inmates are not being housed in Headingley, including staffing issues because we do have staff members who have not been able to return to work and in fact some of those staff may never be able to return to work, including priority relief at other institutions, including life safety systems, including food services and other renovations.

We have now had an eighth unsubstantiated wrongful and very scandalous allegation by the member for St. Johns. The evidence flies in the face of what he alleges.

### **Corrections System Intermittent Sentences**

**Madam Speaker:** The honourable member for St. Johns, with a supplementary question.

**Mr. Gord Mackintosh (St. Johns):** If the minister wants to maintain that Annex A is not ready, contrary to

what we saw, or out of 580 correctional officers she cannot find four, would she then treat this as the emergency she says it is and immediately dedicate the resources to make sure people serve their time? It has been almost half a year.

**Hon. Rosemary Vodrey (Minister of Justice and Attorney General):** Madam Speaker, I will be looking at Hansard very carefully to see the information the member has put on the record in this House because I believe that members are obligated to put information on the record to the best of their knowledge at the time, and I would find it very difficult to believe that the member actually saw what he claims he saw on that visit to Headingley because when I attended Headingley on Monday that was clearly not the case. The member for St. Johns clearly knows that all locks were not in order, that there is not a food service—

**Madam Speaker:** Order, please.

### **Point of Order**

**Mr. Doug Martindale (Burrows):** On a point of order, Madam Speaker, I was also at the institution and the person who gave us the tour told us that all the locks were in working condition and they had keys, contrary to what the minister is trying to tell the House.

**Madam Speaker:** Order, please. The honourable member for Burrows does not have a point of order. It is clearly a dispute over the facts.

\* \* \*

**Madam Speaker:** The honourable Minister of Justice, to complete her response.

**Mrs. Vodrey:** I will read from the information provided to me from the superintendent of Headingley. Members ask for order because every time I provide them with the true evidence it touches a sore point for them and they really have a hard time hearing the facts.

I will take the time to read the section on life safety systems, staff safety systems: The current physical structure of Annex A does not include the installation of surveillance cameras or sound alarm systems. These systems are regarded as essential life safety systems.

Currently, as part of the installation of new officer work stations in the main building, these types of systems will be in—

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please. The honourable member for Kildonan, on a point of order.

\* (1355)

#### Point of Order

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, I think Beauchesne's is very clear. You cited the rule yesterday that if the minister is choosing to read quotations from a letter that she ought to, for members of this House, table the contents of that letter.

**Madam Speaker:** Order, please. For clarification, it is not my understanding the honourable minister was reading from a private letter, which is Rule 34 in our House, it is my understanding she was reading from another document.

The honourable Minister of Justice, for clarification.

**Mrs. Vodrey:** I am certainly prepared to provide this following Question Period to members opposite. It will explain to them clearly what the issues are. It is a fully open document, and I will be pleased to share the opinion of the superintendent of Headingley.

\* \* \*

**Madam Speaker:** The honourable member for St. Johns, with a supplementary question.

**Mr. Mackintosh:** How much longer do Manitobans, the victims and judges have to wait for this minister to put in place the necessary resources, if that is what she says it takes, if we are to believe her, to get the facilities available so that sentences can start to be executed in this province once again?

**Mrs. Vodrey:** As I have explained in the House, there are a number of issues. First of all, there are the physical developments and capital changes which have to occur at Headingley and which are in the process. There is also the workplace health and safety issue.

We do have correctional officers who are not able to return to work and some who, in fact, may never be able to return to work or who may not be able to return to work in the places that they worked before.

In addition, as the member well knows, we have now a group of correctional officers in training. While we are attempting to provide that training as quickly as possible, they have to be fully trained in the safety and security procedures.

Now I have said that we expect that those people will be able to in approximately a month. It has taken some time because there is also priority of issues which must be dealt with. We have inmates in other institutions. We are trying to deal with staffing across the province.

#### Health Care System Second Opinions—Billing System

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, we in this Chamber are responsible for a quarter of a billion dollars in medical expenditures as part of the Health budget. We have learned from the paper today, as we often learn, as we learned from leaks, about the government's privatization. We learned about, the public learned about privatization from a leak. We learned about the deinsuring of optometrist visits by a leak. We learned about the deinsuring of chiropractor visits by a leak. This government does not tell us what its plans are.

Will the minister today table in the House what the government's plans are for the new billing system that the government is proposing to pilot or to implement in this province so that members of this Chamber, who are responsible for a quarter of a billion dollars of expenditures, will know what the government is planning and the public will know what the government is planning in this regard?

**Hon. James McCrae (Minister of Health):** Madam Speaker, I will be in a position to make known the results of discussions that my department has been having with a clinic here in the city of Winnipeg in due course, but true to form again, when the honourable member for Kildonan reads something in the newspaper that is totally erroneous, he takes the bait.

**Mr. Chomiak:** Madam Speaker, will the government today guarantee that this new system that the government

is secretly planning and secretly conducting negotiations with and not advising the public, will he guarantee that no patient will be deprived of the right to have a second opinion and to visit another physician at their own free will? Will he guarantee that the people of Manitoba will not be deprived of that right?

**Mr. McCrae:** About the only thing in the report that I read today in the newspaper that was not totally erroneous was a comment, ironically, made by the honourable member for Kildonan, which was that second opinions can often be good medicine. So, in that regard, I can give the honourable member the comfort that he is looking for.

\* (1400)

#### Physical Examinations Deinsurance

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, my final supplementary to the minister is, will the minister advise the House today whether the minister, who last year gave qualified approval to the deinsuring of physical examinations for men, will the minister advise this House today whether or not a final decision has been reached on that, whether he is still negotiating that, whether he will reveal to the public and whether this has any relationship to the new pilot project that the minister is not telling us about?

**Hon. James McCrae (Minister of Health):** Madam Speaker, the proposal about which the honourable member speaks is a proposal that was made some time back by the Manitoba Medical Services Council, to which I gave extremely conditional approval. That approval remains conditional. Until I can be satisfied that it would be in the best interests of Manitobans, it will remain that way.

#### Manitoba Public Insurance Corporation Senior Management—Women

**Mr. Gary Kowalski (The Maples):** Madam Speaker, my question is for the Minister responsible for the Status of Women (Mrs. Vodrey). Last Friday at a committee meeting of the Public Utilities and Natural Resources committee held to review the annual report of the Manitoba Public Insurance Corporation, the president and general manager, Mr. Zacharias, informed the committee that, although females make up 50 percent of

the workforce at MPIC, they make up zero percent of the senior executives of MPIC.

My question for the minister responsible for the Status of Women: Is this percentage carried over into the other Crown corporations in Manitoba, zero percent?

**Hon. Glen Cummings (Minister charged with the administration of The Manitoba Public Insurance Corporation Act):** Madam Speaker, as was pointed out at the committee that the member references, certainly the corporation recognizes its shortcomings in that respect and is quite willing to point to the fact that there are in fact a number of female employees who are rising through the ranks.

#### Civil Service Senior Management—Women

**Mr. Gary Kowalski (The Maples):** My question to the Minister responsible for the Status of Women: What is she doing throughout the public sector to assure that throughout Crown corporations and the public sector females rise to senior positions in government?

**Hon. Rosemary Vodrey (Minister responsible for the Status of Women):** Madam Speaker, I will be pleased to provide some more detailed information to my colleague. In fact, the dramatic increase in the number of women who have taken more senior positions and have found assistance as they move through the ranks of government, there has been certainly a very conscious effort to make sure that women are well aware of the opportunities, are certainly encouraged to participate. One of the difficulties that is well known on behalf of women running for public office, for instance, is that often women do not believe that they are encouraged to do so. One of the important things is to make sure women are aware of the fact the opportunity is there, the encouragement is there to try to put their names forward.

**Mr. Kowalski:** My question to the minister is, what is she doing to make women feel that they are wanted in senior positions in the government?

**Mrs. Vodrey:** Madam Speaker, I and the Women's Directorate make every effort to provide and assist where possible with any information for women regarding what may be available to them. We also attempt, for the whole community, often partnering seminars, to encourage

women to move onto boards and commissions, go into promotional competitions, run for public office. This has been a very significant effort. The numbers are now starting to speak for themselves where women are in fact taking the challenge.

### Independent Schools Dress Code

**Ms. Jean Friesen (Wolseley):** Madam Speaker, my question is for the Minister of Education. A private school in Manitoba has used its newly established dress code to force the withdrawal of a kindergarten student who for family, cultural and religious reasons could not meet that dress code.

Could the Minister of Education, who is under The Education Administration Act responsible for all schools in the province, tell us whether she has investigated this matter and whether such types of discrimination are to be tolerated in Manitoba schools?

**Hon. Linda McIntosh (Minister of Education and Training):** Madam Speaker, as the member knows, 87 percent of our independent schools are faith-based religious schools established because parents are frustrated with their inability to have religious training in the schools. I was interested in reading the comments from the member for Broadway (Mr. Santos) yesterday who builds a very strong case for the establishment of Christian schools that would ensure that the students are subject only to their parents' desires for spiritual needs and not other external influences, so I would imagine she would like to talk to him as well about this issue.

I indicate that with this particular instance, my officials are in communication to examine the mission statement of the school, because schools do have the right to set their own criteria for religious purposes so long, of course, as they abide by the Human Rights Code, and so we will be looking to see that those two correspond or, seeing that there is no violation of the Human Rights Code in this instance, by virtue of parents seeking their religious rights to schooling.

### Funding

**Ms. Jean Friesen (Wolseley):** Madam Speaker, could the minister tell the House whether, when a private school applies for public money or receives public

money, that money is granted contingent on a commitment to abide by the Human Rights Code?

**Hon. Linda McIntosh (Minister of Education and Training):** I am very surprised that the Education critic would not know the answer to that, given all the research she has done through these years on the establishment of independent schools. I know that the member opposite does not believe in the establishment of Christian schools having any kind of support from the public, that they should not receive—like children who we had here in the gallery earlier, should not be supported by taxpayers, even though she knows the rules which indicate that schools which abide by our Manitoba curricula, hire certified Manitoba teachers, write our standards exams, apply by all of the rules that are there in terms of human rights, et cetera, that if schools will do that for a period of two years they then may apply for partial funding—eventually it will be up to 50 percent of what public schools' operating costs are—with no money for buildings or anything like that, but they are then eligible to apply. If they fit the criteria, they are allowed to receive partial funding. If they do not fit the criteria, no, Madam Speaker, they do not receive funding and the member knows that as well. We have many nonfunded schools in Manitoba. She knows that.

### Leipsic Communications Government Contract

**Hon. Glen Cummings (Minister of Environment):** Madam Speaker, I would like to reply to a question taken as notice yesterday.

The member for Crescentwood (Mr. Sale), in his own kind and generous manner, left the impression that there may have been contracts awarded to Leipsic Communications that were not tendered or were not the lowest bid and, in fact, that is wrong. Tender as of April of this year was awarded on tender to Leipsic Communications for \$49,000, and there were 15 months starting January 9, 1995, where there were two tendered contracts where they were the lowest tender for a total of \$67,000.

### St. Laurent Fish Processing Plant Funding

**Mr. Tim Sale (Crescentwood):** Madam Speaker, in early 1995 during the run-up to the last election, the Minister of Agriculture had his picture taken along with

a number of others, including members of the St. Laurent community, handing over a huge mock cheque for \$30,000 to be used in the expansion of the fish processing plant in St. Laurent. The minister subsequently won the polls in that community.

Could the minister tell the House why a cheque was promised and photographed for the front page of local papers, but apparently after the election was never paid, resulting in substantial losses for the Metis Federation, the fish processing people and several individuals?

**Hon. Harry Enns (Minister of Agriculture):** Madam Speaker, there are many occasions where various departments of government, including such committees as sustainable development or the REDI program, where we support a project, indeed to the extent that is indicated by the honourable member, but there is a due diligence process; certain conditions have to be attached. In this particular case the cheque was only available to that community if in fact machinery was installed, if the promoters of the proposal carried out very specific, prescribed conditions to avail themselves of that kind of support. Well, those conditions, I say with considerable regret because yes, it was in my constituency, has been a lifelong ambition of mine to be able to resolve the utilization of rough fish in a lake like Lake Manitoba—those conditions were not met and the cheque was not delivered to the community.

\* (1410)

**Madam Speaker:** The honourable member for Crescentwood, with a supplementary question.

**Mr. Sale:** Is the minister telling the House that he was in such a rush to get elected that he had a cheque photographed for the front page of the paper, that none of the due process requirements for issuing the grant had been made, but he was prepared to have an election cheque so he could win an election, and to heck with due diligence before the election, we will do that later, Madam Speaker?

**Mr. Enns:** Madam Speaker, I am telling the honourable member in this House that I do have some experience in getting elected.

### Norwood Bridge Height Restrictions

**Mr. Gerard Jennissen (Flin Flon):** Madam Speaker, my questions are for the Minister of Highways and Transportation.

Yesterday afternoon on the Norwood Bridge a semitrailer loaded with crushed automobiles accidentally tipped the load it was carrying on top of a passing pick-up truck. Obviously this created a great traffic hazard. My question is, is the minister's department investigating whether or not this accident was related to the height of the load carried by the semitrailer?

**Hon. Glen Findlay (Minister of Highways and Transportation):** Madam Speaker, certainly I can confirm that the police are investigating it, and whether my department is involved in it or not I will inquire and let the member know. But clearly there was an accident, the load tipped and proper investigative authorities are after it.

**Mr. Jennissen:** My final supplementary is: Given that a year ago my colleague from Transcona virtually predicted that these types of accidents would occur unless regulations relating to transportation of goods were tightened—and I will table the correspondence—is the minister prepared to examine the need for restrictions governing load height?

**Mr. Findlay:** I can assure the member that the department, in the interest of safety on the roads for all users of the roads, is constantly trying to be sure that we are on top of all the things that are happening. I also want to remind the member that there are tens of thousands of trucks out there and tens of thousands of jobs involved, and we cannot taint the whole industry because maybe one incident happens.

I can comment to the member that safety is a primary function of our department, to be sure that the loads are handled properly, drivers are properly trained and educated and the trucks are in proper operating condition. That is our incentive to be sure we have safety on our roads.

### General Scrap and Car Shredder Environmental Concerns

**Ms. Marianne Cerilli (Radisson):** The truckload of crushed cars that dumped on the Norwood Bridge yesterday was headed for a place like General Scrap and Car Shredder. Residents in Radisson and the surrounding area of General Scrap and Car Shredder are subject to frequent explosions that sound like bombs when the cars that are crushed have gas tanks remaining in them. Not only is this noise disturbing for the area but damaging the housing in the neighbourhood.

I want to ask the Minister of Environment, can the minister explain why the environment licence for General Scrap and Car Shredder has been under review for five years and as a result the inadequate old licence has allowed the ongoing explosions for this neighbourhood?

**Hon. Glen Cummings (Minister of Environment):** I think the member might well take some satisfaction from the fact that this operation and its licence have been under ongoing review that does not exempt them from the conditions to protect against explosions and removal of fuel.

The other thing that the member probably is well aware of, but should be I think clearly placed on the record here, and that is from time to time car shredder companies will receive vehicles in which the people doing the delivery may in fact deliberately have encased something that might cause an explosion as, i.e., an old propane tank or things of that nature. Certainly it has been my impression that the operation is doing everything it can to reduce the explosions.

**Madam Speaker:** The honourable member for Radisson, with a very short question.

**Ms. Cerilli:** Given that the inspections and documentation after the fact have been proved ineffective, can the minister tell us when we will see a new licence which will include better inspections and penalties for when these explosions occur and disrupt this residential area?

**Mr. Cummings:** There was a committee that did some additional—

**Madam Speaker:** The honourable Minister of Environment.

**Mr. Cummings:** Madam Speaker, I am waiting for the indicator light on my mike.

Nevertheless, there has been an ongoing review of the industry, let alone this particular site, plus the member knows full well that there has been a significant desire for change at that site moving to eliminate an awful lot of the waste that is being generated and is creating some problems in terms of storage. That in itself has created significant controversy within the community, but it has caused the Department of Environment to be working very closely with General Scrap. I want to assure the member and the community that we will continue to work with them to mitigate and eliminate any problems.

**Madam Speaker:** Time for Oral Questions has expired.

### MEMBERS' STATEMENTS

#### Winnipeg Police Services

**Mrs. Shirley Render (St. Vital):** I am really pleased to tell the House that yesterday, October 15, as part of this government's ongoing commitment to enhance public safety, the Minister of Justice (Mrs. Vodrey) presented \$2 million to the City of Winnipeg for the city's police service. This funding will obviously enhance public safety by supporting the addition of approximately 40 more police officers.

This is the second year that \$2 million has been provided to the city to support an increased complement of the police force. This commitment signals a very mutual commitment to crime prevention by the city and the province.

Our government continues to develop a number of initiatives and programs to protect Manitobans. This government leads the country in ensuring that criminal offenders are held accountable for their actions, whether it be violence against women and children or crimes by young offenders. Currently, I want to mention at this point that just last week before a parliamentary committee the honourable Minister of Justice again urged the federal government to make meaningful changes to the Young Offenders Act. As I think most of us know, currently the Young Offenders Act is not strong enough nor flexible enough to deal with violent or repeat young offenders.

This government recognizes that the safety and security of the individual families in our communities is vital to the quality of our lives. Thank you.

### **The Social Allowances Amendment and Consequential Amendments Act**

**Mr. Oscar Lathlin (The Pas):** I rise this afternoon to offer some remarks on Bill 36, The Social Allowances Amendment.

Madam Speaker, I have been observing the proceedings that have been going on on Bill 36 for the two sessions, last Thursday and Friday. The comments that I wanted to make today have to do with the unfairness of the legislation. For one thing, we believe that the hearings should have been held not just in Winnipeg but also in The Pas, Flin Flon and Thompson, where people would have had the opportunity to come and voice their concerns as had a lot of people who were in Winnipeg last Thursday and Friday.

The other thing that I wanted to say was in—

**Madam Speaker:** Order, please. I am experiencing difficulty hearing the honourable member for The Pas.

\* (1420)

**Mr. Lathlin:** Although this piece of legislation affects not the First Nations directly in Manitoba, it does still affect aboriginal people who are not First Nations. In the community councils we have a lot of people who live in northern Manitoba, in isolated areas. When this bill was being drafted, this amendment was being drafted, the drafters did not, or this government did not, take into consideration the cost-of-living differential that is there between Winnipeg and, say, Norway House, Cross Lake, Shamattawa or Lac Brochet. I think it has been clearly and adequately documented over the years that the cost of living in Winnipeg compared to the North is about 70 percent.

If I can also just list the other items that I had: the unemployment rate is higher in the North; the geography, you have to go a long distance to go looking for work; the list of employers that the government requires people to come up with—in some communities there are only two employers, meaning that the claimant would have to go

elsewhere to get another list of employers. Thank you, Madam Speaker.

### **Pembina Valley Learning Centre**

**Mr. Peter Dyck (Pembina):** It has been written that, and I quote, when the day of judgment dawns and the great conquerors and lawyers and statesmen come to receive their rewards, their crowns, their laurels, their names carved indelibly upon imperishable marble, the Almighty will turn to Peter and will say, not without a certain envy when he sees us coming with our books under our arms: Look, these need no reward. We have nothing to give them here; they have loved reading.

It was my pleasure this morning to receive a copy of a book that will increase the numbers of people who have loved reading. The issue of adult literacy is one that impacts not only the individual but all of society in terms of lost potential. The Pembina Valley Learning Centre is one organization that is actively addressing this issue. Solutions are not simple. They take time, dedication and a number of volunteers. I would like to note the work of author Junita Kirby, along with all other staff members who contributed to the success of this event.

I was among the first to receive a copy of Adult Reading Resources with Assigned Stages. This book will benefit individuals across this province and indeed the country. The Pembina Valley Learning Centre has done and continues to do a tremendous job in making our community accessible to all. Thank you.

### **Employment Statistics**

**Mr. Leonard Evans (Brandon East):** Madam Speaker, I rise to talk about the problem of insufficient jobs for the people of Manitoba. Looking at the latest report from Statistics Canada, we see that for the first nine months of this year the level of employment actually declined from the first nine months of last year. In other words, there was a decline of 0.1 percent, whereas in all of Canada there was a substantial increase in jobs. I maintain that the level of jobs has not increased, in fact, it has decreased in the first nine months of this year by 0.1 percent, whereas in Canada as a whole there has been a fair increase. There has been a 1.2 percent increase in jobs, so Canada is expanding and we are remaining stationary.

Now we have announcements of CP Weston Shops possibly being up for sale, Bristol Aerospace up for sale, Repap up for sale, causing the threat of job losses. In addition to that, the CP Weston Shops has announced 275 jobs to be cancelled; Richardson Greenshields is going to lose 200 jobs; the CBC Television/Radio is going to lose 200 jobs—this was announced last month—and now Canada Post announced 450 job losses in October. Madam Speaker, those are good jobs, those are real jobs, and it is serious that those are now going to be lost to the Manitoba economy.

I say, as I have said before, if you compare the experience in Manitoba of job increases with the previous government, you will find that there is absolutely no comparison, that the rate of job increase in Manitoba under the NDP was twice as good as under this government, and that takes us right up to the month of September 1995. Those were jobs, those were good jobs, and I say this government has failed in terms of employment growth. Thank you.

#### Poaching Enforcement—Canine Unit

**Mr. Jack Penner (Emerson):** Madam Speaker, I was just saying to the honourable Minister of Agriculture (Mr. Enns) that those who are last will in fact come first, so I suppose I am first after the last.

I want to raise a point of good news today. All we have heard from the opposition benches today are derogatory remarks and bad news. I want to say that, because of an action taken by the Minister of Natural Resources (Mr. Driedger) approximately a month ago when he appointed and brought into being a new canine team that joined the Department of Natural Resources, Duke, a black Labrador retriever and his handler, Tim Cameron, have joined the team to help officers put the bite on poaching. The canine unit is another tool to assist officers to effectively enforce regulations, deter violations and protect and enhance our natural resources.

This black Lab dog is actually responsible for saving a life. An 81-year-old man wandered away from the hospital at Ashern earlier this week, and the dog was brought in and tracked this man and found him, and the family is very happy that the Minister of Natural Resources took this action. So he has not only proven to

be very effective in dealing with poachers, he has in fact also saved a life and will continue to do so.

We congratulate Duke and Tim Cameron on this latest heroic achievement, and we wish them and Natural Resource officers well as they put the bite on poachers and save further lives.

#### The Social Allowances Amendment and Consequential Amendments Act

**Mr. Doug Martindale (Burrows):** Madam Speaker, as the Family Services critic, I sat through the entire committee stage of presentations on Bill 36, as did the Minister of Family Services (Mrs. Mitchelson). There were about 40 people who presented, and we sat on Thursday evening from 7 until 1:15 a.m. and on Friday morning from 9 until 1:15 p.m. During the first five hours of presentations, not one Conservative member on that committee asked even one question or even acknowledged one presenter until, after midnight, one of them woke up and did acknowledge someone. One presenter on Friday morning pointed out that the Conservative members of the committee were seen to be sleeping, reading papers and not paying attention to the presentations, unlike members of the NDP caucus who, she said, were moved to tears by some of the presentations.

This is the government's—[interjection] Madam Speaker, I am just telling you what is in Hansard by one of the presenters on The Social Allowances Amendment Act bill.

#### Point of Order

**Hon. Bonnie Mitchelson (Minister of Family Services):** On a point of order, Madam Speaker, just to put on the record the issue that all the Conservative members of the committee were prepared to work till three o'clock on Friday afternoon and members of the New Democratic opposition wanted to call it quits and take the afternoon off.

**Madam Speaker:** Order, please. The honourable Minister of Family Services does not have a point of order.

\* \* \*

**Madam Speaker:** The honourable member for Burrows, to quickly complete his statement.

**Mr. Martindale:** Madam Speaker, the former Minister of Family Services appointed a task force on vulnerable persons legislation. This minister, to her credit, appointed a member of the Legislature to tour daycare centres, and I understand he has been to 140 daycare centres to consult the daycare community before bringing in legislation next spring. The minister appointed the member for River Heights (Mr. Radcliffe) and 11 members on a panel to consult the public about changes to The Child and Family Services Act a year in advance of the legislation being introduced, but on major amendments to the social allowances legislation there was no consultation and then when the public did get a chance to appear in the committee, the government members were not even paying attention. Shame on them.

\* (1430)

## ORDERS OF THE DAY

### Committee Changes

**Madam Speaker:** The honourable member for Gimli, with committee changes.

**Mr. Edward Helwer (Gimli):** I move, seconded by the member for River Heights (Mr. Radcliffe), that the composition of the Standing Committee on Law Amendments be amended as follows: the member for Lac du Bonnet (Mr. Praznik) for the member for Sturgeon Creek (Mr. McAlpine), the member for St. Norbert (Mr. Laurendeau) for the member for Morris (Mr. Pitura), and the member for La Verendrye (Mr. Sveinson) for the member for Niakwa (Mr. Reimer).

I move, seconded by the member for Sturgeon Creek (Mr. McAlpine), that the composition of the Standing Committee on Public Utilities and Natural Resources be amended as follows: the member for Springfield (Mr. Findlay) for the member for Ste. Rose (Mr. Cummings), the member for Gimli (Mr. Helwer) for the member for La Verendrye (Mr. Sveinson)

**Motions agreed to.**

**Mr. George Hickes (Point Douglas):** Madam Speaker, I move, seconded by the member for Broadway (Mr.

Santos) that the composition of the Standing Committee on Law Amendments be amended as follows: Crescentwood (Mr. Sale) for Thompson (Mr. Ashton); Flin Flon (Mr. Jennissen) for Swan River (Ms. Wowchuk), for Wednesday, October 16, 1996, for 7 p.m.

I move, seconded by the member for Broadway that the composition of the Standing Committee on Public Utilities and Natural Resources be amended as follows: Selkirk (Mr. Dewar) for Elmwood (Mr. Maloway); Swan River (Ms. Wowchuk) for Brandon East (Mr. Leonard Evans); Thompson (Mr. Ashton) for Wolseley (Ms. Friesen), for Thursday, October 17, 1996, for 10 a.m.

I move, seconded by the member for Broadway, that the composition of the Standing Committee on Municipal Affairs be amended as follows: Flin Flon (Mr. Jennissen) for St. James (Ms. Mihychuk) for Thursday, October 17, 1996, for 7 p.m.

**Motions agreed to.**

### House Business

**Hon. Jim Ernst (Government House Leader):** First, a few matters of House business. The Standing Committee on Municipal Affairs scheduled for Friday, October 18 at 10 a.m. to consider the reports of The Forks and North Portage Corporations is cancelled, but so that you are not too excited, the Standing Committee on Economic Development will meet on Friday, October 18 at 10 a.m. to consider the same reports, The Forks and North Portage—simply a change of committee.

On Monday, at 10 a.m., the Standing Committee on Law Amendments will meet to consider Bills 22, 28, 29, 45, 46, 60, 62 and 66.

**Madam Speaker:** The Standing Committee on Municipal Affairs for Friday, October 18, 10 a.m., to review the reports of The Forks and North Portage has been cancelled. The Standing Committee on Economic Development, however, will sit 10 a.m., Friday, October 18, to consider the same reports as previously scheduled in Municipal Affairs, The Forks and North Portage.

Monday, October 21, 10 a.m., the Standing Committee on Law Amendments will meet to consider Bills 22, 28, 29, 45, 46, 60, 62 and 66.

**Mr. Ernst:** Monday, October 21, 1996 at 7 p.m., the Standing Committee on Law Amendments will meet to consider Bills 12, 32, 33 and 47.

**Madam Speaker:** The Standing Committee on Law Amendments will meet on Monday, October 21, 7 p.m., to consider Bills 12, 32, 33 and 47.

**Mr. Ernst:** Would you call, Madam Speaker, the bills in Report Stage as listed in the Order Paper.

### REPORT STAGE

#### Bill 8—The Chiropractors Amendment Act

**Madam Speaker:** On the proposed motion of the honourable Minister of Health, Bill 8, The Chiropractors Amendment Act (Loi modifiant la Loi sur les chiropracteurs).

**Hon. James McCrae (Minister of Health):** Madam Speaker, I move, seconded by the honourable Minister of Highways and Transportation (Mr. Findlay), that Bill 8, The Chiropractors Amendment Act (Loi modifiant la Loi sur les chiropracteurs), reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

#### Bill 9—The Public Health Amendment Act

**Hon. James McCrae (Minister of Health):** Madam Speaker, I move, seconded by the honourable Minister of Energy and Mines (Mr. Praznik), that Bill 9, The Public Health Amendment Act (Loi modifiant la Loi sur la santé publique), reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

#### Bill 10—The Pharmaceutical Amendment Act

**Hon. James McCrae (Minister of Health):** Madam Speaker, I move, seconded by the honourable Minister of Agriculture (Mr. Enns), that Bill 10, The Pharmaceutical Amendment Act (Loi modifiant la Loi sur les pharmacies), reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

#### Bill 13—The Highway Traffic Amendment (Lighting on Agricultural Equipment) Act

**Hon. Glen Findlay (Minister of Highways and Transportation):** Madam Speaker, I move, seconded by the Minister of Rural Development (Mr. Derkach), that Bill 13, The Highway Traffic Amendment (Lighting on Agricultural Equipment) Act (Loi modifiant le Code de la route (éclairage de l'équipement agricole)), reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

\* (1440)

#### Bill 20—The Highway Traffic Amendment (Miscellaneous Provisions) Act

**Hon. Glen Findlay (Minister of Highways and Transportation):** Madam Speaker, I move, seconded by the Minister of Agriculture (Mr. Enns), that Bill 20, The Highway Traffic Amendment (Miscellaneous Provisions) Act (Loi modifiant le Code de la route - modifications diverses), as amended and reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

#### Bill 21—The Oil and Gas Production Tax and Oil and Gas Amendment Act

**Hon. Darren Praznik (Minister of Energy and Mines):** Madam Speaker, I move, seconded by the honourable Minister of Health (Mr. McCrae), that Bill 21, The Oil and Gas Production Tax and Oil and Gas Amendment Act, Loi concernant la taxe sur la production de pétrole et de gaz et modifiant la Loi sur le pétrole et le gaz naturel, as amended and reported from the Standing Committee on Economic Development, be concurred in.

Motion agreed to.

#### Bill 38—The Health Services Insurance Amendment Act (2)

**Hon. James McCrae (Minister of Health):** Madam Speaker, I move, seconded by the honourable Minister of Culture, Heritage and Citizenship (Mr. Gilleshammer),

that Bill 38, The Health Services Insurance Amendment Act (2) (Loi no 2 modifiant la Loi sur l'assurance-maladie), reported from the Standing Committee on Law Amendments, be concurred in.

**Motion agreed to.**

#### **Bill 42—The Northern Affairs Amendment Act**

**Hon. Darren Praznik (Minister of Northern Affairs):** Madam Speaker, I move, seconded by the most honourable Minister of Agriculture (Mr. Enns), that Bill 42, The Northern Affairs Amendment Act; Loi modifiant la Loi sur les Affaires du Nord, as amended and reported from the Standing Committee on Economic Development, be concurred in.

**Motion agreed to.**

#### **House Business**

**Hon. Jim Ernst (Government House Leader):** I believe, Madam Speaker, that there is a will to waive private members' hour today.

**Madam Speaker:** Is there leave to waive private members' hour? [agreed]

**Mr. Ernst:** Would you call then, Madam Speaker, Bills 67, 73 and 72.

#### **DEBATE ON SECOND READINGS**

#### **Bill 67—The Manitoba Telephone System Reorganization and Consequential Amendments Act**

**Madam Speaker:** To resume second reading debate on Bill 67, on the proposed motion of the honourable Minister of Highways and Transportation (Mr. Findlay), (The Manitoba Telephone System Reorganization and Consequential Amendments Act; Loi concernant la réorganisation de la Société de téléphone du Manitoba et apportant des modifications corrélatives) standing in the name of the honourable member for Elmwood (Mr. Maloway).

Is there leave to permit the bill to remain standing? [agreed]

**Madam Speaker:** And also standing in the name of the honourable member for Flin Flon (Mr. Jennissen), who has 14 minutes remaining. Is there leave? [agreed]

**Mr. Mike Radcliffe (River Heights):** Good afternoon, Madam Speaker. It is my pleasure today to rise to speak in support of this bill of the honourable minister. We are facing a period of change in our economy, in our population, in the demographics, and, in turn, Manitoba Telephone System is facing a changing world. I have heard our Premier (Mr. Filmon) say that the only person who looks forward to a change is a baby with a wet diaper, but I can assure this House that in fact this side of the Chamber is the party of change. We are not afraid of the change. We have to look on this bill with the environment in which we find ourselves today.

We have received a report from some very erudite individuals, Mr. Richard Falconer from CIBC Wood Gundy, Mr. Bryce Douglas from RBC Dominion Securities, Mr. Charles Winograd from Richardson Greenshields, and these are individuals that I can attest are known to me and I am familiar with their expertise, and these are individuals who have a grasp of the national finances. These are minds without parallel in our nation. They have presented a report to our honourable minister and to this government recommending that Manitoba Telephone System be capitalized and the shares offered to the people of Manitoba. The reason for this is that the environment of 90 years ago has changed, and we look around our communities today and we see change everywhere. We see change from a decade ago.

The honourable member across the way indicated that I was going out across the country, across the province at this point, soliciting representations from the people of Manitoba on The Child and Family Services Act and the reason for that, Madam Speaker, is because there has been change in our communities on that front. Likewise, there has been change on the communication front. The cellular phone and wireless communication have proliferated across our province from top to bottom, from side to side. The monopolistic environment in which Manitoba Telephone System found itself 90 years ago has totally been turned on its ear. We are told today that over 70 percent of Manitoba Telephone's current revenue comes from the competitive market. No longer is there a

need to guarantee the same service to every Manitoban of telephone communication. We have moved beyond that.

Madam Speaker, I can recount that 10 years ago I was sitting in my law firm and a facsimile salesman came to me, and I said, why would I have need for such a contrivance as this? Within the year I could not live without it, and that is just indicative of the nature and rate of change. I would wager that, if one were to canvass the members of this Chamber, over 75 percent of the members here would probably have access to cellular phones, and not all of them are from MTS. Consequently, the original cause for the creation of Manitoba Telephone has changed. That is the key.

The other thing we must look at is that at the present time Manitoba Telephone System has an excessively high level of debt. It was holding \$883 million of debt at the end of 1995. We all know, and members have risen on this side of the House over the past several years to demonstrate viscerally the evil of debt, the limitation of discretion that comes with debt. In fact, we have taken steps to eliminate the debt of the province and we are hamstrung at this point in time.

We have special interest groups. We have citizens. We have people from every walk of life beseeching government continually to ask for expanded service, for increased spending. We must tell these people that we are unable to spend more money because of the level of debt that has curtailed our options and will curtail the options of our children. We are passing on an atrophying legacy to our children of paying off our bills.

Likewise, Madam Speaker, with MTS, when there is a bill, and there is a debt level of \$883 million hanging around the neck of this corporation at the present time, the options of Manitoba Telephone System, as a Crown corporation, are severely limited. Another element which must be taken into account is that the people of Manitoba have guaranteed and underwritten through the guarantee of their government the repayment of this debt.

\* (1450)

When Manitoba Telephone System functioned in a monopoly environment, government was assured and therein could very easily guarantee that that debt would be repaid because we were the only game in town. Now

that is not the case, as we have said. I do not think that there is a member on the other side who would have the audacity to contradict the reality that in fact Manitoba Telephone System is operating in a fully competitive market. Therefore, if the environment has changed, the globalization of communication has changed in Manitoba. In fact we on this side of the House are taking great strides to say that Manitobans and the Manitoba workplace must be a place where communications will be a focus.

We want to change our airport into Winnport. We want to have the telephone services coming out of the province of Manitoba because of our peculiarly located position in the centre of the province. Therefore we must move with the times, with the administration and the governance and the ownership of Manitoba Telephone System.

I have heard our Premier (Mr. Filmon) say, and I believe it has been said in this House, but it bears repetition, because the honourable members on the other side sometimes have problems grasping these concepts and one must say them monosyllabically and with great—[interjection] That is right, yes, large print. Maybe I should descend to phonetics for my honourable friend across the way, but, in fact, I will rise above that—[interjection] Yes, one must take the high road.

(Mr. Marcel Laurendeau, Deputy Speaker, in the Chair)

Mr. Deputy Speaker, we are told and we have every reason to believe, because we have efficient, cogent staff running Manitoba Telephone System right now, they are telling us that the telephone companies estimate that they will require over the next 10 years an infusion of capital of over \$8 billion in order to stay abreast of the changing times and the changing technology and the demands of the people of Manitoba, in order to ensure that there will be a first-class, a first-rate telephone communication system.

The alternative there, because the revenues at this point in time are having difficulty generating any further increase, in the debt the way the company is constituted at this point in time, where is that money going to come from? Are we as the Manitoba government going to have to go out and borrow more money, raise the provincial

debt, increase the burden that the future generations of Manitobans are going to have to carry for us, for our profligacy, for the profligacy of our colleagues across the way? Not so, Mr. Deputy Speaker. In fact, the recommendation has come that the people who should pay for his new investment in this utility should be the new owners of the utility.

In December 1995, our Premier announced that the evaluation of the utility was—

### Point of Order

**Mr. Tim Sale (Crescentwood):** Mr. Deputy Speaker, I had some difficulty hearing the member's quotes in regard to the level of investment required over the next few years in which he was citing MTS officials, and I wonder if you might ask him if he could repeat that particular amount. I believe he used the term \$8 billion and I am just not sure. I do not want to misunderstand, because he has raised questions about our ability to understand, so I want to be sure I do.

**Mr. Deputy Speaker:** Order, please. The honourable member did not have a point of order, but it was a matter of clarification.

The honourable member for River Heights, to continue.

\* \* \*

**Mr. Radcliffe:** Do not get them mixed up; there is a world of difference, Mr. Deputy Speaker—[interjection] Yes, indeed. For a point of clarification for the edification of the honourable member from Crescentwood, I would repeat that Canada's major telephone companies estimate that they will spend collectively \$8 billion over the next 10 years, and Manitoba Telephone System is one of them. I thank the honourable colleague from Crescentwood for the opportunity to clarify that issue.

The proposal and the highlights of Bill 67 that have been presented before this House are as follows: We have heard because of the changing environment, because of the unilateral, the unanimous recommendations of the committee that was gathered by our Premier to review the issue. We have heard from and have the support of the

high level staff from Manitoba Telephone System and, in fact, common sense dictates that the following bill be passed. The essence and terms of this are that Manitobans will have an exclusive opportunity to purchase the majority of the shares of the Manitoba Telephone System. Manitoba Telephone System will be placed in a competitive market in which it now actually functions. It will be made more harmonious with the environment in which it has got to deal from day to day. Manitobans will have a majority seat, the number of seats on the board of directors.

Mr. Deputy Speaker, the proposal is that the head office will stay in Manitoba. There will be a special share which will entitle government to appoint the board members as long as there is any outstanding debt, so long as the Manitoba government has a residual interest in the company. As long as we are on the hook, then we will have a say on the board, and so therefore the prudence and the asset management for which this government is a trademark will be maintained.

The first board of directors will be appointed by this government. There will be shareholder restrictions so that no one individual company or group will gain voting control of the shares of Manitoba Telephone. In fact, a maximum limit of share holding for any resident or nonresident will be capped at 15 percent. Any individual ownership by any one person or the members of any one group or association of persons will be 15 percent, Mr. Deputy Speaker.

Further, if there be a strategic partner who will ally themselves with Manitoba Telephone System to avail themselves of this new opportunity which is being created for the people of the province of Manitoba, that strategic partner's involvement will be limited to a maximum of 25 percent of ownership of the corporation.

We have gone even further. The legislation in this bill is even more sensitive and more appropriate because in fact there are many loyal employees of Manitoba Telephone System who have spent a lifetime, an entire career, working for this utility, and they have made a commitment to their corporation, to the people of Manitoba and to their career.

In recognition of this commitment and this loyalty and this skill, there will be an employees' share plan. There

will be preferential sales to be announced after the legislation is going to be passed, and there will be a prospectus which will, of course, be governed by the Civil Service Superannuation Fund.

Now, I think we in Manitoba are very confident that we are members of the global village, that we are keeping up with our neighbours to the east of us and to the west of us. We are keeping up with our colleagues in Europe, in North America, and we must look around the world and see what other jurisdictions do with their communications utility. The facts that I am informed are that Sask Tel remains as the single only provincially owned Crown corporation in this market.

We can look—[interjection] The honourable colleague, where is he from? He is from Crescentwood (Mr. Sale)—is reciting a level rate. I would suggest that there has been some timorous squeaking from some fearmongers who have alleged that there will be a rise in fees. Totally groundless, totally, absolutely without any scintilla of fact. There you go. We know, and in fact our honourable colleagues across the way know, if they examine their conscience, that in fact the CRTC—[interjection]

\* (1500)

Well, that is presupposing. That is right. That is presupposing. One of my honourable colleagues has mentioned a spurious fact which I would not wish to put on the record today because, as I have said before, this debate is going to achieve the high road.

Nonetheless, one must point out that CRTC is the governing agency which sets the rates for a telephone utility such as this. But we can look to the United Kingdom, to Germany, to France, to Italy, to The Netherlands, to Malaysia, New Zealand, Argentina, Albania, Moldavia, Venezuela, Panama, Switzerland, just to name a few. There is a plethora of jurisdictions, all of whom are following the path to which we are now about to embark.

There has to be a message there. We look around to our colleagues in jurisdictions across this globe and the message that comes through to this government—this government which is prepared to listen to reality, to keep abreast of changing conditions in our nation—and they say it is time to get on with it and the time to privatize.

Our Premier (Mr. Filmon) has outlined what is a process of decision making which occurs in a Crown corporation; and, albeit this is a generality, what will happen is that a market condition will occur. A middle-management person will assess it and report that to senior management. Senior management will go to their board, and if it is a matter of some significant concern for the corporation and involves a change or involvement of future capitalization or a major direction for the corporation, then it has to be cleared by the board. Then the board brings a proposal or a resolution to the minister's office, and the minister's office has to share that with his colleagues.

Then, if it is a matter of underlying fundamental importance, there will be a legislative change required. If there is a legislative change required, Mr. Deputy Speaker, you know well, as do all the colleagues in this House, the arrangements that we have before this House, that it involves introduction of the bill in the spring term, a recess for the summer for a salient opportunity for our opposition members to bring salient criticism to the issue in the fall and then a final resolution with Royal Assent in the termination of the year. So that could well be an interval of 18 months before a significant commercial decision can be effected. That is not good enough in a fast-changing environment in which Manitoba Telephone System finds itself today.

The alternatives, if we pursue the status quo, if we keep looking backwards, if we keep harking back to the last 90 years and remember the good old days and we are afraid to move into the future—

**An Honourable Member:** They were good old days.

**Mr. Radcliffe:** They were good old days, says the honourable member for Lakeside (Mr. Enns), but that is behind us and one must look forward and deal with change. There will be incredibly bright opportunities ahead for our citizens of Manitoba and Manitoba Telephone System, Mr. Deputy Speaker, because they will have the opportunity to deal with things on an immediate basis in a corporate milieu in which Manitoba Telephone System now finds that it has to operate.

Our honourable colleagues across the way deal in a fiction, with the greatest of respect. They deal in a fiction of what they design as the perfect world, centrally

controlled. But the only place where that world exists is in the figment of their imagination, with the greatest of respect to my honourable colleagues, and they are well meaning and some of them even display rare glimpses of intelligence and intellectual perception. Nonetheless, it is our chosen duty and our mandate that we must tell them that times have changed. We must move on.

**An Honourable Member:** Move on and progress.

**Mr. Radcliffe:** Yes.

**An Honourable Member:** Consider new things. The world is changing.

**Mr. Radcliffe:** Yes, it is. Indeed, it is changing. The world is changing, Mr. Deputy Speaker.

The suggestion that has come forward is that, with the sale of the shares and the recapitalization of this corporation, there will be a reduction in the debt of the corporation of Manitoba Telephone System. This will give greater flexibility to the corporation so that they can manage their own affairs, so that they can become more flexible and more effective in the market. The proposal is to put approximately \$375 million of debt to retire that. This would leave \$640 million in equity if the stock sales that are being proposed are met and \$480 million remaining in debt. We only have to look at the experience of Air Canada, another major monopolistic corporation, or the Canadian National Railway, and you know what, Mr. Deputy Speaker, Manitobans and Canadians have faith in their national enterprises. They welcome the opportunity to invest directly and to have a direct correlation and an opportunity for direct gain.

**An Honourable Member:** They are prepared to put their own money where their mouth is.

**Mr. Radcliffe:** Absolutely. The honourable colleague for Charleswood (Mr. Ernst) says that the citizens of Manitoba, the citizens of Canada are prepared to put up their own wealth directly, under their own discretion, where they want to put it, not be told by heartless, overcentralized taxation where they have to spend but rather, on their own hook, where they want to spend their money, they will do it.

We have faith in the investors and in the people of Manitoba, and that has to be one of the essential

differences between ourselves and our honourable colleagues on this side of the House and the individuals whom we find on the other side of the House.

We have faith in the citizens of Manitoba. We do not believe in a paternalistic, top-down, driven government which dictates to its people where they are going to spend their money. We will create an environment where individuals will have the opportunity to make their own decisions. It is called accountability. It is called responsibility. It is called freedom.

I would point out to our honourable colleagues across the way that Manitoba is the crossroads of the nation. It is filled with peoples from every country in our fair globe. This country was founded, this province was founded, and in fact I would wager that probably Manitoba Telephone System was founded by many, many individuals from the European continent who flocked to this country at the turn of the century.

Mr. Deputy Speaker, there was a very real reason they flocked to this country at that point in time. They came here looking for freedom. They came here looking for opportunity. They came here looking for the free life so they would have the chance to bring their children up the way they wanted, to live their life the way they wanted, to invest the way they chose. We have a duty to supply that opportunity to the people of Manitoba, to the citizens of this country, not to pontificate from a high place and to dictate to them what we think is good for them. We live in interesting times and we must keep abreast of them. They are promising times.

Another piece of criticism that our honourable colleagues across the way have tried to raise to instill fear in the citizens of Manitoba is that the pensioners in Manitoba Telephone System will be done out of their just due, out of their earnings, out of their retirement.

\* (1510)

In fact, the staff in Manitoba Telephone System, our government, our minister, our Premier have assured them and in fact have guaranteed that in this new development the position of these elders, of these people who have given us their all, their commitment, who now have to be looked after and have got this earning, that those pensions will be capitalized and they will be guaranteed a position.

In summary, Mr. Deputy Speaker, we look at the facts, the underlying environment, the underlying cause d'être for this corporation has changed. It has evaporated. It is gone. Time to move on. We look around our colleagues right across the globe and practically without exception all these public utilities in the communication field are privatized. The CRTC looks after the rates so there will not be any increase in rates driven by the fact of ownership. There may well be a rise in rates but, if so, that will be determined by the CRTC, which is an independent arm totally divorced from this element of government.

Mr. Deputy Speaker, this is an opportunity for the recapitalization of the corporation. It is an opportunity for those individuals who have expressed their loyalty and devotion to this corporation for many years to now share in the fruits of their hard work. This will give flexibility to this corporation in order that they will keep pace and be competitive. What is wrong with competition? Competition is an essential human quality. [interjection] The honourable member for Lakeside (Mr. Enns) has made an aspersion about another honourable member across the way. However, I will refrain from repeating that on the record.

Mr. Deputy Speaker, what is wrong with competition? You cannot deny human nature as much as our honourable colleagues across the way, in the figments of their imagination, in their wild musings, in the foggy vacuous spaces of their crania, they would try to say that there is no—[interjection] That vast wasteland, Thomas Eliot would love that. He did a long epic poem on the wasteland, and I am sure that he was probably thinking of some of the intellectual processes that must happen in the caucus rooms of our honourable colleagues across. That poem was called The Wasteland.

Nonetheless, Mr. Deputy Speaker, we look at the opportunity of recapitalization; we look at the opportunity of flexibility, we look at the opportunity of governance of a corporation, and we look at the recommendations of some of the leading financial minds of our nation, these individuals who made this report. We have the recommendations of the senior management of the corporation. We are led to the irrefutable conclusion that this bill is correct and must pass and must move us on into the next millennium of Manitoba. I am

pleased to be able to add these few humble remarks to those of my colleagues in support of this bill.

**Mr. Leonard Evans (Brandon East):** Mr. Deputy Speaker, I enjoyed very much listening to the comments of my friend from River Heights, not that I agreed with his position, but he is always a very entertaining speaker nevertheless, and he is a true gentleman. I think he is off base in some respects because I noted he spent two or three occasions in his speech referring to reports done by business consultants, by the financial agencies, that they had done reports justifying the privatization of MTS, which incidentally we would like to get a copy of, which we have not been able to get.

I would love to have the minister or the member table a copy of those reports so we can at least study them. We do not have that information. As a matter of fact, it is rather interesting, the Crown Corporations Council also did a study of the MTS and where it was going, and so on, and we happened to get a copy of their background paper. It is marked private and confidential, and lo and behold there are more white spaces than there are black spaces. Look at this. This is freedom of information. This is what we got. Page 22, you know, look. Page 23, page 24, freedom of information, open government, page 25, page 26 and part of page 27, even at the first part, there are great chunks that are—now, here is page 12. Look at page No 12; all the information will be given. I really would truly like to see copies of those reports. The honourable member seems to have seen them or know about them, and we on this side would love to get copies of those reports. So the minister, in the name of open government, should table those.

**An Honourable Member:** What reports?

**Mr. Leonard Evans:** Well, the reports that member for River Heights (Mr. Radcliffe) referred to in his opening remarks analyzing the financial situation of MTS and indeed recommending the privatization of MTS. So we are looking forward to the minister tabling those in the name of open government.

I found it amusing to hear the member for River Heights saying, well, you know, the management has looked at this and agreed to it, the cabinet committee looked at it and agreed with it. We all agree with it, so it is the right thing to do. But, Mr. Deputy Speaker, the

only thing that they have not done is to consult the people of Manitoba. Because in the last election the Premier (Mr. Filmon), upon being asked, said he had no plans to privatize MTS. Those were his words—no plans to privatize MTS in the last election. Lo and behold, the election is held and a few months later we get the minister announcing that they are going to look at this and likely privatize it, and, of course, they are privatizing it with this particular bill.

Therefore, I say, this government has no mandate whatsoever from the people of Manitoba to privatize MTS. They did not even have public hearings around the province. No public hearings around the province, because this is a major asset belonging to the shareholders. I believe, a private corporation, if there is to be a sale of the assets, two-thirds of the shareholders have to approve of those sales. I think that is the rule, the standard rule, two-thirds.

In this case the shareholders, the people of Manitoba, are not even being given an opportunity. The people of Manitoba own the corporation now; they are the shareholders. They are the total 100 percent shareholders. Therefore, Mr. Deputy Speaker, they are being deprived of this opportunity to say whether or not they want to maintain the ownership of MTS. So it is really sad that the Premier breaks his election promise. And what we have got? Because we have got no hearings, because we have got no referendum, and the minister and the government will not listen to us on this side or perhaps to those who are presenting, I say, we have got the equivalent of legislative dictatorship. This government is virtually like a dictator. It is going to do what it pleases to do until the next election. It has all the power in the world and no matter what we say on this side would seem to make no difference, all arguments will be cast aside and they will proceed headstrong to selling it.

\* (1520)

You know, not even the board knew about it. The board of directors were not consulted whatsoever on the sale. They were told about it; they were not consulted. So then the question is why are they selling MTS? That is a very good question and they are saying, well, you know, the corporation is going to have a difficult time competing in the future. Yet, I look at the last report of MTS, the last annual report, and the president is going on

at some length about what they are doing and how great 1996 is going to be. It says, "In regard"—and I am quoting, Mr. Bill Fraser, President and CEO of the corporation.

**An Honourable Member:** A good man.

**Mr. Leonard Evans:** Yes, I am sure he is a very good man, and I am quoting his statement. He says, "In regard to our 1996 outlook, we're optimistic that we will deliver a year of solid performance while contending with evolving developments—in competition, regulation, markets, and technology"—so they are competing—"that are radically changing the industry. I am confident our new business structure, strengthened executive team, extensive portfolio of world-class network assets, and our goodwill with Manitobans will lead us into the future as a much stronger company."

Well, Mr. Deputy Speaker, I mean the corporation is doing well. I am very impressed with all the innovations, all the new technology of the corporation. It has done a good job. I will compliment the minister, too. It has done a very good job. So why are we selling it? Well, it seems that we do not have confidence in the present system. I have to laugh when the member says, well, the shareholders, the people of Manitoba can no longer afford this debt. First of all, the taxpayers do not subsidize MTS directly. It is paid for by the MTS subscribers; those who use MTS services are the ones who pay the shot, not the taxpayers of Manitoba. They may be the same people, but it is the subscribers, not the taxpayers.

Mr. Deputy Speaker, given that fact, whether it is publicly owned or privately owned, the central point to note is that the subscribers, the people who pay, the consumers, are the ones who are going to pay. They are going to pay whether it is financed through share capital or whether it is financed through debt capital. So to say, all of a sudden, because we are going to privatize it, we are taking a load off the backs of the people of Manitoba is pure nonsense, because it is the customers, the consumers, as always, will pay. They will pay. They will pay whether it is private or public. They will pay, and let us make no bones about that. So the real issue is whether it should be continued to be financed through debt financing, which is typical for publicly owned utilities around the world. Around the world publicly

owned utilities finance themselves with debt. They sell bonds.

**An Honourable Member:** Somebody has to pay that off.

**Mr. Leonard Evans:** It has to be paid off by the subscribers, by the consumers. Private companies generally finance themselves with shares, the share capital, to which there is some risk. [interjection] I appreciate that, but the fact is the bottom line: the shareholders have to be paid; the company has to be profitable. They have to have rates that will enable the company, as a private enterprise, to continue. So, whatever those rates are, they will be paid by the consumer of the services. Right now the MTS subscribers pay for the service that they are now getting. So let us not think that suddenly, by changing it from public to private, we are reducing the burden of operations. We are not. The burden of operation—[interjection] Well, the taxpayers—it is not financed by general revenue. It is financed by you and me and everyone else paying our monthly telephone bill. It is the users—

**An Honourable Member:** The Department of Finance carries the debt.

**Mr. Leonard Evans:** Well, the Department of Finance—wait a minute—guarantees the debt, which helps to bring down a rate of interest one or two points, which is good. I mean, who would—but the payment of the debt is from the subscribers of the telephone system, not from the taxpayers of Manitoba.

At the present time MTS is doing very well, Mr. Deputy Speaker. It is profitable. It is providing service at cost, which will not be the case with a privately owned operation, and I do not fault a private company. It has its shareholders. It has to make profits. I do not begrudge that. They have to make their profits; therefore, they have to have rates that will enable them to cover their costs and to pay a fair return to the shareholders. I do not dispute that. We do not dispute that. That is the system, and that is the way it goes, fair game, but to suggest, therefore, that we are going to get the same low-cost service just does not hold water because MTS's mandate is to provide service at cost, not interested in making profit. It is providing service to the people, and it has

been doing a darn good job for many decades, providing service to the people at cost.

A private company has to make profits, and I am not faulting the pursuit of profits. I am not faulting that at all. But to get that profitable level it has to charge higher rates than a publicly owned operation that is providing service at cost. So there is the difference. Manitobans, therefore, are going to be paying higher rates than they would if it is maintained as a publicly owned enterprise.

I am not saying rates will not go up. Rates are going to go up regardless for different reasons—cost increases, so forth. So rates are going up. We are not disputing that, but the rates are going to go up more rapidly under a profit-oriented company simply because that—[interjection] Well, the CRTC, yes, regulates the rates, but they are regulating it based on the submission made by the company, and the company will say in its submission, here is the cost and we need—[interjection] No, it is typical. We need a return for our shareholders. They can make a case for that, and the CRTC rate making will take that into consideration that the shareholders are entitled to a fair return.

**An Honourable Member:** Check that out, Len. They are changing the method of regulation as of January 1998.

**Mr. Leonard Evans:** Well, maybe they are changing their methods or whatever but the fact remains that a publicly operated institution such as MTS will provide service at cost. A privately owned will have to provide the rate that will give their shareholders a return. That means, *ceteris paribus*, *ceteris paribus*, the rates in the long run are going to be higher with a privately owned system than with a publicly owned system.

Incidentally, talking about debt, I notice MTS has a plan, they have stated this in their reports, to reduce their debts, and they have done a good job of that. I would congratulate the minister and his staff for that, you know, it has come down. But I repeat, it is not unusual for publicly owned telephone systems to have a high amount of debt, because that is the way they are typically financed. Study publicly owned telephone systems all over the world, and you will find that.

**An Honourable Member:** But they are privatizing all over the world.

**Mr. Leonard Evans:** Well, it may be in the interests of other jurisdictions. I am talking about our interests, looking at the facts in Manitoba, and I truly do not see how Manitobans are going to be better off on account of it. You know, we have got—

**An Honourable Member:** That is why I say, trust us.

**Mr. Leonard Evans:** The minister from his seat says, trust us. The minister says—that is the problem, that is the problem.

I say, ultimately, I mean, if you are so confident in what you are doing, why will you not let the people decide?

You are afraid, because if you let the people decide, I am convinced they will vote this down. As a matter of fact, I have done little surveys myself. I put a one-time ad in the Brandon Sun, a one-time ad. I did not say anything in it. I did not have any editorial comment. I just asked the question, are you in favour of selling MTS, yes or no? Ninety-nine percent came back and said, no, they were against it. Some of them wrote on it, we are Conservative, but we do not want to sell MTS. These are people in the Westman area.

So I am telling you that there are many people who vote for the Conservative Party who are against the sale of this. There is no question about this. I have had correspondence; you have had open-line programs in Brandon. We know CKLQ, one lady phoned up, I do not know who she is, from Boissevain. She says, keep MTS and sell Filmon. That is what she said. I do not know who she is. People are phoning in and, from what I could hear, they were of a nonpartisan nature. I mean, I did not recognize any voices, at least.

At any rate, we have got a corporation now that offers sophisticated and reliable services. One other thing, and I do not know whether the minister is aware of this, this is from the telephone statistics report from Statistics Canada. They have an interesting table regarding access lines per 100 population. Lo and behold, here we are in the province of Manitoba with MTS, we have the highest rate of access of any province, of any utility in Canada. We are at 71.9, and the Canadian average is 58.6, so well above the Canadian average.

So one reason for the debt that they have is because of improving the service, particularly to rural Manitoba,

single lines. So I mean, those are great advances. As one who spends a lot of time in rural Manitoba, people do appreciate private lines, and MTS has done a good job in that respect. That is part of the reason for the debt. The minister agrees with me.

\* (1530)

Mr. Deputy Speaker, they have to finance how they will finance, as a private company has to. It has to finance too. There is nothing magic about it and, as I say, ultimately, the consumer pays.

What I am concerned about, I was talking about rates and, by the way, a publicly owned, operated company historically does engage in cross-subsidization to a far greater degree than any private company so, therefore, rural, northern and remote areas are heavily subsidized by Winnipeg, perhaps by Brandon, by the urban areas, and I think that is the way it should be. You get this in a lot of utilities but particularly under Manitoba Telephone System. I do not have all the data with me, but the minister knows, people in northern Manitoba, remote Manitoba, are nowhere near paying the costs of the service that they are getting, because MTS has a policy of enabling all Manitobans to have access, to have good telephone communication.

A private company, again by nature of the system in which it is operating and seeking profits—and I am not faulting them for seeking profits; I am not whatsoever—but the fact is, they want to maximize profits, they will be inclined to reduce cost subsidization. I will say, rates are going to go up in rural and northern Manitoba, particularly, I believe, under a privately owned system, so the people in rural Manitoba have good reason to be worried as to what is going to happen as a result of privatization. As a matter of fact, when Alberta telephones became privatized, within a short time, I understand the rates went up about 34 percent, much higher, at least, than the rate increases in Manitoba or British Columbia. Overall, in the six years since privatization in Alberta, people now pay 3 percent more on average than Manitobans do for basic phone service, and this Alberta company has just applied for another \$6-a-month increase. Now B.C., privatized, has applied for the right to charge for all local phone calls. In other words, every time you phone your neighbour in Winnipeg or Brandon or whatever, you pay 25 cents a shot or whatever it is. B.C. is looking to getting into that.

So we believe that privatization is going to mean higher rates in Manitoba. This is going to be particularly hard for those on fixed incomes, including senior citizens and others who are social assistance recipients and so on. I am wondering whether many of these people will ever be able to afford any service in the future. Certainly, small business would be hard put as well, especially in rural Manitoba. But those who will be gaining, of course, will be the shareholders because CRTC will guarantee the shareholders a return on their money through the rate setting. CRTC will not set rates at which the shareholders are going to lose money, that the company is going to lose money. They will set their rates allowing the—

**An Honourable Member:** Well, why do you not check that out?

**Mr. Leonard Evans:** Well, what kind of a regulatory agency exists in the world that does not enable the corporation to have sufficient revenue to be maintained. It has to. I mean, that is the point. In fact, regulatory agencies are infamous for becoming almost lackeys of the private companies that they are supposed to be regulating. Well, there is literature on this in the United States, where electric utilities and others—

**An Honourable Member:** . . . applied for 60 percent a few years ago, and they got turned down flat. They got zero.

**Mr. Leonard Evans:** Well, that is one case, but, by and large, in the United States, I know there are articles on public regulatory bodies being subservient, in effect, to those companies that they are supposed to regulate. They look after the companies more than they look after the consumers. At any rate, there is literature on this, as I said.

So I am saying that the people in rural and northern Manitoba, in particular, will be hurt, but the shareholders in future who live in Dallas or Toronto or London, or wherever they will be, will be very well rewarded. We do not have the details. There is supposed to be some sort of a guarantee—the member for River Heights (Mr. Radcliffe) talked about it—about Manitobans controlling the new corporation, but there are no guarantees in Bill 67 really. Ultimately, there is no guarantee because, in the long run, it will not be owned by Manitobans.

[interjection] It will be owned by people outside of Manitoba, by and large. The bulk of them will be outside of Manitoba. Well, we know in Alberta less than 10 percent of the shares were purchased by Albertans.

**An Honourable Member:** No, I think you are wrong.

**Mr. Leonard Evans:** Well, then ultimately it is down to 10 percent. You know that. There is nothing preventing someone from reselling their shares.

So this is a problem, and when you say the head office is going to remain in Manitoba, that is symbolic. It does not mean very much. Well, look, we have this with—what is it?—Manitoba Data Services. Mr. Manness, when he was here and privatized MDS—[interjection] MDS, yes, Manitoba Data Services—they were going to guarantee the head office in here. Well, the head office may technically be here like Wawanesa Insurance's head office is in the town of Wawanesa, but the executive offices, where the decisions are made, are elsewhere. We know darn well the Wawanesa Insurance Company is not run from the town of Wawanesa. Likewise, MDS is not run from the city of Winnipeg, and I would say, MTS, in the future, will be run from outside of this province. In future, the big decisions are going to be made in Toronto or New York or whatever, but they will not be made by people in Winnipeg, people in the province of Manitoba.

It says all directors initially will be named by the government, but this situation can and will change over time. In the second stage, the government will have the right to elect only four out of the nine to 15 directors. In the third stage, after the debt has been paid off, all directors will be elected by the registered shareholders, and this could happen very quickly since there is no term of office that has been set for the directors. So in very short time, maybe in two or three years, you may find that there are no appointees from the government. Therefore, effectively the people of Manitoba will have lost control of this particular province. [interjection]

Well, the investment capital will be here, but the fact is the consumers, the citizens of Manitoba, will be paying far more for that service. So I cannot see what the justification is for privatizing. As I say, normally private corporations have a vote of the shareholders, two-thirds have to approve. I think that is the normal rule or tradition.

We do not have any referendum here, we have no plebiscite, we have no opportunity, the people of Manitoba have no opportunity to indicate their approval or disapproval of this. From all the surveys that we have done, the evidence is quite clear that the people of Manitoba do not want to sell it.

I really want to take this opportunity to put on the record my abhorrence of the practice of using public officials to go out and sell a government policy. Now, it is different if the Legislature had passed it and it has been passed by Order-in-Council and it is a law, but we are not in that stage yet. Nevertheless, you have people, key people from MTS, officials going, selling the minister's or the government's position. You have those senior officials—[interjection] You brought them into the political world.

Well, there was not long ago in Carberry, I forgot who they were, there were some people, I am sure very good people that were going, they were explaining the government's position. Well, you have public—[interjection] Well, it is not freedom of speech, Mr. Deputy Speaker. These people are paid by the Manitoba Telephone System, which in turn depends on all of its customers for its revenues and its publicly owned operation, and yet the minister, through his management, has designated officials to go around this province and to engage in a political sell. That is what it amounts to. I do not think that is ethical. I may be from the old-fashioned school, maybe I am old fashioned, but I do not think that is appropriate.

I say it is different if it is passed into law and, you know, were established, and that is it, then the officials can go and try to explain it. But ahead of the time, what they are doing is trying to counteract the negative feelings out there, because I am sure the minister and the government has found that there are some people out there who are rather upset and rather concerned about what is happening. [interjection]

Well, who made the decision? Two or three key people on the board, the minister, the Premier (Mr. Filmon). A small clique virtually made the decision to sell MTS.

**An Honourable Member:** They were the people that had the skill, and they had the information.

**Mr. Leonard Evans:** Well, let me ask the question, why was the board of directors not asked for some input? They were not asked for one iota of input on this, and I have it on good authority that the board was not consulted. They were told; they were not consulted. I think if you are trying to be as broad as possible in this, getting views, you would think you would at least ask your own board of directors their opinions on this, but this did not happen.

I rather doubt if the caucus even knew about it till the decision was made. The decision was made, and the minister comes, the Premier comes, this is what we are doing, this is what—[interjection] Well, informed, consulted, informed, I think told, more or less, this is the way this government is going.

\* (1540)

Mr. Deputy Speaker, there are a lot of good reasons why MTS should be saved, and for the people of Manitoba it now provides an excellent province-wide service to the people of Manitoba. I do not know whether a private company would continue that tradition. Especially in rural and northern Manitoba, I do not think we would get the same level of service.

Secondly, the rate structure is geared really to cost. A privately owned company would have to obtain a margin for profits. I think business itself, especially small business, could be hurt by these higher rates, and then we are going to see relatively higher rates than we are going to see now. The profits, whatever, net revenue—I do not like to call it profits really with a publicly owned company. [interjection] Well, they are profits. Do not put words in my mouth. I did not say I did not like the word. I said for a publicly owned company maybe net revenues is a better term you can use because they do not use the profits to give them to the shareholders; they use the funds for reinvestment in the company, reinvestment into the system.

Also, we have evidence of sell-offs in other provinces, especially Alberta, and we know what is happening there. Control is slipping out of the province, the rates have exceeded rate increases in the province of Manitoba. Also, you know, I just think it makes sense to keep it. The rates are relatively low. We have jobs. I suspect that there will be job layoffs with a private company. I

suspect and, again, in rural Manitoba it—[interjection] Well, a lot of these things are relative, but it seems to be the popular thing to downsize, even though there is a lot of reaction now saying that companies are not doing the right thing by downsizing, that they are actually losing by downsizing, not gaining, and it is sort of the faddish thing to do, but regardless, I think that MTS now employs nearly 4,000 people. How many of these are going to be cut or even transferred from Manitoba to a private company where the executive officers are ultimately, let us say, in Toronto, certainly not in Winnipeg?

**An Honourable Member:** Why do you not have confidence in Winnipeg?

**Mr. Leonard Evans:** I have lots of confidence in Manitoba and in Winnipeg, but a private company—well, we know what happened with MDS, Manitoba Data Services. Go and find out where these decisions are made with Manitoba Data Services. When it was publicly owned it was controlled right here in the city of Winnipeg as a Crown corporation. Now that it is privately owned the control is in Toronto—well, it is certainly not in Winnipeg. So we have been blessed with—

(Madam Speaker in the Chair)

**An Honourable Member:** Are there no private corporations in Winnipeg?

**Mr. Leonard Evans:** No, I did not say there were none. We had a sad tale of many private companies losing their head offices from Winnipeg, shifting to Toronto, unfortunately. There is a lot of literature on that. There is no big surge from Toronto into Winnipeg. There is no big flood. I do not see any flood of corporations bringing their head offices from Toronto or Montreal into Winnipeg. Unfortunately, it is the other way around. In fact, Richardson Greenshields is a good example, a recent example. I am very saddened by Richardson Greenshields being bought out by a particular bank and they are losing 200 jobs, and the control is no longer going to be with Richardson Greenshields in Winnipeg.

**An Honourable Member:** Well, the Richardsons made the decision that they did not want to be outmoded, and they wanted to move with the times.

**Mr. Leonard Evans:** A great deal is made of: we need change. Yes, have change providing it is change that is positive and for the better, and I am not convinced that the changes that the members opposite talk about are for the better or are going to result in anything better for the people of Manitoba. As a matter of fact, as I have said a little earlier, I am very impressed with what MTS has done to date in the last couple of years and it has shown quite positively that it is going forward; it is in with the times. As a publicly owned operation it has done a very good job. I would even compliment the minister. It has done an excellent job, so if it ain't broke, don't fix it. Thank you.

**Mr. Frank Pitura (Morris):** Madam Speaker, thank you for allowing me the opportunity to place a few comments on the record today.

When I take a look at this Bill 67 and I start thinking back to my own childhood in the good old days when MTS or telephone communication—that was a long time ago when telephone communications first came into Manitoba, having the old wooden phone on the wall with a central in Sanford six miles away. Everybody knew by her first name and could actually have quite a conversation with her first before she even hooked you up with who you were trying to call. Actually in those days you could have a conference call with many calls, because there was basically that opportunity to ring up 14 neighbours at one time on your party line, and everybody could all talk at once. So there were some advantages to those phones in those days, but then we went to the solid black phone on the wall and pushed the button and turned the crank and got the operator and put your call through. We were getting down at that point to about six or eight people on a party line, so it was almost getting manageable. Then we ended up getting down to a four-party line, and we were able to at least have somewhat of a private conversation although you still had to be careful of what you said.

Now, of course, we have the individual lines, which were really a nice touch. I think that the Manitoba Telephone System, when they set out as their objective to install individual lines to every residence in Manitoba, had a sound objective, and I think that they should be applauded for achieving that goal in the time frame they did because there was a lot of work. [interjection] I will not respond to that one.

Madam Speaker, government ownership of telephone corporations or telecoms is the exception; it is not the rule. Because in Canada alone, only two out of nine telecoms are government owned. Saskatchewan is even taking a look at privatizing their telephones. So this is a time when monopolies end, especially when you are in a competitive field competing with everybody else so the monopoly just does not work anymore. This is a global trend, but some of the things that we have to keep in mind—and when the decision was made that MTS probably should be privatized you sort of had a lump come up in your throat because there was a lot of nostalgia there, there is a lot of history, but the reality of the day is that MTS has a very large debt load of \$883 million.

Now 20 percent or 21 percent equity in the corporation does not give them very much flexibility. It limits their ability to invest in new technology. If MTS were to be competitive in the technological field and be competitive that they would have to have at least a 65 percent equity position in MTS. If government were to maintain the monopoly on MTS and created that equity for MTS, No. 1, we would have to probably write off in the neighbourhood of \$400 million. Number two, MTS would have their 65 percent equity, then they would turn around and they would come back to government for additional funding or go out into the marketplace and borrow money to invest in new technology. Again, the government would guarantee that debt. So now we have eaten the \$400 million approximately and now we will have to guarantee probably another \$800 million in debt, so the debt would just keep spiralling upwards in terms of what the taxpayers of Manitoba would have to guarantee.

\* (1550)

If we take a look at the other scenario, where the privatization would occur with MTS, then what we have happening is private capital coming in to create the equity for MTS, which would in turn actually repay some of the loan back to the government, and over a period of time would result in MTS creating through their profits enough money to retire the entire debt to the taxpayers of Manitoba. So what we would end up with is to the net benefit of all taxpayers in Manitoba, with the result of going through the privatization.

The other thing that my honourable colleague for River Heights (Mr. Radcliffe) indicated earlier was that telephone companies across Canada over the next 10 years will probably have to invest in the neighbourhood of about \$8 billion in new technology, so the question is, who should pay for this costly investment?

If you take Manitoba's share of that kind of an investment in today's climate, can Manitoba taxpayers guarantee MTS's borrowing, and should Manitobans, as taxpayers, be required to guarantee the loans needed to make major new and riskier investments in what clearly will be competitive networks and service? At any time, the risk in staying with Manitoba Telephone System as a monopoly, the exposure gets higher and higher. Madam Speaker, it does not really matter what Crown corporation there is active today. If that Crown corporation is involved in a competitive market, one must always have to take a look at what the Crown corporation is doing, and there is an obligation, I think, on the part of government to always review those operations of Crown corporations to make sure that they are functioning the way they are supposed to.

Now, some of the highlights of Bill 67, it gives Manitobans, Madam Speaker, the exclusive opportunity to purchase the majority of shares so that the ownership of MTS will be in Manitoba. Second and very important is that the head office for MTS will be located right here in Manitoba. Thirdly, Manitobans will have the majority of seats on the board of directors. So, therefore, MTS will be guided by Manitobans, owned by Manitobans, whose head office will be right here in Manitoba. There are also limits in terms of the amount of control an individual can have in MTS, and that is limited for residents or nonresidents, a maximum of 15 percent. The ownership is limited by any person or member on one group of associated persons to no more than 15 percent as well.

Now, my colleague from River Heights (Mr. Radcliffe) indicated some of the jurisdictions that have telecoms that are privatized or in the process of being privatized. I think it is important that this full list get on the record so that it imparts the reality of today in regard to telecommunications. So please bear with me. You have the United Kingdom, Germany, France, Italy, Sweden, The Netherlands, Spain, Czech Republic, Denmark, Israel, South Africa, Russia, Hungary, Indonesia, Greece,

Singapore, Brazil, Malaysia, New Zealand, Australia, India, Republic of Cape Verde, Belgium, Ireland, Columbia, Moldavia, Cameroon, Albania, Argentine, Chile, Venezuela, Mexico, Panama, Ecuador and Switzerland. Those are the jurisdictions, Madam Speaker, that are presently going through the same process of privatization or in the process of publicly traded shares for their telecom companies.

Now one other thing is that the Leader of the Opposition (Mr. Doer) claimed that the government promised not to privatize MTS before the election. Now I ask you, Madam Speaker, sure that would be great, if every time you had to make a decision, you went back to the public for their approval, but if you were just into your mandate and if you have a Crown corporation that is performing at a very dismal pace and is creating a tremendous debt load on the provincial Treasury, would one have to wait for the next election to get a mandate from the people as to what you did with that corporation? The Treasury could be sucked dry by that time if you did not act now, and Manitobans elect governments to act in their best interest and to act quickly in their best interest. I think that is the scenario we have here. [interjection] That is right.

Another claim that was made by the member for Thompson (Mr. Ashton) was that rates will increase. Under federal law, telecommunication carriers have to apply to the CRTC, the federal telecommunications regulatory agency, in order to change their rates. Carriers have to prove they need rate increases. Ownership has nothing to do with rate increases. All of the nine major telephone companies go through the same process for rate changes. It has also been suggested that the financial management of MTS was better under the NDP administration. Well, Madam Speaker, under the NDP administration, they had made investments around \$700 million by the end of—I am sorry. MTS's long-term debt since 1988 has gone down from \$776 million to \$883 million—I am sorry, has gone up to \$883 million in '95. However, this figure is not the most important indicator in drawing conclusions about the debt. The ratio of debt to equity has improved since 1988. In 1988, it was 90.9 percent debt-equity ratio, and by the end of 1995, it was 78.4 percent. So we are heading in the right direction but a long way to go. All the time MTS has been improving its bottom line.

Now, from '86 and '87, MTS lost \$48 million. Since 1988, MTS has been profitable, and I think the member for Brandon East (Mr. Leonard Evans) congratulated the minister in charge for the good performance of MTS when they were getting net revenues of \$20 million per year. One of the important area is that in 1988, MTS has an unfunded pension liability of \$134 million. At the end of 1995, that obligation is down to about \$4 million, and it should be eliminated in this coming year.

While enhancing services and adding to the value of the company, there has been only a modest increase in local rates and long distance rate reductions of 50 percent and downsizing with less than 50 layoffs. So, Madam Speaker, MTS has come a long way in terms of rebuilding itself after the NDP administration tried so hard to create problems for the corporation.

Future demands of MTS, Madam Speaker. If you take a look at Internet. Internet is becoming something that everybody is accustomed to. It is going to be taken for granted that everybody would be on the Internet; however, right now, MTS delivers Internet to every home. Will that be in the future? Maybe not, because the cable companies would like to get in on the Internet, and cables can distribute and carry Internet much faster than the MTS lines that are there today. So, in the future, will those high-quality MTS lines that we have buried be of any value if we were to go to cable delivery of Internet services?

Satellite communications as opposed to line communications. Satellite technology is improving as we speak. As we go along, satellite communication is going to become so sophisticated that at one point you will be able to take a—the only phone you will need will be the phone that you have in your pocket that will beam you up to a satellite to anywhere in the world, and you will not need any kind of ground lines whatsoever. What happens to all the lines that MTS has buried in the ground? We have now this big capital investment in the ground, somebody is going to have to eat the cost of those lines. If it was a monopoly corporation, then the taxpayer would do it.

\* (1600)

MTS will have to be competitive. They will have to be very competitive in the future. They will have to maybe

forget about the land lines to go to satellite communication as well. They will always have to be competitive, they will always have to be service-oriented because customers in Manitoba like to have a very high level of service. I would say, Madam Speaker, that as of today we have very high-quality service from MTS employees in Manitoba who are willing to go that extra mile to give you the service that you need. I commend all the MTS employees for that high level of service.

But it really does not matter whether MTS is going to be privatized or stay as a government monopoly. It will have to generate profits in order to reinvest, because you cannot keep going back and establishing and running up debt. They have to maintain that equity position, so they have to be able to create profit. So it does not matter whether it is public or private, profits have to be the name of the game in order for MTS to remain competitive.

So, question, Madam Speaker: Can the citizens of Manitoba afford to risk an investment in excess of perhaps \$1 billion in MTS? I think not. Can the citizens of Manitoba afford to write off almost 50 percent of the present debt of MTS? I think not. Can Manitoba afford possibly another MTX? No, they cannot. I ask this question of all members here. If a Crown corporation has huge losses and it could possibly suck millions and millions of dollars out of the provincial Treasury, should the government be in a position to wait until they can go back to the polls for the next mandate? To me that sounds highly ludicrous, and that is why people of Manitoba elect governments, to be able to act responsibly on their behalf, in their best interests.

Also, reading in Hansard, Madam Speaker, the member for St. James (Ms. Mihychuk) quoted 10 reasons to save MTS. However, when I was reading, MTS, I could only find two, but she did indicate in one of them that right now we enjoy low rates with MTS, and that is a fact. However, the rates are set by the CRTC. Will rates go up? Probably will but, again, I would take you back a decade ago and we could have sat around and said, well, because MTS is a government-owned monopoly, they are just going to push the rates up, and we are right. The rates did go up, and they have gone up in a consistent fashion as time has gone on. So it does not really matter what type of a corporation setup it is, rates will increase

to reflect the higher costs of operating in today's environment.

It has been said too by the member for Brandon East (Mr. Leonard Evans), he made the comment that the CRTC will set rates to create returns to shareholders. That is probably true. Now, what is the interest rate on return to investment? Is it 6 percent? Would it not be correct also that the CRTC, if they are going to take a look at what returns there are on investment, would also have to take a look if you have interest payments to make on debt? So they would have to reflect the kind of interest payments that you pay in terms of the interest on the debt. If you take a look at the percentage interest on borrowed money, you are probably taking a look at about 8 percent.

So you have to make the choice, is it cheaper to pay a return on investment or is it cheaper to pay interest on debt? I do not think there is any question that probably it could be cheaper but certainly not any more expensive in terms of the way CRTC sets their rates.

Therefore, the CRTC has to set rates either for percentage on investment or percentage on the debt. One way or the other this has to be reflected in the rates.

In summary, Madam Speaker, I think, therefore, it is important, we must look forward, change is inevitable, and MTS requires huge changes to remain competitive. Therefore, I believe that Bill 67 is necessary for all Manitobans. Thank you.

**Mr. Tim Sale (Crescentwood):** Madam Speaker, I rise to oppose Bill 67, and I want to put a number of reasons for my opposition on the record.

First of all, I want to talk about the whole process of the charade of pretending that somehow this corporation will stay domiciled in Manitoba for any length of time and will continue to be a wholly owned Manitoba corporation.

While the bill contains some provisions that limit the amount of ownership that can fall into any one set of hands for a period of time until debt has been paid off, the bill is very misleading to Manitobans in suggesting that somehow this control can be maintained in Manitobans' hands for any length of time. You look at the experience in Alberta, the same model was followed, and very quickly after the sale, control is no longer in the

hands of Albertans or any Alberta corporation. The strings are pulled elsewhere just as they will be here.

Madam Speaker, one of the cases the government makes continuously in its defence is that MTS, while successful, is a small operation in telecommunications language and that it requires a great deal of investment. It is interesting to note that the level of investment that they cite of about \$500 million over the next five years is roughly in fact the historic average over the last number of years. So we are not talking about a massive new influx of capital required; we are talking about roughly the same level of capital investment that has been successfully serviced through the business plans and business revenues that MTS has generated.

If indeed much new capital is required, even though I would argue that \$500 million over five years is not a great deal of capital investment in a technology-intensive firm that is worth over a billion dollars on the government's books, if indeed that capital is required, what will the market charge for that capital? If the government is correct in asserting, as it does over and over again, that we are terribly at risk here—the previous speaker has made a great case about cables being buried in the ground, becoming obsolete because of satellite technology; others have made the case that 70 percent of MTS's business is open to competition and the province is terribly at risk for this reason—if this is indeed the case, do the members opposite somehow think that the private sector is ignorant of this risk? That they will not, therefore, be charging a risk premium on any monies that are borrowed or loaned, and, therefore, inevitably rates will rise to reflect those costs of borrowing, the increases in rates?

Madam Speaker, the previous speakers have also made the case that MTS has provided excellent service. Does the government seriously believe that in a highly competitive era, that we will continue to have excellent high-quality service from a privatized non-Manitoba domicile corporation, where in particular in our rural areas the costs of providing the service substantially now exceed the revenues from those services and are balanced only by the revenues from the urban services in the same rate classification?

The government is trying to have it both ways. They are trying to make a case that somehow the corporation

needs massive amounts of capital, which if that is true, that capital will come at a risk premium, if indeed their case is correct. They are trying to make the case that the company will stay in Manitoba, but in fact a publicly owned company that is traded on any stock market cannot be contained to any one jurisdiction once the initial debts owed to the province have been paid off. It is no longer anything that the province can control and the province knows that.

The government makes the case that somehow we need to be terribly competitive in this new era. I guess the implication is we are not competitive now, which is also another problem that they have to answer for in terms of their rhetoric. If we are going to be competitive in the future, it would seem that it is inevitable that that will be in partnership, that it would be otherwise than in partnership with a firm such as AT&T or Bell or some other American-dominated or Canadian multinational and not in fact a Manitoba controlled and operated company. There are, as the government well knows, many cases of symbolic head offices remaining in one place to satisfy the optics of politics, and propriety perhaps, where the real power dwells elsewhere.

I want to move onto a particular case in point and move to the second concern that I have in regard to this whole sale process. Madam Speaker, over the past several years the government has substantially impaired the assets of Manitoba Telephone System. They have made this corporation less valuable by their politically motivated acts. They gave away the cable system for 10 cents or so on the dollar. They protest that cables on telephone poles and amplifiers are not a cable system, because there is no licence involved and of course they are correct. But anyone who has read anything about the cable business knows that the capital intensive nature of that business has to do precisely with those things which the cable companies tried to say was of no value here in Manitoba. It has to do with the stringing of miles and miles of either fibre optic or copper-twisted pairs and making service accessible to every household. That is a tremendously capital-intensive operation.

\* (1610)

Once that plant is in place, the government knows full well that it does not age in any appreciable way. Copper wires do not wear out very quickly and fibre optics do not

wear out at all. So the notion that somehow we should have depreciated that plan to virtually a zero book value is absolute accounting nonsense and the government knows that. They sold off the cable for a song. If we need any demonstration of that, it is in the appreciation of the value of the Portage cable system which was sold only 18 months after the government gave away the cable for some 10 times what the cable system in Portage paid MTS for their share of the installed cable. Now, I do not think anyone would want to maintain that the licence was worth 90 percent of the cable business. They might want to make a case that the licence was worth a significant percentage, perhaps 20 percent or 30 percent, but to suggest that the miles and miles of cable, the repeaters, the amplifiers, the strings to the house, the drops, that those were not worth very large capital dollars is to make any thinking person blink, because clearly that is the capital-intensive nature of the cable industry. It is in the stringing of the lines, as it were.

So, first of all, they gave away the cable system for a fraction of its value. Secondly, Madam Speaker, they entered into a contract with a company well known to this House called Faneuil. Now, this is an interesting case in point. Here is a situation where notionally the Faneuil corporation is headquartered in Winnipeg. After all, Faneuil ISG limited owns the American Faneuil operations. At least that is how it shows on the books. But if anyone troubles themselves to check out where Faneuil is actually operated from they will find out that they continue to be operated from Boston, that all their chief executives are in Boston, that their palatial corporate headquarters in the old Faneuil market building are in Boston. When you phone their American operations they will tell you where their headquarters are. They are in Boston. So we own the company here, but we own it in name only. We do not have a real head office here where real senior executives live and contribute to our economy and make important decisions. We have a titular head office; the real head office is elsewhere. That is what is going to happen with the Manitoba Telephone System a very short time after it is sold and after the new investors clear the debt so that they are free to move the company, move their equity shares to where they want them to be.

Madam Speaker, does any thinking person seriously believe that Unitel or any of the other services, Sprint, the various commercial services, have any interest in locating

their services in such a way that they would serve rural and northern Manitoba efficiently? Obviously not, or they would have already done so. They have had a number of years in the business. They are interested only in the highly profitable, dense traffic volumes. They are not interested in serving either residential customers who are not long distance users or rural customers, because that might actually cost them some money and require them to invest in our economy. How many people servicing the Unitel network actually live and work in Manitoba and contribute to our economy? How many people from Sprint live and work in Manitoba and contribute to our economy? Yes, Unitel had a call centre here, but that did not have anything to do with operating their long distance system. That was a sales office for a variety of other products.

So we see the future all right, and the future is one of a company that will not be controlled or domiciled here in any meaningful way, a company who will drive rural and residential rates sharply higher to pay for the capital they want to or need to invest, a company that will not be employing anywhere near the number of Manitobans, particularly in rural Manitoba, that is now the case. The government wonders why the strong opposition to this bill comes primarily from rural Manitoba. In their own ridings, in particular in southern Manitoba, they need only to look at the number of employees that MTS has in those communities and recognize how few there will be when a privatized non-Manitoba domicile company is making their corporate decisions about how to shave costs. Madam Speaker, members opposite know that the shaving will come very significantly at the cost of rural jobs for the employees now located in rural Manitoba of the Manitoba Telephone System.

Madam Speaker, I want to go back to the whole question of the impairing of the asset of the Manitoba Telephone System. The government has made mention in a number of its remarks about the sale of the company that the sale is supported by many middle and senior managers. I believe that is true. I believe that is the case, and the reason I believe that is the case is twofold at least. One is that the government, in effect, is offering a very sweet deal to these senior managers who are going to be allowed, apparently, to buy shares at preferential rates. So they will get a nice deal on the privatization of Manitoba Telephone System, and that helps to sweeten their attitude towards this sale. But what really sweetens

their attitude towards the sale is the thought that this government would be off their backs.

The management of Manitoba Telephone System would not endorse the Faneuil deal. The management of Manitoba Telephone System did not endorse the sale of the cable system, because they knew, in both cases, the sales were against the interests of the Manitoba Telephone System and against the interests of the taxpayers of Manitoba and the ratepayers of the Manitoba Telephone System. The president of the company would not sign the agreement with Faneuil. The president of the company would not sign the sale of the cable because he knew that this was a bad deal.

The Manitoba Telephone System invested a great deal of money and a great deal of time to do its own due diligence on the Faneuil corporation, and they discovered many troubling things about that corporation. They discovered, for example, that the Faneuil corporation's earlier proposals to take over the 911 service, the information system service, the 411 service, was all based on no experience whatsoever in the telephone business in the United States. They had never had responsibility for any such services whatsoever, and yet they were prepared to buy them to take them over from the Manitoba Telephone System.

The Manitoba Telephone System management managed to persuade the government of the ill-advised nature of the early proposals made to the Manitoba government by the Faneuil corporation under the direction and with the quarterbacking of one Michael Bessey, who later found himself in Harvard digs at a very palatial lifestyle and with a great promise of a future career made possible by an associate of the Faneuil corporation who was associated in another corporation that just happened to have the same number and address and answering service as the Faneuil corporation.

When it came time to look at what the deal actually was going to be, it took approximately six months from this first proposal which was so bad for the corporation to a proposal that was only really bad for the corporation. The corporation has been forced to tie up assets in the form of its Yellow Pages business, in the form of smart card business. The corporation has been required to tie up seven years of its telemarketing business for \$47 million.

Now, former staff members of the Manitoba Telephone System have told me that it used to cost them around a million dollars a year to do their own telemarketing, and they had retained the highest percentage of any stentor company in Canada in business to the core centre company and had avoided losing business to competitors such as Sprint and Unitel and others.

Madam Speaker, their own in-house telemarketing system was very effectively managed, and it was effective for a particularly interesting reason. It was because the people providing the service were trained telecommunications experts, so when they called a company and the company said, well, we are having a difficulty with this issue or we have had an offer from a competitor on this issue, the trained telecommunications staff of the Manitoba Telephone System's own internal telecommunications operation were able to deal with the needs of the customer. They were able to cross sell different services. They were able to problem solve with the customer, at the moment, on the phone sometimes and sometimes, if necessary, in person.

\* (1620)

The company that replaced them, the Faneuil telemarketing company, does what is known as script-driven heads-down telemarketing, which means a customer's name comes up on the screen, the person making the call has a script from which they read, and they either sell, or they do not sell the product that they are offering. But if the customer says, well, I am sort of interested in that, but what I would really like is this, the customer service representative making the call cannot answer. They have not the skill; they have not the knowledge. They do not have the technical handbooks. They simply are not able to respond, so that call gets referred back to MTS. Instead of a hot customer who is ready to make some kind of change in their system, MTS calls them back, perhaps several days later when the warmth of the moment is gone.

Madam Speaker, the government has acted to impair the asset in which they are now wanting to sell, and I believe they will sell at a fire sale price, because they will want the shares to appreciate.

I will speak of some other ways in which the Faneuil deal impairs the asset. Madam Speaker, if you were a

potential investor in the Manitoba Telephone System, and I am sure you will not be because that would be a conflict of interest, but if you were, I think you might be interested to know what the possible growing edges of this corporation might be. What might make this a good growth stock in the future? As I am sure that members know, the key to telecommunications companies in the future is their ability to market in a precision way the services that they can offer today and the services they might offer in the future, to have an integrated, powerful marketing capacity.

So, if your company that you were thinking of investing in did not have that capacity, I think you might be worried, and, in fact, that is what has happened. This government, in its rush to acquire a few hundred telemarketing jobs, gave away the farm, Madam Speaker. They gave away the ability of the Manitoba Telephone System to do its own marketing at a far cheaper cost and with more effective personnel than can be made available under this deal, and lest the government want the public to believe that this is only a seven-year deal of which we are now at the end of year three, four more years, it is, in fact, a nine-year deal. Whoever heard of contracting a monopoly in a particular service at a fixed price for nine years, escalating each year to the point where in the ninth year we are committed to paying the Faneuil corporation approximately \$10 million for telemarketing services that the company was doing internally three years ago for \$1 million?

Madam Speaker, we are committed to paying the Faneuil corporation almost \$70 million from the Manitoba Telephone System over a nine-year period. Now, if I were a buyer of the telephone system, and I knew that I was obligated to have my rate structure and my revenue structure such that I could pay out a total of \$70 million to a little telemarketing company in order to have my telemarketing done that I might have wanted to do internally or even, heaven help us, want to do through one of my affiliates that does telemarketing effectively for me down east or out west, I do not have that flexibility. So do I value that Faneuil contract? Does it add to the value of MTS? No, it removes value from MTS.

Madam Speaker, as the session continues, we will be demonstrating other ways in which the Faneuil contract significantly impairs the asset of the Manitoba Telephone System as a functioning corporation.

I want to conclude in the next five minutes with the whole issue of the strategic value of the telephone system to the province. Madam Speaker, even those opposite agree that the future of developed economies is greatly dependent on the telecommunications infrastructure in that economy. By selling the Manitoba Telephone System, particularly in its state as a relatively small telco, the government gives up one of the most precious levers it has to influence industrial development.

Madam Speaker, I ask them to reflect on their own words. The government, particularly the Minister of Industry, Trade and Tourism (Mr. Downey), has been very proud of the number of telemarketing jobs that he has attracted to this province. Now telemarketing jobs are jobs. They are not high-tech jobs, but they are jobs, and the Ministry of Industry, Trade and Tourism never tires of telling us that there are between 4,000 and 5,000 such jobs in Manitoba. One of the reasons that there are such jobs here is that the Manitoba Telephone System has invested heavily in the infrastructure to make such companies viable in our province.

In other words, the government itself has appropriately used the Manitoba Telephone System to invest in fibre optics junction, the links to the United States; in fact, there is a very high capacity junction installed last fall down through Pembina. We have a great number of miles or kilometres of fibre optic installed in our province by comparison with many jurisdictions. We have single-line service throughout the province, which means you can telemarket to all those services more efficiently than you could where it was party lines, because new telemarketing equipment does not handle party lines.

So the government itself has used its ability to influence our economic development through using the Manitoba Telephone System as a key instrument in that development. By selling the Manitoba Telephone System, they give up that lever. The private sector will not be much interested in making uneconomic investments in order to spur economic investments in the province's future. Madam Speaker, the government itself talks against its own case. Every time it tells us that the Manitoba Telephone System is profitable, that the Manitoba Telephone System's debt-to-equity ratio is sharply improving, that the Manitoba Telephone System is a key element in attracting industry and technology to our province, that the Manitoba Telephone System is on

the cutting edge of new services—every time they make these speeches, they speak against their abandoning of this key resource, this key strategic lever, in our future economy.

It gives us a great deal of sorrow to be in opposition at a time when the government is divesting itself not only of one of our jewels in our Crown corporations, but of the key Crown corporation for the future economy, of which we all want ourselves and our children to be a part. We oppose this bill and we oppose it for many, many reasons, but the one in which I conclude my remarks today is that by selling this corporation we give up a lever that any government would love to have.

We give up the possibility of sitting down with the board and saying, what are the strategic things that you and we can do together to influence the decentralization of our economy, the development of agribusiness, which the rural members are so proud of speaking about? What can we do to strengthen our distance education system so that children in communities whose numbers are dwindling can continue to enjoy a first-class education? What can we do to make university education accessible to rural and remote residents of our province? What can we do for our northern aboriginal citizens who are trying to develop their economies and count on telemarketing and telecommunication services, which may not be profitable to the AGTs and the AT&Ts and the Bell Canadas of this world, but are terribly important for the development of aboriginal communities in northern communities?

They are giving up the most precious asset they have, the most precious lever they have, to influence positively the future direction of our economy, and we oppose this action very strongly.

\* (1630)

**Mr. Jack Penner (Emerson):** Madam Speaker, it gives me a great deal of pleasure to rise and speak to the Bill 67, which, of course, addresses the evolutionary process of maintaining a business climate and environment in this province that will be conducive to future development. I had originally not intended to rise on this particular bill. However, when I listened to much of the rhetoric from the opposition benches, most of it is directed, in my view, to

instill a fear in the general public about the evolution, or the devolution, I should say, of an asset that has belonged to the province of Manitoba for a long time. It is my view that it will continue to be so.

But let us take a real look at what has happened in the communications industry even over the last decade. Then let us look at what has happened over the last two years, and then let us take a look two years into the future and the tremendous changes that are coming in the communications industry. You only need to go back 10 years, and we on our farm were simply unable to get on line with any of the information type of vehicles that were available to us at that time or starting to become available to industry, to businesses in town that had access to single-line services. Those of us that sat out there and tried to make a living in rural Manitoba were simply forced not to participate in that. We could not because the technology was not available to us.

When we took office, some almost nine years ago now, there was a decision made that we should try and bring rural Manitoba into the modern communication era, and the decision was made by our government to provide single-line services to all Manitobans. I think most of them now are served in that manner, although, I stand corrected, there might be a community or two out in western Manitoba, as a matter of fact in the minister's riding, that are not yet hooked up to single-line service because this is the last year of the process to establish single-line service. That will allow industries, whether they are out in rural municipalities, or whether they are in smaller communities or towns in rural Manitoba, to in fact do business as others do business with fax machines and communication modems and in fact hook up to the expanding world of communications as others have been able to do for some number of years.

What is all this bringing with us, and why are we considering the impact of all this new technology and the costs of all this new technology in relevance to the communications company that was owned and is owned today by the taxpayers of Manitoba? I use the word "taxpayer" because every time the members of this Legislature make a decision to invest on behalf of the people of Manitoba, the taxpayer becomes the liable party, and every time that kind of investment is contemplated, we must sit and take a look at what the impact and the cost will be over the long term. We did

this when we decided to expand single-line service, and the cost estimate was some \$800 million.

Now, have the subscribers in Manitoba begun to feel the true cost of providing that single-line service to everybody in rural Manitoba? I think not. I think they have not been allowed to, or we have not allowed for the true cost application to occur. So again, the taxpayer, in general, becomes the person that carries the burden, and we carry the liability, and we, as legislators, make those conscious decisions. However, we talk grandly, and opposition members talk grandly about Manitobans owning MTS. I make the case that Manitobans do not own MTS, that MTS is mortgaged to a large degree to foreign countries, teachers' investment funds, bankers and others, and they are, in fact, and they have become the true owners of our company, of our communications company which is perceived to be owned by the general public.

Similarly we have, of course, mortgaged because of actions of our opposition members when they were in government, because of their actions we mortgaged the future of our young people, and that, Madam Speaker, is the reason why I want to make these comments today, because I worry. I worry greatly when we saddle my grandchildren with the debt and the interest cost that I have taken for granted and services that I acquire and all of us in this generation take part and use and not pay the true bill.

That, of course, was the mentality of the previous administration. They chose to spend and invest without taxation, because they found it easy to walk to the Japanese or the Chinese or the Americans and Wall Street and borrow the money. It was so easy to borrow huge amounts of money, to spend, to go on a wild, unstoppable spending spree, causing our children and their children to pay the bill.

Similarly, we have mortgaged now—not the corporation, not MTS, not the Public Insurance Corporation or Manitoba Hydro or all the other assets that Manitobans supposedly own—we mortgaged everything to the point where we are now spending \$600 million a year or better in paying the interest cost. Now I ask you, Madam Speaker, in light of this should we be looking at allowing people to become the true shareholder instead of an arbitrary guarantor of the debt? That is what is in debate

here, because taxpayers are only the guarantors of the debt of the corporation and, in that sense, if we want to call that ownership, then I concur they are the owners, but they are really the owners of the debt.

So is the asset of the corporation worth more than the debt? Well, the honourable member for Crescentwood (Mr. Sale) shakes his head. Those of us that have been involved in business all our lives understand what it means to mortgage a business. We understand when banks come along and say at the end of the year, Jack, it is time to pay up. We also understand when the good Lord did not let the rain fall and we were short of revenues and you could not pay the bill, that you had to go on bended knees. So, when you go on bended knees and beg, there is normally a cost attached at the end of the day.

\* (1640)

Madam Speaker, that is the fear I have about maintaining total mortgage control of a corporation that is in debt. That is the concern I have and that is one of the reasons I ran as a member of this Legislature, that we curtail the spending spree that the opposition members were on and, therefore, decrease the liability to our future generations—[interjection] The honourable member for Concordia (Mr. Doer) said, well, why does the United Church call it communistic to divulge ourselves of an operation that is in debt? I would suggest to the honourable member for Concordia that the person making the presentation on behalf of the United Church did not understand the true principles of business, and had they understood the true principle of business might have chose different words to express their views on this matter.

Let us proceed to the future—

**Madam Speaker:** Order, please. I am experiencing difficulty hearing the honourable member for Emerson. The honourable Leader of the official opposition. [interjection]

**Mr. Gary Doer (Leader of the Opposition):** I thought the member had finished. Okay—[interjection] Oh, no, she had not stood up. The member sat down and you had not stood up so he has lost his place.

**Madam Speaker:** No, I was calling the honourable members to order so that I could hear the comments of the honourable member for Emerson.

**Mr. Doer:** Oh, I am sorry, Madam Speaker.

**Mr. Penner:** Madam Speaker, I was just abiding by the rules as we know. Normally, when the Speaker calls for order, the speaker that is currently standing sits down and waits for order to emerge in the House and so I abided by the rules. If the honourable member for Concordia wants to get up and speak, I would suggest he do so right after I finish. I will allow him, given the opportunity, and he will have adequate opportunity to put comments on the record in regard to this matter before the House.

However, let us look at the communications aspect of where we currently are today. On my farm, I can today sit down in front of a fax machine and fax any message to anywhere in the world. Right? We could not do that five years ago. I could not do it, not out of my house. I can hook up and go online, as we say, and do a direct deal with anybody in the world that has access to the Internet. So you can do a deal. Right? So we see some very dramatic changes in communications and so—

**An Honourable Member:** Do you know what? You could do that on long distance calls about 20 years ago.

**Mr. Penner:** The honourable member for Concordia (Mr. Doer) said, well, you could do this by a long distance call 20 years ago. The honourable member does not know that 20 years ago we were on a party line. You did not have access in our community to a private conversation with some business person in some other place. We do today. We needed to plow a lot of wire into the ground to get that service. Right? I would suspect that two, three years from now that wire is going to be obsolete. Digital communication is bringing a brand new era of communications again, and the fast changes that we are experiencing today are going to be accelerated by new technology coming on stream, and this new technology does not come without a cost.

So, Madam Speaker, I say to you that when I listen to the honourable members opposite talk about MTS as we knew it, they are speaking as if they were still encroached in the dark ages.

**An Honourable Member:** The duke of darkness.

**Mr. Penner:** The honourable member for Sturgeon Creek says, the duke of darkness, and I think they really are professors of darkness and the doom-and-gloom group. That is what we have heard continually on every bill that we have had before this House, including Bill 67.

I believe that there is an opportunity here, that there is a tremendous opportunity that is not directly related to the sale of MTS or the decision whether we should or should not sell MTS. I think there is a tremendous opportunity that is going to avail itself within the near future to become involved as individuals in a corporation, whether we sell MTS or not, that is going to be ultramodern, an ultramodern communications company. People are going to invest, whether it is our company, owned by Manitobans, or whether it is some other companies, owned by other people or corporations or shareholders within other corporations.

Competition is a matter of fact, and competition is current. It was not driven by us because of rule changes in the communications process. Manitoba was forced to abide by the competitive rules that are now in place and, certainly, Madam Speaker, that has changed the whole matter of whether MTS can in fact be and remain competitive as we know it or have known it in the past.

I would make the case that when you look at some of the companies that are now allowed to operate in Manitoba which five, six years ago were not even allowed to operate in Manitoba because of CRTC ruling and are now allowed to operate in this province and compete in the real world, we as legislators are forced to look and take a real look at that competitive world. Whether it is AT&T or Cantel or any of the other communications corporations that are out there, they are going to make the advances and the technological changes to be and remain competitive.

Are we going to be willing to do the same thing? Well, if we want to be in business, we are going to have to. So you are not going to be able to, as the honourable member for Crescentwood (Mr. Sale) suggested, sit back, let the world go by, and do your own thing. There is no such a thing as doing your own thing anymore, whether it is on my farm or whether it is in any of the businesses

in this city or in this province. We have to make changes, and those changes are real and, if you do not change, you are simply not in business.

The honourable member opposite asks, have you ever had a mortgage on your farm? I would suspect, Madam Speaker, that there is no business person or that there are very few business people left in this province that have never had a mortgage on their operation. I am no different than them. I have had to work with borrowed money all my life; however, I have also had to realize that if I am not competitive enough in my own business to compete with my neighbour and my neighbour's neighbour across the line and their neighbours in the international community, I am not going to be there. That means buying right, that means managing well, and that means ensuring that the money you borrow is borrowed at a rate that can put you in a competitive place.

Now, the honourable member says, can Crown corporations not do this? Yes, Crown corporations can, and Crown corporations have in the past and will probably in the future. However, where best to put the responsibility? In the hands of the borrowing community? The banks? The international monetary community? To invest in your province, in your so-called publicly owned corporation? Or do you ask your own people whether they might want to invest, become partners in, become owners of, instead of letting the banks and the international monetary community own your own business?

Who calls the shots? I ask you, who makes the best decisions? Those that have an investment, a true investment, not a guarantee on the debt, but a true investment? Who makes the better decisions? Is it the corporate shareholder, the board of directors that is responsible to the shareholders or a board of directors that is responsible to the taxpayer who holds the mortgage? Who makes the better decisions? Well, I can only speculate on that one because on my farm I have to abide by the decision I make, and the responsibility lands in my lap. The corporation that I own shares in, I expect, will make the same kind of decisions with the same kind of integrity that I would make in my own operation.

\* (1650)

So should we sell the operation? Is it the best decision for the future? Well, Madam Speaker, some have said it is the only decision, because whether we want to, as Manitobans, maintain an ownership in a communications process in the future is the real question, and I would propose to you that in order to maintain some semblance of a competitive edge in the communications business, the people of Manitoba would be well served by taking a direct ownership in that company.

I believe that MTS has done a marvellous job in the past. I believe that MTS can and will do a marvellous job and even a better job in the future, but I also believe that Manitobans will take a great deal of pride in becoming owners, direct owners, in the corporation and in making the decisions, instead of having their politicians make the decisions for them. I truly believe, when I look at the political process, that politicians are not and cannot be the best managers of the business, but those who are given the authority by the vested interest, by the shareholder, will have a much more direct impact on that decision-making process. Therefore, it is my view that in order to serve the future needs of the communications needs of this province, the decision by government to move towards a privatization of MTS is the right decision. There is no question in my mind, because I truly believe that individuals making those kinds of investment decisions and future management decisions will do a much better job than politicians ever could. Thank you, Madam Speaker.

**Mr. Doer:** Madam Speaker, I want to start by addressing the question that was just posed by the member opposite. He asked a very simple question about who will be able to provide the best quality service and the best possible future technology for his farm.

(Mr. Marcel Laurendeau, Deputy Speaker, in the Chair)

I think that is a very legitimate question, because I believe strongly that if the member gets out of the briefing notes that have been given to him from the Premier (Mr. Filmon) and the Premier's staff and the spin people that are dealing with this issue and if the government was able to provide briefing notes about the question of single-line services and to do it even with an independent source, they would find that a Crown corporation that was looking at the future best interests of

all citizens has been head and shoulders ahead of private corporations, with private boards that are dealing with the private interests of private shareholders. They would have absolutely no problem understanding the answer to the question posed by the member opposite about who would take care of his farm's future technological interests, because the answer is inescapable. A public, nonprofit Crown corporation is miles ahead of a private corporation in terms of providing the answers to the questions posed.

I challenge the member opposite to look at British Columbia, with a private telephone system in British Columbia. You see how many party lines are still in B.C., with a much larger population, a much greater density of population in British Columbia than there is in the province of Manitoba and the province of Saskatchewan. There is no comparison. There is no public interest in getting rid of some of those party lines in some of those other communities because, if you cannot make money, you do not do it, and the only thing telecom companies are interested in, as the member opposite has stated, is maximizing profit for the board of directors and the shareholders of the corporation.

Now, for some companies that makes sense, but it does not when you review the technological decisions of past governments in rural Canada. Let me say the first province that accelerated the issue of eliminating party lines was not our plan in Manitoba that was carried on by members opposite, it was in the province of Saskatchewan. It was under Grant Devine. It was directed by the Devine government. This is probably the only thing I will ever give credit to the Devine government for.

He said, rightly so, that government said, it is wrong, absolutely wrong that the new technology in telecommunications is not available to farmers in the province of Saskatchewan, and as Tommy Douglas did in the years before that on electrification of the farms, there was the political will to cross-subsidize the revenues from long distance calling and the revenues from the urban centres to invest in farms to connect those wires to the main telephone lines and eliminate, over a very short period of time, party lines in the province of Saskatchewan. You compare where Saskatchewan was ten years ago—not under an NDP government, under a Conservative government—you compare that now with British Columbia, and there is no comparison.

If I am a shareholder on a board of directors today in Winnipeg and tomorrow in Toronto and the next day in the future, you want to look at the future, you look at the future. They want to maximize profits. They are sworn members of the board of directors to maximize the profits. How do you maximize the profits in a telecommunication system? You go to the highest density of population where you can get the most phones and the most faxes and the most Internet connections with the smallest amount of cost, and I hate to say this, but there is a distance factor here, and that is where you go.

When you talk about competition, this word is being falsely used. There is no competition when we pay \$35 million for Unitel to hook up to our telephone lines to take our calls away. Are they building their own set of telephone lines across Manitoba to compete for your call? No, we built it, we paid for it, and we are paying them to come on to take our calls away. They are not building a separate line from Winnipeg to Winkler and Morden. There is not a separate set of lines going in.

This is not competition. I think it is almost public policy robbery in terms of what is happening. We pay them to take our revenue away. This is a real new definition of competition to me. But I challenge the rural members over there to get out of their briefing books, get out of the spin coming out of the Premier's Office and take a look at what has gone on in B.C. with a much higher density of population and compare that with Saskatchewan and Manitoba.

Now, we had the same problem when I was a new Minister of Telephones in 1986—had a bit of a challenge to deal with. We could argue back and forth in '81 versus '85, but there was a wrong decision made, I could tell that, both by the previous government and us, and it is probably the one negative development that was in place in the telephone system. It was a mistake, and it was perpetuated by two political parties, both in the approval stage in '81 and the recapitalization in 1985 which was a wrong decision—wrong, wrong, wrong.

\* (1700)

But having said that, as a new minister in '85 and '86, I asked this question: Why is Saskatchewan proceeding with rural telephone services and why are we not doing it? Well, the telephone system said, well, it is up to the

Public Utilities Board. We cannot make any decisions until the Public Utilities Board states so. It is like the answer we get from the Premier on the CRTC, it is up to the CRTC. Then you go to the PUB and they say, well, it is up to the Telephones to ask us to do this. We cannot do that. It has to come from the telephone system. Then I would go back to the telephone system and they gave me the same answer.

So finally we had hearings across Manitoba, and we also studied the question. Was cellular telephone going to take the place of wires over the next 25 years, or satellite or radio towers? We had an independent Coopers and Lybrand study that issue, and the honourable former member for Pembina asked the question, because it is a legitimate question, are we making a mistake? Are we making a mistake going wires to the farm family home? And we evaluated both the economic and the financial, and we came out with a plan. We went to 30 communities. The member from Roblin-Russell (Mr. Derkach) was at one of those community meetings and I attended those meetings with the former Minister of Agriculture, the member for the Interlake. We had these meetings to try to get over this issue of representing the public interest, because the real managers of MTS did not want to spend that much money on 45,000 farms. They did not want to do it, and the PUB had no plan to approve.

So finally we came up with a plan. It went to 17 communities, and we were honest enough to say to everybody in the province, it is going to cost more money to put in more capital to eliminate party lines, but there is no excuse for not having the new technology on our farms, and there is no excuse for us not having the kind of new technology not only to do business on a family farm but also the new medical services that we know will be hooked up in rural and northern Manitoba through the telephones. You cannot have an emergency service or a heart monitoring system to the Victoria Hospital, which now exists, unless you have an individual line.

So we proceeded with the plan which this government stalled for one year. [interjection] I know you were for it. Everybody was for it. Well, it was a good plan. You might have changed the order in which some of the phones were going to be eliminated, but it was still a good plan. We applaud you for carrying it out. It is an example where everybody in this House operated in the

public interest, not in the interest of the telephone system. The telephone system, if it was not for this board of directors in this Chamber, would not have proceeded with the family farm modernization, and the member just said that is true. And it is true. It was a donkey dance between the PUB and the telephone system, and we, the shareholders in this room, who were not looking at maximizing profit but maintaining services at the most affordable rates, we made that decision. Politically, there was the will in this Chamber to proceed with that modernization.

I asked the members to compare this with B.C., and if you believed in it, why did you not campaign on it? Why did you campaign on the opposite promise, if you have the courage of your convictions, because none of these things on competition changed since the election? That is a bunch of bunk. All the decisions to proceed early on the CRTC decisions, the decisions to proceed early on the equipment at the business end and other decisions all were made in '92 and '93. They were not made in '95 and '96. Nothing changed after the election on the competitive environment and the telephone system. So that is another spin, I know, that is out there.

So the bottom line is, do we want the shareholders to be members of this Legislature? Do you want the board of directors and the decision makers to be in this room ultimately, or do you want them to be in a room in downtown Winnipeg today and maybe downtown Toronto five years from now as these stocks get flipped, and I guarantee you, when we come back and look at the legislative debate in 10 years from now, the decisions on the Manitoba Telephone System, as the stocks move from one group to another, will not be made in this Chamber, by people in this hall; they will be made in New Jersey by AT&T or in Toronto by Bell Telephone, I guarantee you, just like the decisions that are being made right now in B.C. The decisions are being made by GTE in British Columbia not to proceed with elimination of rural party lines in the most populated province in Canada, in terms of rising population, because it does not pay them to do it.

That is not to say that I believe every Crown corporation should stay in public ownership. I mean, I was one in cabinet who fought for us selling the Flyer Industries. I did not think the public should own a bus company. I can find the merit of a gas company, a gas monopoly, a lot easier than I could a private bus

company, and we proceeded to take our time, find the right buyer that hopefully could have a niche market in the new bus technology in North America to ensure that the liability was taken care of, and we sold Flyer bus industries. By taking our time and finding the right company, I think we found a company that will keep the jobs here in Manitoba and here in Winnipeg.

Of course, everybody was taking credit at the Olympics with this new bus, especially Mr. IBM over there. He may have even answered this phone call in the interview at the same hotel he was getting paid for. That is the great thing I would like to know. What hotel was he sitting in the morning he was doing the interview with Roger Currie saying, oh, this is all being paid by the Pan Am Games Society? This is the guy you listened to about the telephone system. This is the guy that is telling you, go ahead, sell, it is good for us because, you know, all of these other things. Well, if you would believe that, why did you not put it out before the election campaign? I guarantee you, you know, sometimes you are right, sometimes you are wrong, but in terms of telecommunications, I have talked to some people. I have some contacts that used to be ministers of telecommunication in other provinces that are now vice-presidents of major telecom companies.

You think the decisions are going to be made in this province, on behalf of the people in this province, after this phone company is sold. Oh, it will happen for the first couple of years, but the stocks are going to be sold. They are going to be sold again. Have you ever heard the word "mergers"? Have you ever heard of the words "corporate takeovers"? Have you ever heard of all these kinds of acquisitions? Have you read about any of this stuff? You are talking about following the world economy. Have you read what is going on at telecommunication companies?

If something is small, it is swallowed up. It is swallowed up again, and it is swallowed up again. That is absolutely true, and that is what is going to happen with this phone system. You people that are talking on the record today, I dare say, are going to have to have some interesting words to deal with down the road for your children and your grandchildren. You cannot compare the public interest with this board of directors ultimately, hired and fired by the public, in terms of direct investments in all of Manitoba versus a private company.

Private companies will go to the highly populated areas. There is no question about that. If you want a policy that is in the best interest of four and a half million people in downtown Toronto, maybe this is the solution for you. I asked members opposite to phone BC Tel and find out what is happening there. If there was not a public will in Saskatchewan and Manitoba with two Crown corporations over two different governments—it has nothing to do with the Tories or the NDP; this has everything to do with who makes the decisions. I will just leave that with the member. That was a question he raised, and I just leave it with him.

Now, the member raised the question of competition, and he asked the question about Cantel. Well, I was the minister responsible for bringing in cellular telephones. I signed the Order-in-Council for cellular telephones. Do you know what we did here in Manitoba? We have competition at the retail end between Cantel and the Manitoba Telephone System and other companies, but they all come back onto our telephone line that has been paid for by the taxpayers. It has all been paid for by the taxpayers, or by the ratepayers rather, and so we have competition. We signed competition in '87. There is nothing wrong with the reality of competition. Cellular telephone is modelled after the ability of MTS to compete with the private company.

\* (1710)

In fact, a friend of mine had the first franchise from Cantel. One of my longest friends in life, Jim Tennant, got the first franchise in Cantel. I thought it was kind of curious because a couple of months after he got the franchise—and he owns Piston Ring; he is a very successful business person here in this province—he said, boy, the telephone system is really quite aggressive. Rogers is quite surprised about how aggressive they are dealing with Cantel because Cantel was, of course, a subsidiary of Rogers Communication. Competition, but cellular phones were not setting up separate telephone wires. See that is the thing. Cellular phones were not setting up separate telephone wire. They were coming onto the publicly owned corporation. It is still a lot cheaper for cellular phones not to use radio towers, not to use satellites, but to get onto the wire. It is still the cheapest way to have a call be transmitted, is to get as fast as possible from the air on a cellular onto the wire. Now that may change. We studied it 10 years ahead and

that was '86 to '96, so it is 10 years since. There are the new smaller satellites and the new speculation, you can bounce it up cheaper and—[interjection] Yes, I understand that. But, you know, why cannot MTS, as it competed successfully in cellular, compete successfully in the new technology?

So let us deal with some of these issues. [interjection] The member opposite, he wants to get rid of party lines and then he asks the question about something else. I am just saying that take a look at B.C., take a look at British Columbia. They do not have cellular towers or cellular computer equipment, nor do they have the elimination of single lines.

Let us deal with a couple of other issues that have been raised. You deal with the debt issue. Now, when we sell Manitoba Telephone System, if this bill is not stopped by public will and the fact that this is a betrayal of the democratic principle of telling the people what you are going to do before you do it—I guess these are old-fashioned principles for members opposite now. You know, do not say what you are going to do in the election, in fact promise the opposite and do the opposite when you are elected. I guess that is the new IBM code of this Premier (Mr. Filmon). I am surprised that some of the members opposite do not have the backbone to stand up in their caucus and deal with the autocratic nature of the Premier, who is sitting down, like an Edward G. Robinson movie, and cutting the cake with his corporate friends. His broker friends are going to do quite well. There is no question about that. His three brokerage firm companies are going to do very well. They are going to do very well when these shares are sold.

But let us deal with this issue of debt. When has the Province of Manitoba used taxpayers' money to deal with the debt and debt guarantee of the Manitoba Telephone System? Has it been in the last 10 years? Have we put in any money in the last 20 years? Have we put in any money, I ask members opposite, in the last 30 years? Forty? Fifty? Sixty? Seventy? Eighty years?

So the government is going around saying, oh, we have this \$800-million debt. Now that is an easy thing to do. You could go around and say we have a \$4.5-billion, \$5-billion debt at Hydro; that is a good reason to sell it. But we also have an asset. We will see who owns the company because when we sell, if we are not successful

in listening to the public, I guarantee you two things: One is that taxpayers have not put a red cent into the company, and, point No. 2, we will come out with more money from the telephone sale in terms of that asset than \$800 million.

The combination of shares and equity, et cetera, will mean that there is going to be between \$300 million and \$400 million in excess when the company is sold. Now, there would have been more if you had not given away cablevision and you would have had a lot more if you had not given away the data services to Faneuil. You talk about faith in Manitoba. I mean, nobody in Manitoba is capable of having a telemarketing service? You could not get any local entrepreneur to take a free office and a free phone and free equipment and get paid \$3 million? You have to go down to Boston with Mike Bessey's little deal to come up here? You talk about faith in Manitobans. Why could you not get some of our sons and daughters who are going to other provinces to establish a telemarketing system here in Manitoba? Of course, you have no faith. You have to pay some Boston company three million bucks to come up here and do something after we give them the equipment, et cetera.

But we are not going to get less than \$800 million for the share offer if we go through with it. You know that and I know that. When the public realizes that we are going to get more money from the share offering than the company is in debt, it will contradict the communications strategy of the Tories, which is to go around and convince people the sky is falling, the sky is falling, we have to sell. We have to sell; we have all this debt. Why then could we not believe members opposite on other Crown corporations? The bottom line is, the asset is worth more than the debt. The asset is worth quite a bit more than the debt.

**An Honourable Member:** I hope so.

**Mr. Doer:** Well, I hope so, too. If you had not sold off some of the best parts of the asset, you may have done a lot better, but you people are too interested in giving things to your friends rather than making sure that you protect the assets of this province, and I regret to say that. It was a dumb decision to give away Cablevision before you sold the telephone system. It is an absolutely stupid decision to give away the data services and the telemarketing to a private company in Boston. Any fool

will tell you that. Thank goodness most of these people have inherited money, because if they were really looking after this asset instead of their friends, they would not have entered into those two dubious arrangements that were not made by the board of directors of the telephone system. These decisions were not made by the Tory-appointed board of the telephone system. They were made by the Premier (Mr. Filmon), Mr. Tom Stefanson, Mr. Eric Stefanson and that famous former treasurer of the Conservative Party, Mr. Jules Benson, Mr. 24-percent-pension-per-year-Benson, 12 from the public, 12 from himself.

So getting back onto this topic, our assets are worth more than the debt. This company is worth more tomorrow than the debt, and this company continues to make profits or surplus every year it is in operation, save a couple. We are going to make \$30 million again this year or \$15 million or \$20 million. We made that much over the last couple of years. Saskatchewan, where they did not join the CRTC decision in '92 like this province, has made \$500 million in the last five years. We have made \$100 million in the last similar period of time, five years, even after we joined in the so-called competition, which is not competition. As I said, it is really skimming because they do not build their own telephone lines across the country. They have us pay them for them to come and take away our business. If this is capitalism, it seems to be socialism for Rogers and capitalism for the public in terms of what it means to us. It is not my definition of capitalism; maybe it is the definition of members opposite, I do not know.

So debt is a nonissue. It is a communication strategy, \$800 million in debt, but you know the asset is worth more. If you had a house that was worth \$120,000, you would not be selling it for \$80,000 or you would not be using the reason of an \$80,000 mortgage to get rid of it. You would be foolish if you did unless you wanted to buy another house or wanted to change your living accommodation. It is a communication strategy. It is a reason to break your promise, but every member of this House knows it is not a reason to sell the Crown corporation.

Let us look at the issue of rates. The Premier quoted some Saskatoon Phoenix article the other day about rates. This Don Ching made a speech in Saskatoon. I was not sure; I thought Saskatchewan had raised the rates \$2 in the last couple of years. I want to apologize to members

of this House—well, I did not mention it to members of this House. I went out in the hallway, and said I thought Saskatchewan had raised their rates \$2. I was wrong. I have apologized to the journalist for this mistake because I went back and studied it, and they have not raised the rates a cent in the last three years. No increase in rates in Saskatchewan in the last three years.

In Alberta, they have raised the rates \$6 a month. The member mentioned the CRTC. What are the reasons the CRTC gave? One, income tax, the new tax provisions. Have you studied that in your caucus yet? You have blown the Jets deal on taxes. The Premier (Mr. Filmon) and the Minister of Finance (Mr. Stefanson) negotiated a deal with Barry Shenkarow and did not even have the tax issue covered in the Memorandum of Agreement, so you have to come back with retroactive tax legislation. Have you studied the tax revisions here? Do you ask those questions in caucus? Do you care? Do you care about these things?

\* (1720)

I mean, I remember major issues that we had to deal with got stalled for five and six months because of the tax implications of those decisions. Does anybody here know what they are? I have not heard you say it in your speeches. I have read it in the CRTC. Well, who cares about \$6 a month, right? Who cares? Well, the Calgary seniors cared; the Calgary health coalition cared; the Calgary pensioners cared; a lot of other organizations that went to the CRTC cared. They did not tell us they were going to do this ahead of time and raise the rate \$6 a month. It is not just for this year, it is next year as well. This is the private model. So where are you ahead?

This Legislature now has control and answers to the shareholders of Manitoba, every shareholder in Manitoba, and will put more investments into rural and northern communities than a private board that is interested only—as it should be—in profits for the shareholders. You are going to get decisions made on population and on business in Winnipeg and urban centres as opposed to on farms and other northern and remote communities. You will get that as sure as Grant Devine had to proceed with rural telephone services in Saskatchewan 15 years ago. The rates will be higher. You have not even studied the tax issues. You have not studied the issues in the CRTC decision on the rate of return for private investors.

The jobs—have you studied these words called merger and takeovers? Did you see the cover of Newsweek in January that talked about an individual in AT&T who had a \$1.2-million salary increased when he laid off 300,000 people? Have you looked next door at Richardson's when the merger took place with the bank in Toronto and how many people we are losing in Winnipeg?

If you love privatization in the telephone system, just look at the privatization of CN. We have to beg the private company now, which is 64 percent owned in United States, to keep lines open for our mining communities in northern Manitoba, and they are not going to give us the Yorkton to Churchill line so we can put more grain through the Port of Churchill. They are just going to give us possibly a takeover of the railway line in the mining communities, as opposed to the long-term view which we are not going to take again in this province of getting Yorkton to Churchill which would produce more revenue for the Port of Churchill, Mr. Deputy Speaker.

Where are we ahead? We will lose jobs. We are going to lose jobs. Our rates are going to go up. We are not going to have control of our future investments. We are not going to have control over where that new information highway goes, like we had with Grant Devine in Saskatchewan and ourselves and the minister responsible, Glen Findlay—I give him credit for carrying on the rural telephone services. We built the second fibre optic line in Manitoba well ahead of the private sector in Ontario, in rural Manitoba, I might add, through Brandon. The private sector, Bell Telephone Company was only billing them from Toronto to Hamilton to Brantford to St. Catharines. They were not going ahead early as a public corporation.

So where are we ahead? You promised not to sell it. You are not ahead on your word. The issue of competition was well known in '92-93. Rates, jobs, investment—I want a future in Manitoba where some of the decisions are controlled by our children. I do not want all the decisions to be controlled in Toronto or New Jersey. I recognize the world is changing. I did not want us to own a bus company that made manufactured buses. I did not want that. I did not think that was the role of the public and this Legislature.

But in the area of telecommunications, if we want to ensure that we have the lowest rates with the best service in rural and northern communities, we can keep it accountable to people in this room and can be hired and fired by every member of the Manitoba public in an election campaign or we can sell it to a private investor. A lot of them will speculate. They will flip their stocks. They will flip them again. Look at the Air Canada stocks how often they have flipped. You look at Alberta, and five to 10 years from now this company is going to be owned in either Toronto or New Jersey and the head office jobs here, just like the Richardson jobs, regrettably, will be merged and amalgamated and rationalized.

This is a bad decision. Everything you do is not bad. A lot of the bills, we are going to vote for; some of them, we will not. This is a bad decision. If it was a good decision, you would have campaigned on it. You know that.

I just recommend you go back and look at B.C. on rural telephone lines in British Columbia. You compare it with Saskatchewan, the Devine government in Saskatchewan, and you compare it with Manitoba and there is no comparison. Private profit return to investor. It is not a concept that should be foreign to members opposite. It should be something that you understand, and it is nothing wrong in lots of companies for that to happen. There is nothing wrong with it, but in terms of this telecommunication and our future and our children's future, I am on the side of this Legislature and the public controlling this asset.

And it is an asset. It is worth more than the debt, and that is why I am opposed to this bill, and that is why I wish if we cannot ask questions in this House, I wish members of this caucus, the caucus opposite would start asking some tougher questions about why you are breaking your election promise in that caucus room. I do not think members opposite in that caucus should be automatons, whether it is dealing with regional health and not electing members of the regional health boards, or whether it is dealing with future rural and northern telephone services, we need some people with some backbone over there in the caucus room. You will not get it from the Premier's staff when the Premier's little decision to break his word—but maybe we will get it from some members opposite. We have still got a few weeks

to go before you go, aye, aye, mate and just go along with the Premier's word to break our promise. Maybe we should just do a little more research, a little more study. You made the right decision in the election campaign in your promise. All we are asking for is keep that promise here in this Chamber.

Thank you very, very much.

**Mr. Deputy Speaker:** As previously agreed, this matter will remain standing in the names of the honourable

members for Flin Flon (Mr. Jennissen) and Elmwood (Mr. Maloway).

**An Honourable Member:** 5:30.

**Mr. Deputy Speaker:** 5:30? Is it the will of the House to call it 5:30? [agreed]

The hour being 5:30 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Thursday). Have a good evening.

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, October 16, 1996

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